AAPS Planning Education Toolkit: The Informal Economy

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1. Introduction: Why is the informal economy an important theme for planning education?

Small-scale shops (spazas), trading goods from street corners, market trading, car guarding, small scale tailoring, waste collecting, among a myriad of informal activities, is what characterises most cities of the South. In developing countries informal employment is estimated to comprise one half to three quarters of non agricultural employment (International Labour Organisation 2002:7). Table 1 below contains regional breakdowns for these statistics.

Table 1: Size of the Informal Economy

<table>
<thead>
<tr>
<th>Region</th>
<th>Non Agricultural Employment - % Informal</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Africa</td>
<td>48%</td>
</tr>
<tr>
<td>Sub Saharan Africa</td>
<td>72%</td>
</tr>
<tr>
<td>Latin America</td>
<td>51%</td>
</tr>
<tr>
<td>Asia</td>
<td>65%</td>
</tr>
</tbody>
</table>

(Source: International Labour Organisation, 2002)

The ILO points out that if South Africa is excluded from the sub Saharan figures, the share of informal employment in non-agricultural employment rises to 78% in sub-Saharan Africa. These figures suggest that there are substantial regional variations within the continent but that even where the informal economy is relatively small – in North Africa – nearly 1 in every 2 people working outside of agriculture, works in the informal economy.

Figure 1 below draws from figures released by the International Labour Organisation in June 2011 reflecting the latest available estimates for the size informal economy for a range of African countries. These do suggest again that there is variation but the average for these countries is 57% of the non-agricultural employment is in the informal economy.

Figure 1: Informal Economy – Percentage of Non Agricultural Employment

(Source: Drawn from International Labour Organisation 2011)

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1 The ILO, in collaboration with the international research and policy network Women in Informal Employment: Globalising and Organising is currently updating these figures. A new publication reflecting the latest facts and figures on informal employment will be available by the end of 2011. See [www.wiego.org](http://www.wiego.org) for updates.
Due to the way national statistical agencies collect labour force survey data, city level labour market estimates are rare. The French research institute DIAL however constructed city level estimates for eight African cities – see table 2 below.

Table 2: Informal employment as percentage of non-agricultural employment in a selection of African cities

<table>
<thead>
<tr>
<th>Cities</th>
<th>Total</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antananarivo (Madagascar)</td>
<td>63.0</td>
<td>67.1</td>
<td>59.5</td>
</tr>
<tr>
<td>Niamey (Niger)</td>
<td>76.2</td>
<td>83.4</td>
<td>71.9</td>
</tr>
<tr>
<td>Abidjan (Ivory Coast)</td>
<td>79.0</td>
<td>89.7</td>
<td>69.8</td>
</tr>
<tr>
<td>Dakar (Senegal)</td>
<td>79.8</td>
<td>88.0</td>
<td>73.9</td>
</tr>
<tr>
<td>Ouagadougou (Burkino Faso)</td>
<td>80.2</td>
<td>86.9</td>
<td>75.4</td>
</tr>
<tr>
<td>Cotonou (Benin)</td>
<td>81.2</td>
<td>89.3</td>
<td>72.1</td>
</tr>
<tr>
<td>Bamako (Mali)</td>
<td>82.1</td>
<td>91.1</td>
<td>74.9</td>
</tr>
<tr>
<td>Lomé (Togo)</td>
<td>83.1</td>
<td>90.3</td>
<td>75.1</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>78.1</strong></td>
<td><strong>85.7</strong></td>
<td><strong>71.6</strong></td>
</tr>
</tbody>
</table>

(Source: Herrera et al. 2011:15)

In these cities, nearly 8 in every 10 people who are working, work in the informal economy. The table also suggests that women are disproportionally employed in the informal economy; a relationship that is confirmed by Sethuraman’s extensive review of global evidence (1998). There is a well established correlation between income in the hands of women and poverty alleviation (Chant 2010).

Although the individual incomes of informal workers are often low, cumulatively their activities contribute significantly to gross domestic product (GDP). The International Labour Organisation (2002:24) has compiled data on the contribution of informal enterprises to national GDPs in sixteen Sub-Saharan countries. The contributions varied from 58% in Ghana to 24% in Zambia. On average, the informal sector contributed 41% to GDP. These figures show that the informal economy is not only playing an important employment generation and poverty alleviation role, but is also critical to local economies.

There is also evidence that African informal economies have been growing. In 2001, Chen estimated that 93% of new jobs on the African continent were in the informal economy (2001:268). Much of the data currently available predates the post-2008 global economic crisis. Small-scale studies have shown that the crisis forced new entrants into informal labour markets, but also generated job losses within the informal economy. Existing operators in the informal economy faced greater economic pressures because of the crisis (Brown 2010; Horn 2009, 2011).

These statistics demonstrate that informal work, rather than being the exception, is the dominant mode of work in African towns and cities. These activities not only generate employment but also sustain poorer households. Furthermore, although individual incomes are low, cumulatively these activities contribute significantly to GDP. Planners can and have played a crucial role in both helping and hindering the livelihood activities of the working poor, and developing creative means of supporting these activities is an important challenge to local authorities and planners across the
continent. As Beall et al. (2002:8) posit, ‘incorporating and managing, rather than controlling and marginalising, the unregulated economies of the poor is an imperative of 21st Century governance’. Given the size and significance of the informal economy, a critical analysis of its nature, the role it plays in development, and how planning has and could respond, should be a central theme in contemporary planning education.

There is increasing acknowledgement in planning policy circles that the informal economy is an issue warranting critical attention. The UN Secretary General Ban Ki-moon, in the Foreword to 2009 Global Report on Human Settlements, identifies the growth of the informal sector as one of the three major urban challenges of the 21st Century (UN Habitat 2009, Foreword). At the time of the report’s publication Anna Tibaijuka, the Executive Director of UN Habitat, called on planning schools to ‘embrace innovative planning ideas, including the ability to engage in participatory planning, negotiation and communication, understanding the implications of rapid urbanization and urban informality, and the ability to bring climate change considerations into planning concerns’ (UN Habitat, 2009:viii). In fact, this landmark report dedicates a whole chapter to the subject of urban informality.

A number of planning theorists have also identified informality as one of the key contemporary challenges faced by planners. Vanessa Watson, for example, notes,

Finding a way in which planning can work with informality, supporting survival efforts of the urban poor rather than hindering them ... is essential if [planning] is to play a role at all in these new urban conditions (2009b:2268, emphasis added).

Ananya Roy (2005:155) however points out ‘engagement with informality is in many ways difficult for planners. Informal spaces seem to be the exception to planning, lying outside of its realm of control’.

Through the readings, course exercises and assignments provided here, this toolkit aims to equip students with the conceptual and practical tools to respond creatively to the complex issues associated with urban informal economies.

1.1. Course aims and suggested assessment methods

This toolkit provides a basis for the development of an educational course that includes an overview of theoretical debates and empirical evidence relating to informal economies. More specifically, it aims to strengthen a participant’s ability to:

- grapple with contending theoretical perspectives;
- critically evaluate empirical evidence;
- debate and present arguments;
- conduct qualitative research;
- critique policy but also develop policy and planning frameworks.

The course design presented here assumes that students have access to the core readings and have actively engaged with them before class sessions. The course is intended for postgraduate students and, as suggested here, may be taught through 10 seminar sessions of between 2 and 2.5 hours each.
Planning students based on the African continent are in a unique position to engage directly with those working in the informal economy. For the main assessment task, students should select one activity or sector in the informal economy (e.g. fresh produce trade in a local market, the trading of plastic goods at traffic intersections, small-scale clothing manufacture at home, car guarding at a local shopping centre, taxi driving, small-scale construction work, collecting waste for recycling). They should do a literature search on the activity but also conduct four or more key informant interviews, the majority of which should be with informal economy workers themselves. Students should be encouraged to select their particular domain of informal activity early on in the course so that they can use seminar sessions to reflect on the ongoing development of their case study. For their final assessment task, students will use their case study material to reflect on the debates and issues raised in the core seminars, and should demonstrate a comprehensive knowledge of the literature. The final assessment piece should conclude with a set of recommendations for planning interventions.

2. Perspectives, theories and debates

2.1. What is the informal sector / economy?
Keith Hart coined the phrase ‘informal sector’ in the early 1970’s to describe the range of subsistence activities of the urban poor in Ghana. These activities have of course been around for decades, even centuries, before this. There is much discussion in the literature about the term and its use value (see for example Bromley 1978; Peattie 1987). As Castells and Portes (1989:12) note, although the main writings on the informal sector differ markedly in terms of the criteria used to define the ‘informal sector’, as well as the relative weighting of these different criteria, all definitions have certain features in common: they assume informal economic activities to be small-scale and elusive of governmental requirements such as registration, tax and social security obligations, and health and safety rules.

The International Conference of Labour Statisticians sets international norms for national statistical agencies. In 1993, there was a resolution on the definition of the informal sector. This definition includes the self-employed and employers (as long as the establishment employs below a certain number of employees) that are not registered under specific forms of national legislation. In recent years, there has been a trend away from this enterprise-based definition of informal activities to an employment-based definition (see Hussmanns 2004 for a full details). The latter focuses on the characteristics of a person’s job, rather than the enterprise that employs her or him. This job-based definition allows a conceptual grouping of all those who are not in a formal employment relationship and who generally suffer from inadequate social protection, a lack of rights at work, poor working conditions and/or insufficient incomes, regardless of whether they are employed by a formal institution, an informal enterprise or a household. Many national statistical agencies have reported

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2 This toolkit draws on a dedicated course on the informal economy that was taught in the Masters in Development Studies at the University of KwaZulu-Natal in Durban, South Africa between 2002 and 2008. Over the six years the course was offered, this assessment approach proved to be a very valuable learning experience, generating vibrant debate and new empirical insights.
on both the size of the informal sector and the size of the informal economy\(^3\). The available African data suggests that most people working in the informal economy are, in fact, working in informal enterprises (Herrera et al. 2011; International Labour Organisation 2002; 2011).

Although many authors use data generated by national statistical agencies and thus adhere to the definitional approaches outlined above, students should be aware of the particular definitions adopted by individual authors, in order to ensure that cited statistics are comparable. For example, Schneider’s statistics are often cited. His notion of the informal or ‘shadow’ economy includes criminal activities, which often generates inflated figures (see for example Schneider 2002; Schneider et al. 2003).

Much of the planning literature addresses the issue of ‘informality’ more broadly, referring not only to forms of income generation but also modes of settlement, housing and general modes of negotiating life in the city\(^4\) (Watson 2009a:157). Ananya Roy (2009a:8) talks about informality as a ‘mode of production of space defined by the territorial logic of deregulation’, in other words, as a highly spatialised mode of governmental practice that establishes which places and bodies lie in a space of exception, ambiguity and often repression. This toolkit however specifically addresses the issue of the informal economy.

2.2. Early debates – The informal sector’s role in development

Prior to Keith Hart’s (1973) distinction between formal and informal economic sectors, the conceptual dichotomy of ‘traditional’ and ‘modern’ was commonly used to understand the functioning of African urban economies. ‘Traditional’ activities were perceived as existing before and continuing in the face of western capital penetration. Marxists propounded the idea of the ‘reserve army’ consisting of the unemployed and petty commodity producers waiting to fit into the grand scheme of capitalist production. Lewis (1954) drew on the concept of ‘surplus labour’, outlining how this residual would facilitate the transition of African economies from agricultural to industrial, and rural to urban, in different ways. Both theories predicted that the extent of petty commodity production and trade would wane as national and urban development proceeded.

Keith Hart, an anthropologist by training, first coined the phrase ‘informal sector’ in a seminal article published in 1973. Here he asked whether the ‘reserve army of urban unemployed and underemployed really constitute a passive, exploited majority in cities like Accra, or do their informal activities possess some autonomous capacity for generating growth in the incomes of the urban (and rural) poor?’ He concludes with an essentially positive view. This article remains a ‘must read’ for any researcher or educator concerned with the informal economy. Many of the issues he raises are still actively debated today – such as the links between the informal economy and migration, women’s participation in the informal economy, the role of social networks in facilitating informal work, links between the formal and informal economies, as well as problems relating to the generation of employment and gross domestic product data.

\(^3\) A note on terminology: statisticians use the term ‘informal sector’ to refer to informal enterprises and ‘informal economy’ to refer to informal employment in both informal and formal enterprises.

\(^4\) This is particularly associated with the work of AbdouMaliq Simone. See for example Simone, A. 2001. “Straddling the Divides: Remaking Associational Life in the Informal African City.” International Journal of Urban and Regional Research 25(1).
The International Labour Organisation (1972) popularised the notion that unemployment was not simply a cyclical phenomenon but chronic and intractable, thereby increasing the focus on employment as a policy objective in its own right. The ‘working poor’ became a focus of analytical and policy-making attention. The ILO report marked an important shift in thinking, from regarding the ‘traditional economy’ as stagnant and unproductive, to seeing it as providing a wide range of low-cost, labour intensive and market competitive goods and services. By adopting the term ‘informal sector’, the ILO allowed for a way of describing the structure of the economy as a whole, in the terminology of economic planners. The informal sector increasingly became seen as the solution to the low employment levels in developing countries. Governments were therefore encouraged to intervene in the dynamic elements of the informal sector.

In the late 1970’s, critics (especially Bromley 1978; Gerry 1978; Moser 1978) argued that this was an overly optimistic view of the informal economy; that the informal economy was constrained by structural factors, particularly the exploitative relationship with the formal economy. Bromley (1978:1036), commenting on the speed at which the term ‘informal sector’ was adopted by the ILO and other international development institutes, argued that the notion ‘offered the possibility of “helping the poor without any major threat to the rich”, a potential compromise between pressures for the redistribution of income and wealth and the desire for stability on the part of the economic and political elite’.

Drawing on Marxist structural theory, Moser (1978) expanded Bromley’s critique in the same edition of the journal *World Development*. She challenged the notion of a two-sector dualism used by the ILO and others, pointing instead to the existence of a continuum of productive activities in the cities of developing countries entailing ‘complex linkages and dependent relations between production and distribution systems’ (1978:1055). She drew upon Marx’s theory of different modes of production and their mutual articulation, adapting his notion of petty commodity production. She argued that the petty commodity sector should be understood ‘as part of the capitalist mode of production with its development controlled by, and linked to, the capitalist mode’ (1978:1057). In this view, petty commodity production plays a number of important roles within the capitalist mode of production, such as maintaining low levels of subsistence and the low cost of labour reproduction. Moser (1978:1061) thus asserts that ‘the “political dimension” of development planning can no longer be ignored’. The policy-making implications of her critique are fairly bleak. Although recognising the need for grassroots interventions in poor urban areas, she reminds us that the ‘function’ of these measures ‘is no more than to alleviate some of the worst anomalies not to change the overall structure’, which she argues is essentially exploitative.

Despite the fact that the term ‘informal sector’ initially stemmed from an analysis of African urban economies, ensuing theoretical debates tended to draw on empirical experiences from Latin America (Castells and Portes 1989; De Soto 1989; MacEwen-Scott 1979). The Peruvian economist Hernando De Soto continues to be very influential in policy circles and his research institute *Instituto Libertad y Democracia* (ILD) has produced commissioned policy reports for a number of African governments. During the 1980’s his work primarily focused on Peru and other Latin American contexts. In *The Other Path: The Economic Answer to Terrorism*, De Soto drew on the findings of an ILD project where researchers, posing as a range of informal operators, negotiated their way
through state bureaucratic procedures and, in the process, demonstrated the immense institutional obstacles facing those working informally. They found, for example, that someone wishing to open a small store legally must comply with bureaucratic procedures involving three different government departments; a process typically taking 43 days and costing $590, fifteen times the monthly minimum wage (1989:143). De Soto concluded that legal institutions have ceased to provide adequate means to govern society, stating, ‘the existing legal system – the red tape, the widespread mistreatment on waiting lines, the bribes, the rudeness – are a Kafkaesque trap which prevent (the informals) and the country’s resources from being used efficiently’ (1989:243). If the ‘entrepreneurial spirit’ of informal operators were to be ‘legalised and nurtured rather than fettered and suppressed … a burst of competitive energy would be released, living standards would start rising’ (1989:15). He further argued that developing countries would be in a stronger position to deal with global trade imbalances and their debt burden.

In retrospect, the literature of the 1970’s and 1980’s has been categorised into two broad traditions (see Moser 1994; Rakowski 1994 for reviews). On the left of the spectrum is the structuralist position, from which informality is seen as a crisis of capitalist development, demonstrating the inability of capitalism to absorb the mass of unemployed, with research often detailing the exploitative relationship between the formal and informal economies (Moser [1978] and Castells and Portes [1989] broadly fall into this category). On the right, the neo-liberal position adopts a celebratory view of informality, seeing it as a process of deregulation ‘from below’. From this perspective, the relationship between formal and informal economies is either unconsidered or assumed to be benign (De Soto’s and the World Bank’s positions broadly fall into this tradition).

Drawing on a substantial body of empirical evidence, Kate Meagher (1995) reviewed and nuanced these debates whilst critically locating them in an African context. Generally, Meagher argues that understanding informal economic dynamics in relation to developments in the formal sector is important. She focuses on differentiation, subcontracting and supply linkages with the formal sector and the role of the state in informal sector expansion, before turning her attention to the role of the market, the state and political alliances in determining the character and potential of the informal economy in the African context (Potts [2008] also provides a useful review, with reference to a sub Saharan African context).

The ‘informal economy’ debates of the 1970’s and 1980’s reflected tensions within broader economic development debates over the appropriate role of the market and the state. Recent debates are less explicitly polarized but these underlying tensions remain. The themes raised in this earlier period – the role of the state in producing informality and/or helping or hindering livelihoods (and the related issues of overregulation versus underregulation), the relationship between the formal and informal economies, and the role of social networks – also persist in contemporary literatures. More recent debates in these areas will be considered later, focusing on tools of analysis deemed to be useful to planners. However, before doing so, the issue of differentiation within the informal economy warrants some attention.

2.3. Differentiation within the informal economy

It is important to note that authors broadly subscribing to the different traditions described above tended to concentrate on different segments within the informal economy. Those writing from a
neoliberal perspective tend to focus on operators with relatively stable livelihoods, often male entrepreneurs. Those with a more structuralist perspective tend to draw on case material of survivalist activities in the service and manufacturing sectors. This is indicative of the diversity of activities and actors within the informal economy. As Castells and Portes (1989:11) note, 

The informal economy simultaneously encompasses flexibility and exploitation, productivity and abuse, aggressive entrepreneurs and defenseless workers, libertarianism and greediness.

This diversity is in part what makes the informal economy such a challenging policy and planning issue. Given improvements in data gathering on informal work, it is possible to identify segments within the informal economy that assist in analysis of this phenomenon.

Chen (2007:78-9) has interrogated the two broad conceptual categories of informal enterprises and informal jobs, identifying sub-segments within each: Self employment in informal enterprises (including employers, own account operators and unpaid family workers) and wage employment in informal jobs (including employees of informal enterprises and other informal wage workers – casual or day labourers, domestic workers, etc. – and industrial outworkers). Drawing on research findings and official data, she has portrayed these segments graphically as a pyramid (see Figure 2), indicating the existence of an inverse relationship between the number of participants and average wage earnings in each segment of informal work. Although regional differences pertain, the global trend is that informal employers, while relatively few in number, enjoy the highest average earnings and are predominantly men. Own account operators, casual wage workers and, industrial outworkers or homeworkers are the majority, earn less than employers and tend to be women.

Figure 2: Segmentation within the informal economy

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5 Those subscribing to the more celebratory view of informality like DeSoto have been critiqued for seeing the informal economy as an undifferentiated group of entrepreneurs.
Chen thus draws attention to the gendered nature of these activities (a long-standing theme in the literature), as well as the existence of a continuum from survivalist to more profitable entrepreneurial activities.

Another way of ‘segmenting’ the informal economy is by the industry. Table 3, below, draws on data for eight African cities presented by Herrera et al. (2011). The data were collected at different times and thus are not directly comparable in a strict methodological sense. However, the same methodology and similar questionnaires were used for each city, so the data does provide a strong indication of general urban trends.

Table 3 shows that segmentation by industry varies from one city to the next. In Bamako (Mali), nearly half of all those working informally are traders, while in Niamey (Niger) a far smaller percentage works in trade, but just over one in every four informal workers are involved in manufacturing activities. Lomé (Togo) hosts a large number of street traders; comparatively few operate in Dakar (Senegal) and Niamey. In Cotonou (Benin), one in four informal operators work from home, a far greater proportion than that of Abidjan (Ivory Coast), where only one in every ten informal operators are home-based.

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6 This data draws from three surveys one of which is a representative labour force survey. International industry code norms are used (see Herrera et al [2011:13-14] for more details). Course facilitators should be encouraged to see if similar data is available from their national statistical agencies for their country.
Table 3: Percentage of informal employment by industry in eight African cities

<table>
<thead>
<tr>
<th>Industry</th>
<th>Abidjan</th>
<th>Antananarivo</th>
<th>Bamako</th>
<th>Cotonou</th>
<th>Dakar</th>
<th>Lome</th>
<th>Niamey</th>
<th>Ouagadougou</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informal employment (non-agricultural)</td>
<td>98.4</td>
<td>92.2</td>
<td>96.7</td>
<td>97.6</td>
<td>96.8</td>
<td>97.5</td>
<td>93.9</td>
<td>93.9</td>
<td>95.9</td>
</tr>
<tr>
<td>Informal traders</td>
<td>40.5</td>
<td>33.5</td>
<td>48.3</td>
<td>43.8</td>
<td>32.1</td>
<td>44.6</td>
<td>31.9</td>
<td>42.9</td>
<td>39.7</td>
</tr>
<tr>
<td>...of which: street traders</td>
<td>16.0</td>
<td>15.3</td>
<td>19.9</td>
<td>18.8</td>
<td>13.0</td>
<td>24.0</td>
<td>13.5</td>
<td>16.7</td>
<td>17.1</td>
</tr>
<tr>
<td>Informal non-trade services</td>
<td>38.8</td>
<td>36.4</td>
<td>27.6</td>
<td>35.3</td>
<td>35.5</td>
<td>32.2</td>
<td>30.4</td>
<td>25.5</td>
<td>32.7</td>
</tr>
<tr>
<td>...of which: Informal transportation</td>
<td>7.5</td>
<td>4.9</td>
<td>4.5</td>
<td>6.8</td>
<td>6.0</td>
<td>8.1</td>
<td>5.9</td>
<td>2.7</td>
<td>5.8</td>
</tr>
<tr>
<td>...of which: Wastepickers/informal recycling</td>
<td>0.1</td>
<td>n/a</td>
<td>0.4</td>
<td>0.1</td>
<td>0.1</td>
<td>0.3</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Informal Construction</td>
<td>3.6</td>
<td>5.8</td>
<td>6.8</td>
<td>4.0</td>
<td>8.7</td>
<td>4.4</td>
<td>3.9</td>
<td>7.0</td>
<td>5.5</td>
</tr>
<tr>
<td>Informal Manufacturing</td>
<td>15.6</td>
<td>16.7</td>
<td>14.0</td>
<td>14.4</td>
<td>20.3</td>
<td>16.3</td>
<td>26.4</td>
<td>18.2</td>
<td>17.7</td>
</tr>
<tr>
<td>Home-based informal workers**</td>
<td>10.6</td>
<td>18.0</td>
<td>16.5</td>
<td>24.7</td>
<td>15.2</td>
<td>18.4</td>
<td>19.8</td>
<td>14.9</td>
<td>17.3</td>
</tr>
</tbody>
</table>

**This category is not based on the industry classification but cuts across the industry categories. It refers to non-agricultural workers who designated their home as their place of work.

Figure 3 presents the average involvement in informal activities by industry in these eight cities. On average, four in every ten people working informally are involved in trade; nearly half of these operate from the street. The next most significant segment is non-trade services, with 18% of workers being involved in transportation. Only a very small proportion of these workers reported their occupation as waste picking. Nearly one in five of all those working informally are involved in manufacturing. Herrerra et al. (2011) also had access to data on places of work – approximately one in every five informal workers are based at home.

Industrial and workplace segmentation helps unpack how planning interventions and/or regulations might assist or hinder livelihood activities. Each category of activity has different economic pressures and everyday spatial requirements. For street traders, securing access to public spaces with high degrees of ‘footfall’, such as transport interchanges, is an economic imperative. For home-based workers, on the other hand, their home is their work place so the availability of basic infrastructure

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7 As is outlined in the sector profiles, given the mobile nature of this occupation, this is a particularly difficult worker group to gather data on and there is likely to be undercounting in this segment.
(water, sanitation and shelter) is critical. Informal transportation workers require access to well-travelled routes, thus the availability and regulation of road infrastructure is highly important.

The three worker-group livelihood profiles provided with this toolkit (Appendix A) collate the latest data on street traders, home-based workers and waste pickers. This information was drafted by sector specialists working for the global research and policy network Women in Informal Employment: Globalising and Organising (WIEGO). It draws on statistical analyses and other academic sources, as well as ongoing engagements with worker organisations. Read together, the data profiles signify the highly divergent experiences and demands emanating from different worker groups.

Understanding differentiation within the informal economy is the cornerstone of good academic analysis and the development of creative and progressive planning responses to urban livelihoods issues. Actual forms and modes of differentiation will be context-specific, but the kinds of categories introduced in this section should assist with the development of more nuanced perspectives of African urban life and practice.

2.4. The role of the state and planning in the informal economy

The role of the state and planning in the informal economy is highly contested. On one end of the spectrum, De Soto’s view of informal activity being a ‘people’s response’ to state overregulation is still pervasive. He continues to advocate for reducing bureaucratic burden through deregulation, although in his more recent work (2000), he does argue for an extension of property rights, so that informal entrepreneurs can convert their informal assets into real capital assets.

The World Bank has adopted a variant on this position. A World Bank team (Perry et al. 2007) has posited that previous attempts to understand informal economic dynamics have entailed an overemphasis on exclusion. They use the notion of ‘exit’ as a second lens through which to view informality. They explain,

Many workers, firms, and families choose their optimal level of engagement with the mandates and institutions of the state, depending on their valuation of the net benefits associated with formality and the state’s enforcement effort and capability. That is, they make implicit cost–benefit analyses about whether to cross the relevant margin into formality, and frequently decide against it. This view suggests that high informality results from a massive opting out of formal institutions by firms and individuals, and implies a blunt societal indictment of the quality of the state’s service provision and its enforcement capability (Perry et al. 2007:2).

Maloney (2004), who was a key part of the World Bank drafting team, had previously used data from Latin America to demonstrate that many of those working informally do so voluntarily. However, close scrutiny of his data shows that these voluntary informal workers are predominantly entrepreneurs, located in the upper echelons of Chen’s pyramid (see Figure 2). According to the World Bank position, policy-making should generally aim to shift modes of informal worker cost-benefit analysis ‘toward engagement with the institutions of the state—both through improving the benefits of being formal and through better monitoring’.
The alternative view on the relationship between the state and the informal economy is that the state is complicit in producing and sustaining the informal economy. Meagher (1995:277) explains this position as follows:

Ambiguous or inconsistent policy and policy that is difficult to enforce, represent an implicit encouragement of informalisation. It creates a climate suitable for the expansion of exploitative structures of informality, since it fails to provide active protection and support for informal actors and provides gaps in the legal structure permitting stronger economic players to make use of informal labour.

In terms of policy-making, this means the state should have a responsibility to regulate the imbalance of power within the market or, more specifically, the unequal relationship between ‘big business’ and informal enterprises or informal workers.

Portes, Castells and Bentons (1989: 302-7) have added a further dimension to this debate. Analysing what they describe as ‘informal economies of growth’, they point out that the state has in fact played a very active and positive role in the promotion of such growth. They cite the cases of Italy’s Emilia Romagna, the Cuban small-scale economy in Miami, as well as Hong Kong. They argue, ‘every successful instance [of informal economic growth] registers evidence of an official attitude that downplays the lack of observance of certain rules and actively supports the growth of entrepreneurial ventures through training programmes, credit facilities, marketing assistance, and similar policies’ (1989:303). They note that support emanating from national government policy offers less potential for generating this growth than the local actions of regional government offices or municipal authorities.

A parallel debate over the role of the state in informal economic processes has been played out in recent planning literature. Ananya Roy (2009:10), in an analysis of the Indian context, argues that planning cannot solve the crisis of Indian urbanisation since ‘planning itself is implicated in the very production of this crisis’. She continues,

Informality then is not a set of unregulated activities that lies beyond the reach of planning; rather it is planning that inscribes the informal by designating some activities as authorized and others as unauthorized.

This view is echoed in Oren Yiftachel’s (2009:88) analysis of the political geography of informality. He posits the notion of ‘gray spaces’ positioned between the ‘whiteness’ of legality/approval/safety, and the ‘blackness’ of eviction/destruction/death. He goes onto argue that planning is always deeply implicated in ‘whitening’ (condoning, approving) and ‘blackening’ (criminalizing, destroying) different types of informality. Yiftachel states bluntly that the ‘informality of the powerful’ is often authorised by the state whilst alternative forms of informality remain indefinitely gray or are officially ‘blackened’.

Urban planning – that is, the combination of relevant spatial policies – is often behind both the existence and criminalization of gray space. Urban plans design the city’s ‘white’ spaces which usually create little or no opening for inclusion/recognition of most informal localities and population, while their discourse continuously condemns them as a chaotic danger to the city (2009:94).

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8 Note these authors are not just concerned with the informal economy but also informal settlements and service provision.
Roy pushes this point further, arguing that ‘informal spaces’ are produced by the state, and that ‘to deal with informality therefore partly means confronting how the apparatus of planning produces the unplanned and unplannable’ (2005:156).

Wilson (1991) echoes these sentiments pointing out that historically, even the most benevolent projects and traditions of state planning have emphasized control and confinement. Although she stops short of advocating the abandonment of planning, she argues,

> There is a sense in which all town planning contains both a utopian and a heroic, yet authoritarian, element. Although its purpose may seem purely practical, it does claim to offer, like the utopian work, a permanent solution to the flux and flow of the ever changing city. The plan is always intended to fix the usage of space; the aim the state regulation of urban populations.

This would suggest that informality demands a critical analysis of traditional planning tools and techniques.

Duminy’s (2011) comprehensive review of post-2000 planning and informality literature argues that the vast majority of planning authors propose that urban policy should be adjusted to better accommodate the enormous variety of livelihood practices that characterise contemporary urbanization. He quotes Jenkins:

> The growing realisation that the ‘informal’ is here to stay has strengthened the position of those who have argued that the informal is often as legitimate as the formal in urban development. This has led to a growing interest and associated literature on the regularisation of informal settlements, integration of formal and informal systems and ‘coping’ with informality and illegality.

Numerous case studies can be found to demonstrate that planning may be implicated in both the destruction of livelihoods as well as their progressive support. Within the past decade, the largest and possibly most violent programme of African state repression against those living in informal housing and pursuing informal livelihoods is Operation Murambatsvina⁹, which took place in Zimbabwe in 2005. The UN Habitat mission to Zimbabwe estimated that some 700,000 people in cities across the country lost either their homes, their source of livelihood or both (Tibajika 2005:7). In explaining the events, many analysts have pointed to the fact that since 2000 the urban electorate had voted overwhelming for the opposition – the Movement for Democratic Change (MDC). Since Tibajika (2005) estimates that one in every five Zimbabweans were affected by Operation Murumbatsvina, political affiliations, although important, can be only one part of the rationale behind these actions. Potts (2007) places the blame for this intervention firmly at the feet of urban planning traditions in the country. She details how colonial-type approaches to urban planning in Zimbabwe have extended into the post-colonial period (see also Kamete 2007; 2009).

At the other end of the spectrum is the case of an urban renewal project in inner city Durban, South Africa. Warwick Junction is the primary transport node in the city and on a busy day can accommodate up to 8000 street traders. Dobson and Skinner’s (2009) detailed analysis of the project demonstrates how planners and city officials, together with traders, spatially redesigned the

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⁹ While Government translated this to mean ‘Operation Clean-up’, the more literal Shona translation of ‘murambatsvina’ is ‘getting rid of the filth’. 
area providing a dramatically improved environment for commuters and infrastructure for many different trader groups. Serious urban management concerns, including crime and cleaning, were also addressed. This was made possible through a process of collaborative planning. The case proves that inclusive approaches to the design, planning and management of public space for street traders are possible.

Once the persistent reality of urban informal work is accepted, the critical question becomes one of how best to ‘cope’ with these complex and nuanced activities. The rest of this discussion aims to highlight important issues to consider in the process of accommodating and consolidating informal urban livelihoods.

2.5. Economic debates: Formal – informal economy linkages and spatial clustering

The issue of linkages between formal and informal economic systems remains a persistent theme in the literature, particularly for economists working in the field (Davies and Thurlow 2010; Ngiba et al. 2009; Phillips 2011; Teltcher 1994). There are few informal operators who are not linked (either through supply of inputs or demand for goods and services) with the formal economy. As Peattie points out, ‘if we think about the world in terms of a formal and informal sector we will be glossing over the linkages which are critical for a working policy and which constitute the most difficult elements politically in policy development’ (1987:858). Leading on from this, and further nuancing the industrial segmentation of informal economies outlined previously, there is a trend to analyse the informal economy according to a sectoral approach, as is commonly applied to the formal economy (see Chen and Carr 2002; Chen, Jhabvala and Lund 2002). Each sector has unique economic dynamics, particularly in terms of linkages with the formal economy, and therefore each requires specific types of supportive planning responses.

In the last two decades, many analysts have used the ‘commodity chain’ or ‘value chain’ approach as a means of understanding the ongoing spatial re-organisation of economic production and consumption, and the relationships that link processes together in the formal sector (Kaplinsky 2005; Porter 1996). Increasingly those working on policy-related research for the informal economy have adopted this approach (e.g. Carr 2004; Carr et al. 2000; Lund and Nicholson 2003; McCormick and Schmitz 2001; Phillips 2011)\textsuperscript{10}. Value chain analysis seeks to explain the sequence of activities from the initial conception of a product, to its final consumption. Researchers using this technique construct value chain maps, which provide a visual framework to illustrate the impact of changes in external policy at different points on the chain. This approach has been used to understand sectoral dynamics and strategies for industrial upgrading in numerous segments of the formal economy (Gereffi 1999; Gereffi and Korzeniewicz 1994)\textsuperscript{11}. McCormick and Schmitz (2001) argue that the application of a value chain approach to informal economic analysis can show how different informal workers and enterprises are positioned within local and global production and distribution systems, thus allowing practitioners to identify ‘leverage points’ along the chain where intervention would be most effective.

\textsuperscript{10} There is limited analysis of segments of African informal economies using these techniques. This is a critical area for further research.

\textsuperscript{11} The idea of a value chain was developed by Porter, M. 1990. The Competitive Advantage of Nations. New York: Free Press.
A good example of the application of this approach concerns the analysis of the traditional medicine or *muthi* industry\(^1\) in KwaZulu Natal Province in South Africa (Institute for Natural Resources 2003; Mander 1998). Mander (1998), for example, has analysed the process from plant harvesting to final consumption of traditional medicine. Informed by a dual concern of supporting the growth and sustainability of the industry, the analysis identified three key points of potential intervention. First training gatherers in sustainable harvesting techniques, second plant cultivation on state-owned land and finally the need to access new higher-end markets through improved packaging and marketing. This led to the formulation of a public-private sector support programme for the industry.

Du Toit (2008) has made the point that persistent poverty within informal economies can stem not only from a disconnect with formal economies, but also from adverse incorporation into the formal economy. The special issue of the journal *Development Southern Africa* (volume 25, number 2) highlights the diversity of ways in which the working poor may be connected, disconnected or incorporated. (Other than du Toit see particularly Fisher 2008; Potts 2008; Tambulasia and Kayunia 2008).

The spatial clustering of informal economic activities is another important factor to consider in planning processes. For example, analysis of vibrant informal economies such as Emilia-Romagna in Italy, demonstrates the economic advantage that stems from informal firms being located in close proximity (Capecchi 1989). Meagher (2007:473) points out that informal enterprise clusters can generate novel forms of economic governance that enhance economic co-operation, efficiency and innovation. The ways in which planners could facilitate this clustering in African urban contexts, thereby promoting ‘informal economies of scale’, needs further exploration.

### 2.6. Political debates: The politics of informal workers - implications for planners

Beall (2000) points out:

> The processes of incorporation and exclusion of those working in the informal economy is part of the everyday political struggle. The way in which informal workers are organised, articulate their concerns and wield power is thus critical.

There has been a recent surge of interest in the politics of those working informally and a move away from the assumption that informal workers lack agency. Bayat’s work in Iran (1993, 1997, 2000), and North African and Middle Eastern contexts (Bayat 2000), is important in this regard. He argues that the emerging politics of informal actors is quite distinctive, suggesting that it constitutes a ‘quiet encroachment of the ordinary’. He depicts these novel forms of political engagement as ‘a silent, patient, protracted, and pervasive advancement of ordinary people on the propertied and powerful in order to survive hardships and better their lives’ (1997:57). He explains,

> Rural migrants encroach on cities and their amenities, refugees and international migrants on host states and their provisions, squatters on public and private lands or ready-made

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\(^1\) This is a significant component of the informal economy in South Africa. The Institute for Natural Resources (2003:7) estimates that R61 million of medicinal plant material is traded in the province of KwaZulu-Natal annually. It is estimated that over 30 000 people work in the traditional medicine sector; most are rural gatherers who are very poor.
homes, and street vendors on businesses’ opportunity costs, as well as on public space in
both its physical and social facets – street pavements, intersections, public parks and the like
Bayat argues that these actions are marked by ‘quiet, atomised and prolonged mobilisation with
episodic collective action’.

Lindell’s (2010) recent edited volume on collective agency, alliances and transnational organising in
Africa collates existing material but also adds significant new empirical insights to the issue of
informal worker organisation. The volume highlights the emergence of new organisations on the
continent, as well as the formation of institutional alliances between formal and informal worker
groups. The precise dynamics of these processes differ from place to place and in terms of their
scalar characteristics. National alliances of informal workers have arisen in countries such as Kenya
(Mitullah 2010), Tanzania and Zambia; yet we also find regional organisations like the Zambian association of cross-border traders (Nchito and Transberg Hansen 2010). Furthermore, the 2002
launch of the international alliance of street trader organisations, or StreetNet, is an example of
emerging forms of regional and international collaboration (see www.streetnet.org).

From existing country and case-specific work (for example War on Want’s work on informal
economy organisations in Ghana, Malawi, Mozambique and Zambia [2006]; Lindell [2009] on Mozambican vendors associations; King [2006] on street traders in Kumasi; Nnkya [2006] on traders in Dar es Salaam; Devenish and Skinner [2006] on the Self Employed Women’s Union) and sector-
specific work (see, for example, Samson’s [2010] analysis of trends in the organisation of African waste pickers), it is difficult to discern a clear single pattern of organisation amongst informal workers. Some organisations appear to wield significant political power (for example the women market organisations in Cotonou, Benin, and the Zambian association of cross-border traders);
others less so (see, for example, Brown and Lyons’ [2010] study of the impact of trader associations in Dar es Salaam, Dakar and Accra). What this empirical work does show however, is that although Bayat’s ‘quiet encroachment of the ordinary’ might well be one form of politics among informal workers, increasingly there appear to be other organisational forms that are highly context-specific.

Any study of the informal economy or practical work needs to be acutely aware of the nature of
organisation among informal workers – what organisations are there, who do they represent and,
equally importantly, who is excluded? What are their strategies for securing advantages for their
members? In the relatively rare cases where informal workers have been incorporated into urban plans, informal workers organisation has often been identified as a critical factor (see Dobson and Skinner 2009; Nnkya 2006). The three sector profiles provided in this toolkit (Appendix A) conclude
with outlining organising trends amongst the sector groups.

Perhaps the most cited example of collective action amongst informal workers, resulting in securer livelihoods, is the Self Employed Women’s Association (SEWA) in India. With over 1 million members, they are the largest union in India and present one of the most innovative forms of

\footnote{Much existing evidence for example suggests that women, although often dominant in numbers are seldom found in leadership positions in informal worker organisations. Similarly migrants (both foreign and from rural areas) are often excluded.}
organising (see www.sewa.org and Bhatt 2006; Chen 2004; Datta 2003; Rose 1992). Furthermore, where waste pickers have been incorporated into municipal waste collection, their organisation into co-operatives has again been an important driver of their political agency (Dias 2011; Medina 2007).

2.7. Planning practices and how they shape informal livelihoods

There are multiple ways in which planning affects and shapes the activities in the informal economy. City-wide planning promoting the spatial segregation between rich and poor, with the poor relegated to peripheral urban areas, drives the exclusion of informal actors. Transport planning can also facilitate or hinder informal livelihood activities – depending on how planning connects poorer areas to both business and industrial districts, as well as more affluent residential areas. A number of key questions concerning the notion of ‘access’ pertain here. Can street traders access better-off customers or formal workers in industrial areas? Do waste collectors have access to quantities of lucrative recyclables generated by businesses? How much do informal construction workers have to spend in order to reach curb-side pick-up points? Brown and Lloyd-Jones (2002) argue that cities consisting of multiple business nodes, rather than a single central business district, tend to support informal livelihoods to a greater extent.

Land use planning and zoning practices can also facilitate or hinder livelihoods. Do residential zoning schemes accommodate the fact that homes are often used as places of both work and shelter? Does a particular layout plan enable the poor to access land for the purposes of small-scale agriculture in addition to housing? Transport nodes are important markets for informal traders – how much space is available to accommodate these operators? Are they located in areas with high degrees of footfall or do commuters have to go out of their way to access informally traded goods? Brown and Lloyd-Jones (2002) argue that planning approaches accommodating mixed land uses, varieties of plot sizes, and mixed tenure schemes have greater potential to support a variety of livelihoods than traditional prescriptive spatial planning and zoning approaches.

Planning tools such as policy regulations and bylaws dictate whom has the right to operate in an area, as well as the mode of operation permitted. Often health and safety and building regulations are used to stop informal activities in urban areas, yet these policies are invariably based on the urban cultural and economic norms of developed countries. Historian Bill Freund (2007:156) argues, in his reflections on post-colonial African cities, that contemporary urban planning ordinances and decrees often show little real variation from colonial patterns. In the case of Nairobi (Kenya), Kamunyori (2007:10) points out that although street trading is legal according to the city bylaws, the colonial era General Nuisance bylaw is commonly used to supersede this provision. The General Nuisance bylaw allows city officials to arrest any individual that they deem to be ‘creating a “general nuisance” in public spaces’. Many African municipal governments use policy measures to ban public access to landfill sites. Waste collectors often still access these sites, but have to do so at night or by bribing municipal officials.

Since residential spaces are increasingly becoming productive spaces in the form of home-based enterprises, the provision of basic infrastructure and services (electricity, water and sanitation, garbage removal, etc.) to living quarters is essential to promoting sustainable livelihoods. Payment for these services (i.e. rates and service charges) is also an increasingly important issue for urban policy – are flat rates charged, or are opportunities for cross-subsidization being mobilised?
Infrastructure provision for specific groups within the informal economy is also important: small-scale manufacturers need spaces to work; street traders need shelter from the elements and places to store their goods overnight, and so on.

The manner in which planning practices help or hinder the livelihood activities of the informal economy is highly context-specific. Appropriate planning interventions will differ from one worker group to another, and from one part of the city to another. By way of a general schematic, planning analysis could start by segmenting the informal economy into different categories or worker groups, with reference to their spatial distribution within the city. The analysis can then turn to understanding how different worker groups are regulated by urban policies, as well as the potential impact of spatial interventions on informal activities, ranging from city-wide master planning to micro-service delivery and urban design.

2.8. Policy debate on regulation - too much, too little; what is ‘appropriate’?

Current policy debates over whether the informal economy should be ‘formalized’ are of direct relevance to planners. Chen (2007), recognising the segmentations within the informal economy discussed previously, points out that formalization has different meanings for different segments of the informal economy. On one hand, the formalization of informal enterprises requires bureaucracies that are willing and able to simplify registration requirements, introduce progressive registration fees, and offer very small businesses the incentives and benefits that large formal businesses receive. While on the other hand, formalization of informal jobs requires the extension of legal and social protection to informal workers and creation of more formal jobs. Chen points out that, in most countries, registration requirements are cumbersome, transaction costs are high, and economic policies and incentives are biased towards larger enterprises. Furthermore, in many countries, formal employment growth is not keeping pace with employment demand, and employers are more inclined to convert formal jobs into informal jobs, rather than the other way around.

In this context, Chen proposes a policy framework that seeks to:

- expand formal employment by putting employment creation and decent work at the centre of macroeconomic policy;
- increase efforts to a) formalize informal enterprises by creating incentives and simplifying procedures for entrepreneurs to register and b) formalize informal jobs by persuading employers to provide more benefits and protections to their workers; and
- increase the returns to their investment of those who work in the informal economy by increasing their assets and competitiveness and by assuring better terms and conditions of work.

Activists have pointed to the importance of allowing those working in the informal economy to participate in the design of appropriate planning regulations. The co-ordinator of the international alliance of street trader organisations or StreetNet for example suggests ‘voice regulation’ referring to regulation by negotiation, which entails the participation of interest groups in determining the appropriate regulations (Horn 2000:1).
2.9. Urban planning processes

An issue that is frequently raised by activists concerns the extent to which informal workers are involved in planning processes. StreetNet, for example, operates with campaign slogan ‘nothing for us without us’. Are informal workers merely made aware of plans, are they consulted, or do they genuinely participate in shaping planning interventions? Not all informal workers are part of organisations. Those who are sometimes complain that their leaders are not accountable. Furthermore, despite the fact that many informal workers are women, organisation leaders tend to be men, with women’s specific concerns often sidelined. Foreign migrants are another stakeholder group that might not be well represented in informal economy organisations. These dynamics make the instigation of participatory planning processes difficult, an issue aggravated by the massive diversity of actors and activities within the informal economy. Informal work is also particularly mobile – workers tend to be ‘on the move’ to a greater extent than formal jobholders. The manner in which they use space constantly changes. Close observation of curbside trading, for example, reveals how different products are sold at different times of day. Some informal workers actively seek official recognition, while others avoid it. This dynamism is, in part, what makes the informal economy such an intriguing yet challenging phenomenon for planners.

In her classic article on citizen’s participation in planning processes, Arnstein (1969) used the metaphor of a ‘ladder of participation’, with tokenism and manipulation at the lowest level, and full and meaningful participation at the highest. In this view, full participation occurs where citizens make decisions about local issues based on well-developed understandings of the issues at hand. This relates to recent debates within the planning literature around ‘communicative’ or ‘collaborative’ planning approaches. Watson (2002:29) describes this process as follows:

- Interaction (with stakeholders or interest groups), communicating ideas, forming arguments, debating differences in understandings, and finally reaching consensus on a course of action replace detached, expert-driven plan-making as the primary activity of planners.

Leonie Sandercock takes this one step further in planning in multicultural societies. Watson (2002:32) summarises her position as follows:

- This diversity requires to be celebrated rather than repressed: that is, the claims of groups need to be recognized and facilitated....The role of the planner in such a context is to link knowledge to action to empower oppressed and marginalized groups, to resist exploitation and the denial of their authenticity.

Although Sandercock is reflecting on northern contexts, this approach has resonance for planning responses to the informal economy.

2.10. What constitutes a ‘modern African City’ and where do informal workers fit in?

The manner in which we support and manage the informal economy is both representative and constitutive of the ‘visions’ that we construct for our cities. Often there is a tension between the desire to ‘modernise’ African cites and the necessity of accommodating ‘non-modern’ informal activities. A planning educational course for urban informal economies could therefore finish by revisiting the global / world cities debates to critically assess what these developmental discourses mean for urban economic development planning, in general, and informal economic development planning in particular.
There has been a longstanding interest in the role cities do and can play in global economic systems (Beaverstock et al. 2002; Doel and Hubbard 2002; Sassen 1991). Many city governments and urban growth coalitions aspire to reach something called ‘world city status’; to achieve some sort of command over the global flows of increasingly ‘footloose’ forms of capital. The position and functioning of cities in the world economy thus becomes the dominant factor in urban economic development planning. The implicit policy prescription is that international capital investment should be pursued above all else. Informal activities, in this paradigm, are seen as undesirable (as obstacles to achieving ‘world class-ness’) and their contributions to local economies go largely unrecognised. Jennifer Robinson argues that the notion of the ‘world class city’ as a narrow policy goal imposes ‘substantial limitations on imagining or planning the futures of cities’ (2002:531).

Simone presents an alternative view. He estimates that ‘roughly 75 percent of basic needs are provided informally in the majority of African cities and that processes of informalisation are expanding across discrete sectors and domains of urban life’ (2004:6). Rather than characterising this state of affairs as dysfunctional, he argues that Africans have long made lives ‘that work’. In discussing previous studies of informal economic activities, he suggests that ‘these studies have not examined the ways in which such economies and activities themselves might act as a platform for the creation of a very different kind of sustainable urban configuration than we have yet generally to know’ (2004:9). His detailed case studies discuss the histories, macro-economic contexts and policy frameworks that have driven the widespread ‘informalisation’ of everyday life in African cities, but he focuses more particularly how African urban residents cope with these changes and pressures. In essence, his work suggests that any serious attempt to reduce inequality in African urban centres must acknowledge the contemporary influence of specific urban histories, and should incorporate the existing local knowledge embedded in informal urban practices that sustain and reproduce urban life.

(Optional extra) Further strategies for support – financial services, training and social protection

Most authors and commentators agree that support services for informal economic activities, such as microfinance and training programmes, are important interventions for promoting sustainable urban livelihoods. Yet there is disagreement over the appropriate scope of coverage and manner of delivery. Some argue for these services to be delivered on a cost-recovery and commercial basis; others hold that this approach will only exclude and marginalize poorer operators. Morduch (2000) provides a succinct overview of the debate over microfinance services for informal economies. Since facilitating credit access utilizes peoples’ capacity to save negatively, should financial assistance be limited to credit access or extended to include financial services that allow operators to save? The case of the Self Employed Women’s Union bank in India demonstrates the possibility of providing a range of financial services to very poor informal operators (see www.sewa.org). What about social protection measures in times of crisis? Business skills training is also considered to be an important realm of intervention that can lead to the development of more secure livelihoods. What substantive issues should be covered in training programmes and how can this be best delivered?  

14 The International Labour Organisation is very active in the training field and their website a useful source of information.
References

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