

PROMISES AND CHALLENGES

of the informal food sector in developing countries

Promises and challenges of the informal food sector in developing countries

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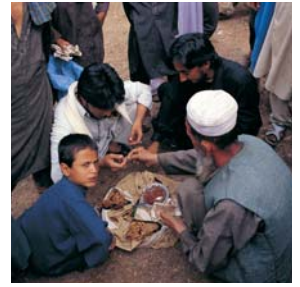
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Photos by **Olivio Argenti**

Cover photo: Pakistan, Lahore: traders buying food





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The informal food sector exists in all countries of the world. It has continued to flourish, even when illegal or state-oppressed. It offers autonomy and incomes to a wide variety of families in economic difficulties. It is thus unlikely to disappear. The convenience of purchasing food from informal vendors is also appreciated by many consumers, including the urban poor, office workers and tourists. Authorities, and local authorities in particular, should consider informal agents as partners in local development initiatives. They should implement policies and programmes aimed at creating adequate conditions for informal sector activities to be efficiently undertaken while minimising risks to society.

Why we should be interested *in the informal food sector*

In all countries of the world, the poor demonstrate a strong ability to provide for their own needs and survive in difficult economic circumstances. One of their main survival strategies is what development scholars call the “informal food sector”, or IFS. Their most visible activities are food production (urban, peri-urban, and rural), processing, catering and transport, and retail sale of fresh or prepared products (e.g. the sale of street food). The IFS can contribute to food security by providing small quantities of affordable food products at convenient locations for poor consumers; providing employment and income to poor households; and bringing food to marginal urban districts furthest from the city centre and the organized secondary markets. These activities exist in urban, peri-urban and rural areas, although their relative importance in food supply and distribution activities and in local

employment varies, even from one municipal district to another (Table 1).



Global trends show that growth in the IFS is related to rapid urbanization (Figure 1) and the lack of marketing infrastructure in new parts of rapidly growing cities. Throughout the world, rural people are moving to cities in search of new work, often settling in shantytowns with limited or no formal food markets. They sometimes migrate because they are forced off their land. In India and China, for example, millions of rural people have lost agricultural land and livelihoods due to hydroelectric and mining projects, forcing them to migrate to new locations. Wars and conflicts also have created refugees and internally displaced persons who use the sector as a source of cheap food and employment (Bouta, Frerks and Bannon, 2005). In all of these cases, former agriculturalists must abandon farming and look for new employment. Because they cannot rely on their own food production for consumption, urban households spend 30 percent more than rural households on food. Low-income urban households spend 60 to 80 percent of their incomes on food (Aragrande and Argenti, 2001: 2). The informal sector is the most affordable option for these people as it provides both income to vendors and cheap food to consumers.

During periods of economic crisis, the informal sector grows due to reduced formal employment prospects and purchasing power, becoming a source of both income and food security (Figure 2). In some African cities, the IFS may provide 40 to 60 percent of all employment. Yet, the sector is not merely the result of economic crisis: economic growth also encourages rural people to seek opportunities in urban markets. The informal sector is an attractive option for those seeking greater autonomy than in formal employment (Smart, 1989). In Asia, the sector has expanded in times of economic growth as urban workers face longer commutes and depend increasingly on food vendors to supply their nutritional needs. In many places it has become a cherished part of local culture, and can even become a valuable tourist resource.

Definition of the informal sector

The use of the term “informal sector” dates back to research in Africa in the 1970s showing that census categories of the “employed”, “unemployed” and “non-active” mask the autonomous capacity of the poor to generate incomes and provide needed services to rapidly growing urban communities (ILO, 1972; Hart, 1973). In research in Ghana, anthropologist Keith Hart found that over half of the population were described in census statistics as outside of wage employment but were actually actively involved in a wide variety of production and service activities and earning independent incomes. Because these activities lie outside the view of official statistics, he referred to them as the “informal sector.” Harding and Jenkins (1989) called this the “hidden economy.”

The word “informal,” can be misleading, however, because many micro-entrepreneurs are in some ways legally recognized by the authorities, especially if they participate in such organizations as trading associations, cooperatives or unions (Yasmeen, 2001a). Many individuals are involved in both formal and informal sector activities (Hart, 1973), for instance, when informal vendors sell goods produced in the formal sector. Nowhere is it unconnected from formal economic activities. Geographers Santos (1977) and McGee (1973)



argued that the two sectors of the economy, which they called upper and lower circuits, articulate with one another. To a certain extent, the informal sector subsidizes the formal sector by providing cheap food to low-wage workers and by acting as a reserve of surplus labour.

The informal food sector can be defined as including small producers, manufacturing enterprises, traders and service providers, involved in legal as well as unrecognized activities related to food.

Table 1 ~ Informal employment among total active population of selected cities

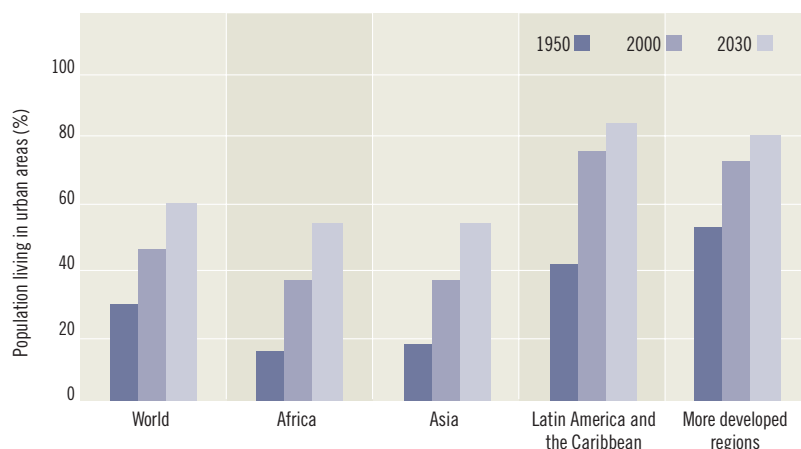
Municipality	Population	Informal food activity among active population (%)
Rangamati (Bangladesh)	66,211	18
Suva (Fiji)	90,000	5
Guayaquil (Ecuador)	2,400,000	32
Freetown (Sierra Leone)	755,589	28
Port of Spain (Trinidad and Tobago)	1,300,000	8
Lagos (Nigeria)	7,400,000	48
Blantyre (Malawi)	519,033	20
Managua (Nicaragua)	1,500,000	14
Penaloleon (Chile)	218,000	9

Source: Argenti, François and Mouawad, 2003





Figure 1 ~ Urbanization trends by region



Source: UN, 2004

For example, it classifies food production, catering and transport as well as the retail sale of fresh or prepared products in activities associated to the IFS. The IFS is generally characterized by: the lack of specialization; very low capital investment; a combination of production and consumption, a lack of accounts and the non-payment of all or some taxes; the possibility of articulating with the formal food sector to satisfy different demands and customer bases; and innovations that are more social than technical (Argenti, François and Mouawad, 2003:1).

Municipal authorities are starting to recognize that effective food distribution policies require stakeholder participation and effective communication (e.g. Yasmeen, 2001b). It is therefore vital to identify the main actors in the IFS sector, from producers to consumers. These include producers (e.g. urban, peri-urban, and rural farmers, but also fishers and forest producers), traders, transporters, processors (including home-based caterers), market sellers, managers, street vendors

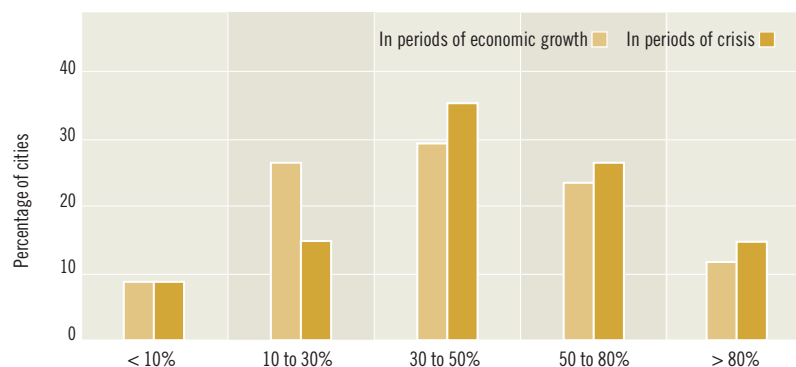


and small restaurant owners. To date, however, most research on the sector has been done in urban areas.¹ Research must be done on these actors in various contexts so that local policy will be formulated to engage them and their associations in light of local social and cultural realities.

Impediments and constraints

IFS activities are often carried out in spite of the state policies against them. They can empower marginalized members of society and contribute to fairer distribution of resources. Women are often overwhelmingly responsible for retailing fresh products, small catering operations and street food. This allows them to feed their families at lower costs and therefore contribute to their families' food security. Yet IFS activities are not recorded in national financial records and are rarely considered in development plans. The needs of IFS operators are often neglected by governments and labour unions that protect the interests of formal sector workers.

Figure 2 ~ Importance of the informal sector in urban food supply and distribution activities in periods of crisis and economic growth



Source: Hugon and Kervarec, 2001

¹ There is a growing awareness that urban and rural features co-exist within and beyond cities in many parts of the world, especially as cities expand, which has led to a growth in peri-urban studies that will certainly be relevant to policy-makers (Allen, 2003). This, however, is rarely addressed in the literature on IFS and is beyond the scope of this paper.



IFS operators face a number of important constraints. They are directly vulnerable to variations in the markets where they get their supplies. Further, they have limited storage capacity and are restricted in the volume of their daily business. The conditions of street sales, the limited access to basic services, including access to potable water, and vendors' health may contribute to problems of food hygiene and safety. Further, the nutritional quality of fresh and cooked street food can be low. Their activities can add to traffic congestion, safety problems and environmental pollution. The authorities often look at the sector as a remnant of traditional economic activities and as a sign that their cities are not yet adequately developed. Businesses in the formal sector, with higher operating costs and tax burdens, often wish to eliminate them because the competition influences their profits.

For these reasons, government authorities and local authorities in particular have frequently been negative towards informal food operators. Oppression of the sector leads IFS actors to distrust

the state agents who can best help them deal with such questions as health, sanitation and credit. In many countries, an unstable policy context means that periods of relaxation and even promotion may be followed by oppression.

Understanding the social and economic role of the informal food sector

The above problems can be overcome by better understanding the role of informal activities and their contribution to food security and by the right attitudes towards, and policies for, food operators to minimize the negative consequences of their activities and increase their capacity to invest. Their needs and constraints could be integrated into urban planning and their knowledge and ability in business management strengthened. The operators could be supplied with adequately managed infrastructure facilities, equipment and services. Finally, agreed

Strategies and goals

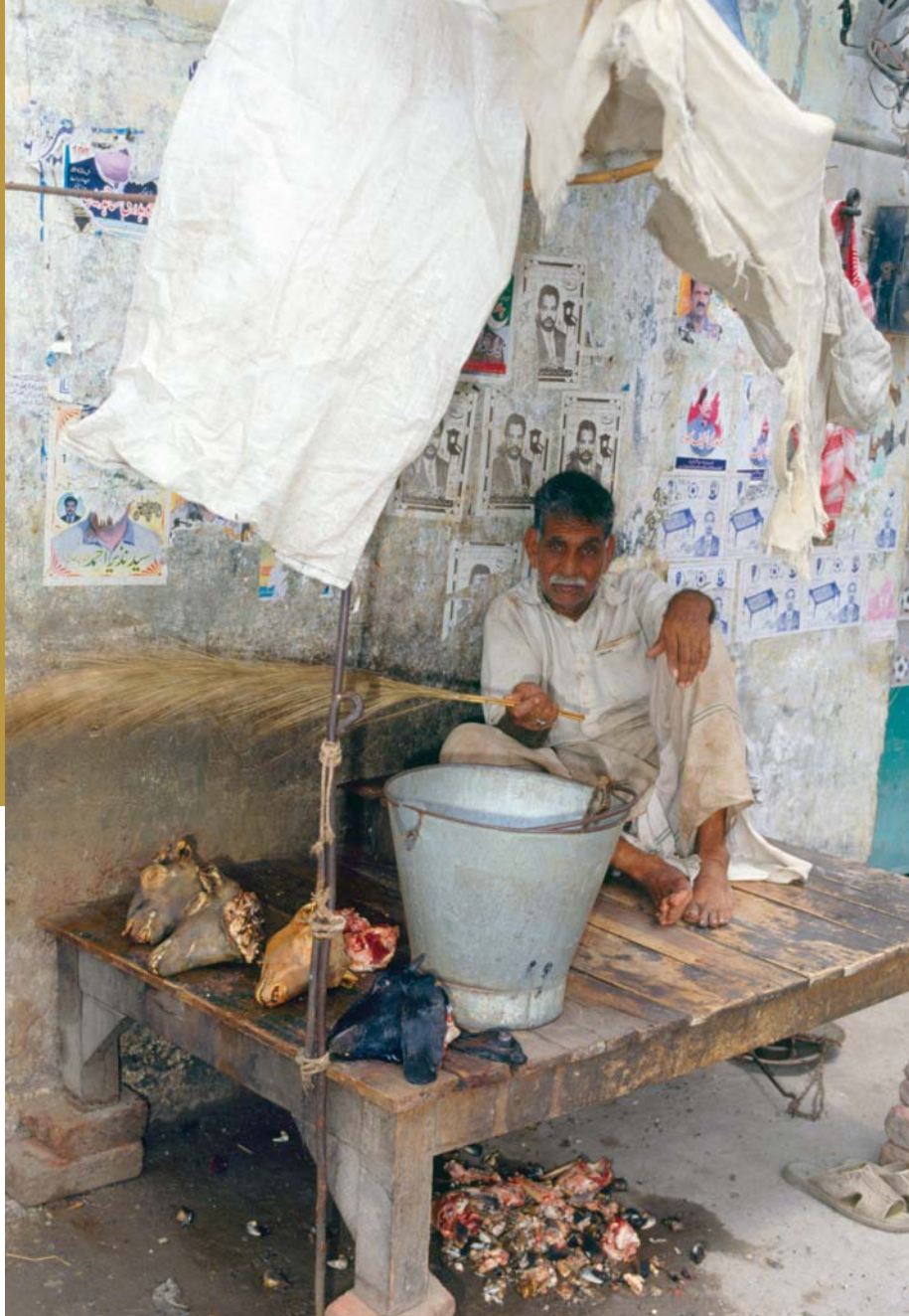
There are two aspects that have very different strategies and goals within the IFS. The first is a survival strategy, whose primary aim is daily food security. The second is characterized by micro-companies or small enterprises (including family enterprises), whose primary aim is economic growth. The policies and their implementation of these two aspects radically differ. In the first aspect, the applied policies have a high social content, while in the second, the content is mainly economic.

regulations on land occupancy and use, food quality standards, rules of hygiene, traffic circulation and pollution could be established.

Recently, some governments have begun to encourage and work with, rather than against, the IFS. In 2000, a group of mayors and city planners met in Bangkok, Thailand, for the FAO regional seminar *Feeding Asian Cities*. The resulting *Agenda for Action* stated that cities must recognize the importance of the IFS, especially to the urban poor (Yasmeen, 2001b). FAO and development agencies can help central and local governments understand the sector.

Bringing status to the informal food sector: background and context

Since the mid-1990s, a number of studies have documented the importance of the IFS in addressing urban economic and nutritional problems (e.g. Yasmeen, 2001a; Argenti, 1999, 2000; Argenti, François and Mouawad, 2003; Tinker, 1997; Nirathron, 2005). This research demonstrated the value of informal food production, processing and retailing in providing employment and income for the poor, particularly women, who are often more active than men in the sector (Yasmeen, 2001a; Tinker, 1997; Simon, 2003). Studies also show that IFS provides low-income urban consumers with access to affordable, nutritional food.



Research also points out the challenges of the sector, including the lack of recognition by municipal authorities of IFS as a legitimate land use activity, leading to conflicts in land use (De Soto, 1989). Lack of recognized rights for vendors to set up mobile vending stands in regulated places discourages sustainable investment. IFS actors do not have access to state institutions to resolve conflicts or secure and enforce their rights.

By its very nature, the sector lacks the formal legal status that would facilitate improvement in food hygiene and access to credit. Vendors also suffer from traffic, noise, personal safety and hygiene problems, while consumers face food safety risks (Argenti, 2000).



Table 2 ~ Importance of street food in selected cities

City	Consumption	Value of trade
Calcutta, India (1995)	Approximately 130,000 street food vending stalls; 33% of the customers purchase street foods each day	Sales estimated at US\$60 million per year.
Bangkok, Thailand	Street foods were found to contribute up to 40% of total energy intake, 39% of total protein intake and 44% of total iron intake for the residents; 88% of total daily energy, protein, fat and iron intake of children 4-6 years old.	Sales of registered street food businesses exceed US\$98 million per year.
Santiago de Chile, Chile (1991)	Approximately 14,000 vendors.	Approximately US\$70 million per year.
Guatemala City, Guatemala (1994)	Approximately 20,000 vendors.	
Abidjan, Côte d'Ivoire (1995)	700,000 street food meals per day in 1993.	

Source: Aragrande and Argenti, 2001

Evidence shows that IFS contributes to the economy in terms of gross domestic product (GDP) and employment. The contribution of the informal sector to GDP, where such statistics are available, ranges from 13 percent in Mexico to 58 percent in Ghana (ILO, 2002: 24). IFS employment contribution ranges from 48 percent of non-agricultural employment in North Africa to 72 percent in sub-Saharan Africa (ILO, 2002: 19).

There are many different kinds of street vendors, including those at fixed kiosks and mobile stands, those who sell from vehicles (carts, bicycles, trucks, etc.) or from plastic or cloths set out on the street, and street hawkers (Table 2). They may be individuals, members of families, or even disguised workers of established businesses reaching out to new markets. Vending activity greatly varies according to gender, ethnicity and age. Municipal cooperation with the sector can provide employment to vendors while providing food and an attractive urban environment to local consumers and tourists.





“...it is possible for the local state to both support and regulate this sector (...) it is not an ‘either/or’ situation and there are plenty of examples from around the world of local authorities finally accepting food micro-enterprises (and in fact embracing their existence) and facilitating their access to space and training, etc. while at the same time licensing vendors, regulating for hygiene, etc.”

G. Yasmeen, cited in Macchi, 2006: 13



Economic aspects *of the informal food sector*

Street vendors, a challenging occupation

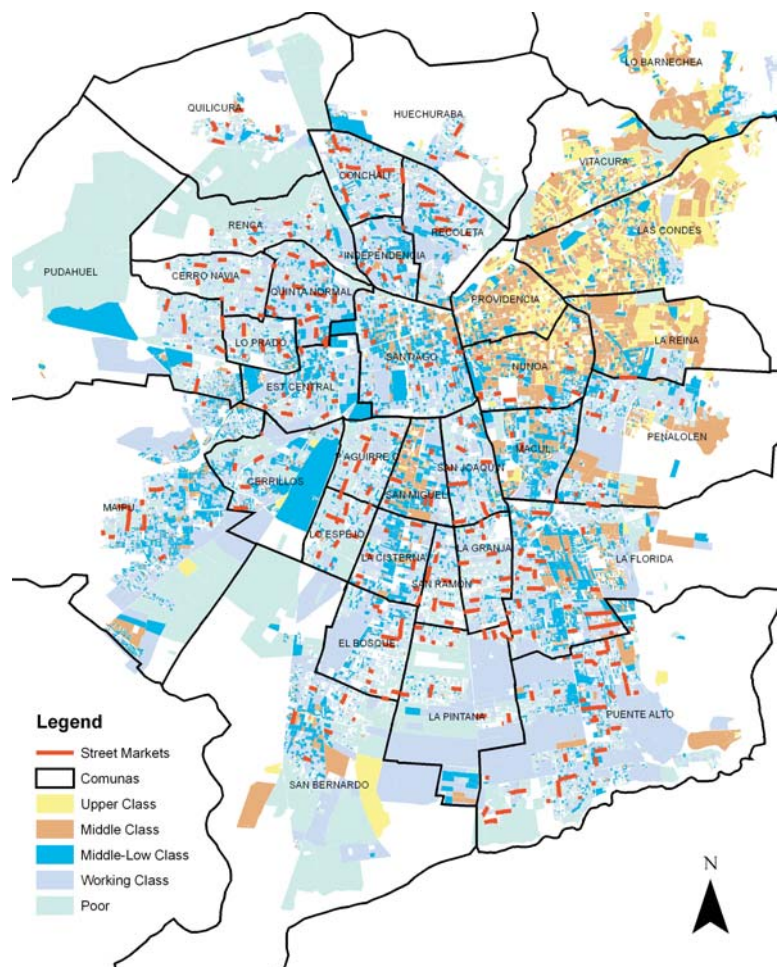
Street vendors are very visible in the IFS (Table 2). Although they provide income to their families and important services to customers, they are also likely to provoke negative responses from local authorities and elites. Established off-street businesses often resent them for their competition. Detractors of street selling accuse them of evading taxes and providing low-quality goods while creating urban blight, health and safety risks, and congestion in high traffic urban locations (Bromley 2000: 10). Police and other authorities harass them, creating their distrust toward the state (Tinker, 1987: 64). Street foods, however, are important to the poor for socio-cultural, economic and nutritional reasons. In many Asian cities, white-collar workers also enjoy their convenience. In most large cities, they are an important source of nutrients and income for a large percentage of the population (FAO, 1996).

Market vendors

Market vendors are among the most visible actors in the IFS, in formal markets (e.g. public markets managed by local authorities), informal markets, and in spontaneous markets that arise in slums or high traffic areas such as near train stations. Even formal markets usually include informal vending activities, as formal vendors sublease market space to others or as “squatters” use unallocated space or spread out in the areas in front of the market.

Markets provide employment to vendors, market officials, suppliers and transporters while making important contributions to food security. They are also attractive as tourist destinations, therefore contributing to local development. In some cities, most markets are spontaneous, i.e. set up by vendors themselves where no locations are provided by municipalities (Argenti, 1999b: 5).

Even legal public markets in many countries have problems of insufficient space, poor storage facilities, poor hygiene and poor management. Market authorities are often unable to enforce regulations or guarantee the safety of vendors and customers. Public markets have also burned down in many cities because of insufficient maintenance and fire prevention (Argenti, 1999b: 4).



Map 1 ~ Location of street markets in Santiago de Chile, Chile

Source: Aliaga Linares, 2006



They may also be monopolized by certain actors, leading to exploitation of producers, vendors and higher prices for consumers. In Ghana, for example, producers are forced to sell through “market queens” who take advantage of the lack of price transparency and do not always pay producers fairly (De Lardemelle, 1995). In spite of these problems, however, public markets remain a central part of the IFS sector and are one of the areas in which policy and urban planning can be most effective. State cooperation with market vendor associations can be especially effective in addressing the problems of market vendors.

Small restaurants and caterers

Home-based caterers are entrepreneurs who cook food at home and then serve the finished products. In many cities, they provide boxed lunches to workers in office buildings. Small restaurants are often not registered with the local government and do not pay taxes. In many cases, restaurants that are nominally in the formal sector combine formal and informal economic behaviour by underreporting sales and/or

Table 3 ~ Contribution of urban agricultural production to urban employment, income and food expense savings in selected cities and countries, 1990s

City, year	Producers (self-provision market)	Economic return (income, savings)
Accra, Ghana, 1997	13.6% of households in 16 city areas; 700 market farmers	Income of US\$20–100/month (seasonal)
Addis Ababa, Ethiopia, 1999	5,167 dairy units	76% of secondary city and 54% of inner Addis dairy units owned by women
Cairo, Egypt, 1995	16% households (livestock); 59% of whom are poor	Livestock assets exceed 2–3 times monthly capita income
Calcutta, India, 2000	17,000 jobs in wetland fisheries	
Dar es Salaam, United Republic of Tanzania, 1997	15–20% families home garden (two areas) (full-time production)	30% of average salary 35,000 households depend on fruit/vegetable production for income
Jakarta, Indonesia, 1999	100,234 owners and workers	Wage higher than for unskilled construction work
Mexico City, Mexico, 1990–1996	1.3–19% economically active population in some <i>Delegaciones</i>	10–40% income (swine); up to 100% income (milk); 10–30% income (maize); 80% income (vegetables); 80% + income (ornamentals); 100% income (nopai, tuna)
Shanghai, China	27 million farmers (31.8% workers); 13,400 workers	2% of city GDP; 28 % households get some income

Source: Mougeot, 2005: 9



hiring labour informally. These informal sector actors have received less attention from both researchers and policy-makers than market and street vendors.

Urban agriculturalists

In many countries, urban and peri-urban agriculture (including animal husbandry) is common for both survival and commercial purposes (FAO, 2005; Mougeot, 2005) (Table 3). The United Nations Development Programme (UNDP), United Nations Human Settlements Programme (UN-HABITAT), FAO, International Development Research Centre, Canada (IDRC), and other international agencies have recognized its importance in providing both employment and food supply to urban residents (UNDP, 1996; FAO, 2005). Local authorities and policy-makers, however, often undervalue this sector or consider it illegal. As cities grow, internal pressure also forces urban agriculturalists off their land. Urban agriculturalists face difficulties including little or no security of tenure, little recourse in cases of theft and crop slashing, and no access to extension services. Where the sector is illegal, urban agriculturalists have trouble getting access to clean water, which

Havana, Cuba

case study

The urban agriculture movement emerged in Cuba in 1993 in order to mitigate the country's poor economic situation after the loss of Soviet support, without giving up the achievements of the 1959 social revolution. With the support of local government organizations (People's Councils), social organizations and NGOs, the government authorized people to use state-owned vacant lots at no charge to grow crops. They supplied urban agriculturalists with technical aid and provided seeds, basic tools and watering cans. Those who formed cooperatives (Cooperative Production Basic Units) were eligible to receive credit and given outlets for sales. Parts of Parque Metropolitano de la Havana were also dedicated to urban agriculture. By 2003, 12 percent of Havana's urban land base was used for agriculture. Farmers had higher incomes, in some cases higher than the average urban salary. In addition, the city was better able to recycle organic matter and reduce the number of small urban dumps. Urban agriculture also contributed to the greening of the city. Although there are still technical problems to be solved, such as irrigation and automobile pollution, the project has been able to supply urban residents with fresh vegetables and herbs produced locally and with minimal transportation costs. Overall, it has made Havana more liveable (Cruz and Medina, 2003).





has public health implications because potentially contaminated food products are distributed to markets and consumers. If these problems are addressed, however, urban agriculture will be able contribute to the environmental, economic and nutritional well-being of cities (Aragrande and Argenti, 2001; Argenti, François and Mouawad, 2003; Binns and Lynch, 1998).

Food supply and distribution issues: room for progress

Food supply and distribution involves assembling, handling, processing, packaging, transport, storage, wholesaling and retailing. Inefficiencies in these areas lead to higher prices, if not food shortages. In particular, in countries that have undergone structural adjustment, the role of the public sector is increasingly reduced and consists mainly of: providing infrastructure including roads, storage facilities and public markets; establishing market rules and regulations; and controlling food quality. In many countries, wholesale markets are public yet often too old or too small to meet expanding

demands (Aragrande and Argenti, 2001; Diouf, 1999). Informal sector operators sometimes get raw materials through non-market means. In Africa, some urban informal food sellers exchange processed products for unprocessed agricultural products with relatives in the countryside. While just a minor part of food distribution, it may represent up to seven percent of the food brought into African cities (Egounlety, 1997: 23).

Although the informal transport sector has been understudied, it is an important part of food supply and distribution in all cities of the world (Table 4). A study of informal food transport by Wilhelm in Africa (FAO, 1997c) showed that most food, even when traded in the formal sector, is transported to cities through informal means of transport. Informal transporters use many means of transport including non-motorized vehicles (bicycles, manual carts and rickshaws, and animal-driven carts). Walking is also common for short distances. Various forms of motorized taxis and public transport are also used to carry goods to market. Due to higher fuel costs globally, non-motorized forms of transport are unlikely to disappear and should be encouraged. In many places, however, authorities view informal transport providers as remnants of tradition and do not pay enough attention to the sector (Wilhelm, 1997). Being the least researched part of IFS, more policy-oriented case studies need to be done in the area.

Thoughts on economic implications and significance

Informal food production, distribution and retailing are important activities providing incomes in developing countries. There is some concern, however, that its existence may be more of a symptom of poverty than its solution. Unfortunately, there is little statistical evidence on the sector's impact on poverty reduction and studies have only just begun. Nonetheless, a review of the sector conducted for the World Bank in 2000 (Charmes, 2000) showed that in Africa, where poverty is the most deeply rooted, incomes in the informal sector are not as low as previously assumed and have remained at reasonable levels in spite of years of difficult structural adjustment and economic collapse. It concluded that when looking at national poverty lines (rather than the US\$1 poverty line) in Latin America and sub-Saharan Africa, it seems – with few exceptions – that the more prevalent the informal sector, the less extensive the poverty. More economical research on this area is clearly needed; the current research is focused more on how the IFS can achieve social objectives.

Table 4 ~ Estimated increase in traffic in 2012 due to food transport in selected cities

Cities	Ten-tonne truck loads
Abidjan, Côte d'Ivoire	124,600
Lagos, Nigeria	500,000
Mumbai, India	313,400
Teheran, Iran	147,900
Maracaibo, Bolivarian Republic of Venezuela	27,600
Santiago de los Caballeros, Dominican Republic	13,100

Source: Argenti, 2000. Data on national food consumption averages. Base year: 2000





In countries with ancestral cultures as in Africa, Asia, Latin America, there is a local knowledge in the food elaboration, which is thousands of years old, and which has and will continue to produce its foods. The problem is that introducing new foods and abandoning traditional food and its processes have distorted the nutritional and sanitary aspects of traditional food. The new nutritional mixture (products and processes) must be regulated locally and not with the external parameters, except for the case of the agro-exports.

Sánchez Narvaez, cited in Macchi, 2006: 5



The social ramifications *of the informal food sector*



Health and safety issues for consumers

Various participants in the e-mail conference on the IFS organized by FAO and the University of Bologna in May 2006 observed that many health and safety concerns for producers and consumers have not been adequately addressed in the sector (e.g. WHO, 2001),² from production to consumption. In unregulated urban agriculture, for example, urban waterways are often highly polluted, leading to contamination of produce (Binns and Lynch, 1998: 782; FAO and WHO, 2004). Poor quality foods and resulting diseases can have negative consequences on commerce and tourism because consumers lose confidence in the quality of the goods sold. For the vendors, this can result in economic loss and even unemployment (FAO, 1998). These problems are especially difficult to manage in countries where informal activities are discouraged and thus hidden from the view of health inspectors.

Risks of bacterial and chemical contamination during food processing, transport and marketing may be poorly controlled in the IFS in some circumstances. Wholesale and retail markets often have inadequate infrastructure, including waste disposal and water supply. Storage is a problem since vendors in many countries do not have access to electricity and refrigeration. Further, improving market infrastructure is not sufficient to eliminate these risks. Since food is often processed at home, efforts must also be made to improve urban housing, including sanitation and access to water and electricity.

Health and food safety concerns are important issues where street foods become important to urban consumers (FAO, 1997; Tinker 2003). In a study of seven African and Asian cities, however, Tinker found that food cooked and sold on the street or in markets is generally safe if consumed shortly after cooking. Food contamination comes largely from unclean hands and plates, as well as from dust (Tinker, 1987: 65). Studies in Latin America shows health risks under these conditions: food is prepared without access to clean water; minimal practices of hygiene and adequate food preparation are not respected; raw foods are not carefully selected; and environmental contamination is not taken into consideration (FAO, 1996).

Pune, India

case study

A project conducted by IRDC on the informal street food vendors in the city of Pune, India, revealed that food samples collected from street food vendors were often tainted with bacteriological contamination. Interestingly, the study also revealed that meals prepared by women in their own homes for sale on the street were of superior quality to other street food. The project thus recommended the legitimization of street food activities and municipal provision of vending sites and adequate facilities (for washing, storage of bulk items and food preparation) in order to reduce possible food contamination due to unhygienic working conditions. Research activities resulted in a plan for regulating, assisting and facilitating street food vending in Pune. It also resulted in improved sanitation and working conditions of street food vendors, and more communication between vendors and authorities (IDRC, 2002).

² Several participants in the e-mail conference pointed out that one should not equate the IFS with poor quality food: even international hotels can have problems with sanitation and food processing.

Vendors may also misuse food additives and even utilize substances with some colours and preservatives not approved for use in foods, thus further adding health risks.

In East Asian countries with a large IFS, consumers are well aware of food safety issues. Vendors must thus provide a hygienic environment if they wish to stay in business. This illustrates that education of consumers is an important element in creating a safe IFS.

Who tends the fire? Gender issues

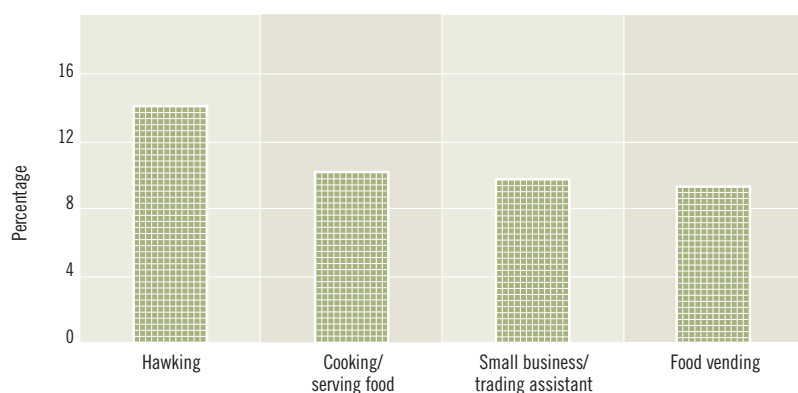
It is well known that women are more likely to be employed in the informal sector than men for a combination of factors, including greater household responsibility, unrecognized or low levels of skills and education, decreasing household incomes, and occasionally, their desire for greater autonomy and flexibility (Scott, 1994). In general, women in the sector earn less than men and are concentrated in market niches considered to be “feminine,” especially food production and service (FAO, 1995). In some countries, however, they may earn more than workers in formal employment such as construction or masonry (Tinker, 1987: 59). In fact, some women may earn more than their husbands. There is great local variation in the impact of participation in the sector on women’s livelihoods. In order to improve the general conditions of women in the IFS, it is important to recognize that their activities in the sector are not just temporary and/or complementary to their husbands’ work, but may be regular and permanent (FAO, 1995).

The cultural context of women’s participation in the IFS should be considered within the wider relations of kinship, alliances and patronage (Kanté, 2002). They often use their income to support their families rather than to expand their businesses (Tinker, 1994), or gain social prestige and social solidarity from such work. Further, they consider this sector more flexible than formal employment, and can more easily combine income-generating employment with other household responsibilities such as childcare (Simon, 2003). These values should be considered in policy-making on the sector since women are not necessarily interested in expanding their businesses or leaving the sector for formal employment (Roubaud, 1994; Hansen and Vaa, 2004). Most importantly, women should be empowered through the sector to make decisions on their own lives.

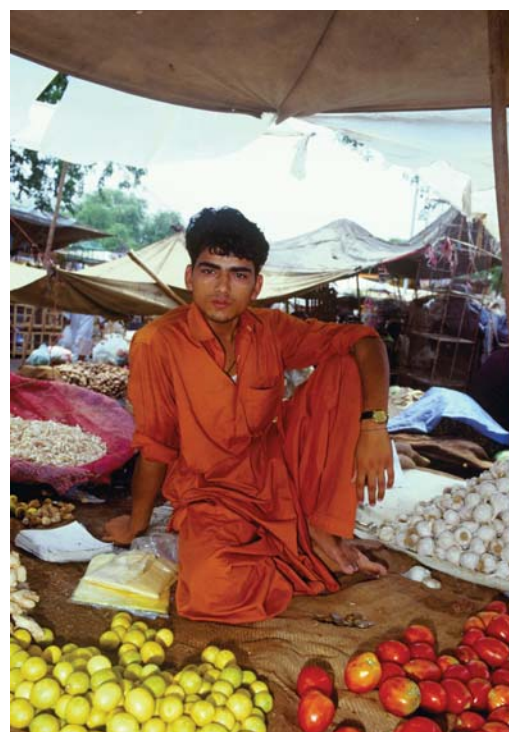
Who helps out? Children in the informal food sector

Because child labour is illegal in most countries, children tend to work in the IFS in situations ranging from stark exploitation to merely helping out their parents after school (Figure 3). According to ILO, there are 246 million children in the world working, mostly in the informal sector without legal protection (ILO, 2005: 1). Children preparing and selling food in the streets of metropolitan areas represent one of the main and the most evident groups of child labourers (ILO, 2003b). They may work as part of a family or other informal enterprise or association, or they may be self-employed (ILO, 2003b: 1). Children living

Figure 3 ~ Main type of work done by children aged 5-17, Uganda



Source: ILO, 2004





Competition between the formal and the informal food sectors

In the e-mail conference, some participants pointed out that supermarkets may threaten the sustainability of informal food markets. In African capital cities, for example, supermarkets have reached a middle- and upperclass market with an attractive shopping atmosphere, providing access to global products and even entertainment. It is still unknown if these supermarkets will threaten informal markets and local food production, or if the two sectors will co-exist by attracting different clients. Many Tanzanian consumers still prefer traditional markets because they consider supermarket food less fresh. Similarly, traditional markets continue to thrive in even the wealthiest Asian countries because many consumers believe the food is of better quality and better priced. They also prefer to purchase locally produced goods. This topic merits further research.

at home usually work to help their families, while those who live on the street work to survival (ibid). Schooling of children in general has been adversely affected by poverty and their need to survive (Joshi, 1997: 35). Because of their widespread involvement in IFS, their needs should be considered in research and policy-making on the sector.

Are street foods nutritious?

There is some concern that street foods may contain unhealthy amounts of saturated fats, sugar and salt, thus contributing to obesity and related diseases. Street foods are often prepared using the least expensive ingredients, including highly refined grains and hydrogenated edible oils.

Yet, street foods provide an opportunity for improving the nutritional quality of the diet for the low-income sector of the population. In 2005, a study of sixth grade primary school children in Dar es Salaam, United Republic of Tanzania found that 67 percent of students purchased street food everyday and another 17 percent purchased street food two to three times a week. Street food was often the only food consumed by the children during school hours (Sokoine University and FAO, 2005: 16). The nutritional quality of street foods is needs more attention. As some participants in the e-mail conference argued, education on health and nutrition should be provided to students, who are already important consumers of street food and may eventually become street vendors themselves. FAO has been working on nutrition education and has drawn attention to the health and nutritional aspects of street



foods since the 1990s. These projects have resulted in a number of conferences and publications, including guides to nutrition for families and school children (e.g. FAO, 2004b).

Workplace health and safety considerations for vendors

The most evident health and safety risks for vendors include traffic accidents, breathing in vehicle exhaust fumes, fatigue due to long hours and potential exposure to crime. They are often poorly informed on the risks to which they are exposed, and when aware of them, do not know how to reduce them. Informal sector workers often work in open spaces or in locations with heavy traffic. These problems are compounded by the lack of access to sanitary installations, drinking water, electricity and garbage disposal. Like health problems for consumers, these

issues could be resolved if municipal authorities would assist rather than harass IFS workers. An integrated approach for improved quality and safety of street foods has to be developed in order to train, supervise, monitor and guide the food vendors and improve their food-handling practices (Dardano, 2003). Fortunately, there are many successful case studies documenting such initiatives.

Where do the foods come from in the informal food sector?

To date, there is little research on the IFS in rural areas. Several participants in the e-conference pointed out its importance to small farmers and forest producers, especially those who produce local products for local markets. Fishers are also involved in the informal sector. Local producers can provide food more sustainably than global industrial food products that often have to be shipped long distances. Indigenous and local foods also provide food diversity and can be more nutritious than value-added processed foods often imported from more developed countries at a great expense.

Many participants also pointed out the importance of using the IFS to promote the sale and consumption



of local products, which are often more nutritious than imported industrial food products. In addition to increasing food diversity and nutrition for urban consumers, such promotion would also provide increased income for local producers, which would also slow down migration to urban areas. Reduced transport costs, especially compared to the import of global industrial foods, would also contribute to sustainable development.

Ethnicity in the informal food sector

There is little research on the ethnic dimensions of the IFS (e.g. Nirathron, 2005; Lloyd-Evans and Potter, 2002). Nonetheless, the behaviour of market actors and consumers are influenced by the different mentalities or social logics of different ethnic groups (Devautour, 1997). This is especially important in the

IFS, since food consumption varies tremendously between ethnic and cultural groups.

Further study of social relations needs to be done to address issues of equity between ethnic groups. In some countries, members of subordinate minorities have trouble getting access to markets. In Taiwan, for example, members of indigenous Austronesian groups report that markets occasionally charge aborigines more than Taiwanese of Chinese origin to rent stalls (Simon, 2004: 101). Members of ethnic groups may help each other out in the markets, creating networks that can exclude other market groups. In looking at ethnic networks in United Republic of Tanzania, Lugalla (1997: 425), it may be suggested that policies should re-examine social relations so that promoting the sector does not merely strengthen the existing processes of inequality, exploitation and exclusion. This is an important issue for future research.





“If [the] informal economy constitutes a non-substitutable net of social and economical exchange, what has to be stressed, indeed, is that the sector has to be recognized as a properly working part of a de facto market. This would allow government authorities to involve themselves in a participatory process in order to overcome “de facto” problematic situations by trying to approach a scenario in which those activities will be recognized by law”.

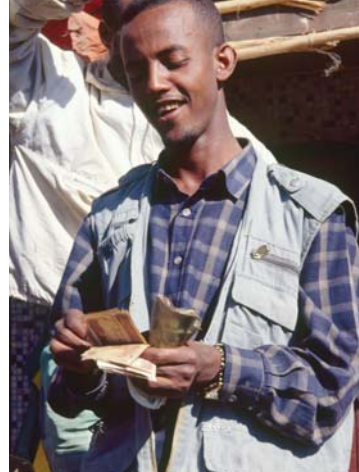
E. Cassarino, cited in Macchi, 2006: 12



Making the informal food sector *work for everyone's benefit*

Some success stories

There is a growing trend for municipalities to support rather than harass the sector; and successful examples of cooperation can be found globally (Table 5). The result is better working conditions for vendors, safer food for consumers, and a lively street scene for both residents and tourists. Good policy practices on all continents show that municipal authorities can work with the IFS actors to create more liveable cities. With proper attention paid to local cultural factors, cities can promote the sector, reduce poverty, and address problems of gender and ethnic equity.



Investment considerations and NGO involvement

Local, national and international NGOs and agencies are active in various aspects of the IFS. Perhaps the best-known national NGO is the Self-Employed Women's Association of Ahmedabad, India (www.sewa.org). With more than 200 000 members in Gujarat alone, they have played an important role in lobbying with state and national legislative and judicial authorities on behalf of street vendors.

case study

Manila, Philippines

►►► In Manila, vendors were registered and given sites in the 1990s in the upscale commercial district of Makati on the condition that they maintain certain standards of health and cleanliness. Credit was offered through NGOs. Municipal authorities even distributed aprons and head-covers to vendors and arranged for clean water delivery to their stalls. These vendors provide employment to the poor and contribute to the liveliness of city. A large segment of society appreciates their services, not only the poor (Tinker, 2003: 338).

Table 5 ~ Selected initiatives in support of the informal food sector

City/ country	Activity	Initiative	Starting date	Programme description
Quito centre, Ecuador	Street food (prepared dishes)	Municipality	1999	Improve food quality, provide necessary infrastructure to safeguard consumer health.
Chinaulta, Guatemala	Market retailers	Municipality	2000	Reorganize street vending.
Dar es Salaam, United Republic of Tanzania	Street food	Municipality	1995	Integrate the informal sector into the urban infrastructure (appropriate locations for small operators).
Dakar, Senegal	Street food (prepared dishes)	Municipality and FAO		Sanitize food supply in Dakar, safeguard the urban environment and consumer health. Improve the hygiene of food prepared and sold in the street.
Freetown, Sierra Leone	Urban food production	Local informal institutions	January 2000	Develop urban food production for the poorer strata of the population, providing material assistance, such as land and tools, training and awareness-raising.
Cebu City, Philippines	Street food (prepared dishes)	Municipality		Identify practitioners, products and practices. Promote and educate on public health and environmental impact.
Gazipur, Bangladesh	Street food (fresh produce)	Municipality and NGO	2000	Offer fresh quality produce and guarantee conditions of hygiene.
Hanoi, Viet Nam	Food hygiene	Municipality	1999	Produce safe food products and maintain hygiene all the way to the consumer.

Source: Argenti, François and Mouawad, 2003

Working with informal food vendors

International, national and local organizations have begun working with IFS actors. FAO supports countries that train vendors in safe practices, facilitates contacts to give vendors a voice in IFS policy, and encourages vendor organization (Tinker, 2003: 339). Experience shows that this more cooperative approach increases food safety and helps to reduce bribery, protection rackets and other corrupt practices, thus contributing to savings in costs. It also increases revenues for municipalities, creating a virtuous cycle in which municipalities can provide better services to vendors and other citizens (Yasmeen, 2001a: 34). Cooperation with the sector through NGOs including vendor associations has shown that solutions are possible for many of the problems associated with the sector.



This has had an important impact all over India and has been replicated elsewhere (Yasmeen, 2001a: 35). An important international NGO that has provided important research on the IFS is Women in Informal Employment Globalizing and Organizing (WIEGO) (www.wiego.org). Some NGOs provide credit to assist new IFS operators under the assumption that micro-entrepreneurship can reduce poverty. Micro-credit interventions by both government and non-government organizations have increased enormously over the past two decades in many developing countries, as famously illustrated by the Grameen Bank of Bangladesh. They often hope that micro-credit and entrepreneurship will both fight poverty and promote gender equity by empowering women. Improving household economic conditions enables children to go to and stay in school (Alter, Vanek and Carr, 2004).

There is great variety in the organization of credit associations, which may be founded by governments or NGOs, or even created by the poor themselves. In micro-credit programmes similar to the Grameen Bank, borrowers are organized

into groups that then receive loans and become responsible for ensuring that members meet their financial obligations. This kind of organization enables micro-credit providers to provide training in business skills, hygiene and other important issues as a condition for credit. Credit can also be used as an incentive for vendors and other IFS actors to cooperate with municipal authorities.

Maputo, Mozambique

case study

In Maputo, there is a wide range of both formal and informal systems allowing entrepreneurs to access credit. Many informal vendors resort to credit institutions known as *xitique*. Friends form a group and determine a set amount for each member to contribute in cash or material goods. They determine how often this amount will be loaned to members of the group and how the loan will be paid. This system is based on mutual trust between friends and usually distributes the loans on a rotational basis. Members often use the loans to buy foodstuffs, sell them on the market, and then pay back the loan immediately. These informal forms of credit are a viable alternative for vendors who might otherwise lack access to credit due to their informal status (ILO, 2003a).



Credit is not offered exclusively by state or international institutions. For instance, rotating credit associations (i.e. members take turns borrowing and investing collected capital) have a long history in China and India, and throughout the rest of the world. In many parts of the world, the poor have taken their own initiative in establishing informal finance and credit institutions (e.g. ILO, 2003a). The widespread existence of these institutions shows that the poor are capable of using capital when available, although outside support may reduce their risk of collapsing due to some member defaulting. These initiatives should be recognized and facilitated by state and international organizations.

Market traders associations

Market-based vendors frequently form associations to deal with problems faced by their members within and outside the markets. Associations engage in dispute resolution, support market management and security, provide market information and training, and facilitate credit. In addition, they carry out activities to improve produce quality and transportation, inventory control and other business-related activities. They are also frequently involved in social, welfare and religious activities, which makes them important partners in the development and implementation of policy, as well as in market management (Shepherd, 2005).

Creating street vendor associations

Although street vendors and hawkers are often seen as troublesome, there are successful examples where they have formed unions and associations to promote their collective interests. An example is the Cebu City United Vendors Association, Philippines, founded in 1984 to unite 63 member associations representing over 7 000 members. Most of the vendor associations are in the food sector, including regional sidewalk vendor associations, produce-based associations and religion-based associations. The Association began a dialogue with the city on behalf of its members and has become an important stakeholder at the national and local level. Among other issues, it negotiates with the city on the legal right to use sidewalks for which vendors pay a daily fee (Yasmeen, 2001a: 36-37).

case study

Kumasi, Ghana

►►► In Ghana, structural adjustment policies led to higher fees, new taxes and a decline in market facilities as state employees once responsible for managing water drainage and garbage disposal were laid off. The General Trades Association in Kumasi, composed mostly of Asante market women, ran campaigns, including lobbying local and central governments, financed supportive politicians, and organized petitions and mass demonstrations. As a result, the local government renovated the market, improved its facilities and offered new services such as childcare and a health clinic (Awuah, 1997).





The difficulties encountered in the municipalities of the South are often recurring, which is why it is important for these municipalities to cooperate with each other and share their knowledge, experience and respective solutions. This type of cooperation among municipalities of the South is in fact very promising, for similar socio-economic situations reinforce the possibility of transposing and adapting ideas and know-how.

Changing mindsets to move forward: *supportive policy*

The available literature and the FAO/University of Bologna 2006 e-mail conference participants conclude that there is the urgent need for supportive policies and interventions that link informal sector activities, including food safety improvements, with efforts to alleviate poverty. In line with local social and cultural contexts, local and national authorities should implement rules (that often already exist) that facilitate access to IFS and the adoption of safer practical productive techniques, thus bringing the sector toward standardization. This often needs the help of external agencies. An education programme must also be undertaken to support efforts to facilitate IFS projects and/or the activities of small entrepreneurs. This will improve market functioning for food commodities and address food safety issues. Different roles need to be assigned to international, national and local institutions to adopt the best supporting measures (Argenti, François and Mouawad, 2003). In cases where certain groups, including ethnic groups, dominate markets, the state can support new associations and encourage the establishment of federations. Cebu City, Philippines, is a notable example of a city that has succeeded in this approach. Research shows that it is possible for authorities to work with the sector successfully.



In conclusion, the IFS exists in all countries of the world. It has proved its tenacity by continuing to flourish, even when illegal or state-oppressed. It continues to offer autonomy and incomes to a wide variety of people and families in periods of urbanization and industrialization, as well as in economic crisis and downturn. It is thus unlikely to disappear. The convenience of purchasing food from informal vendors is also appreciated by many consumers, including the urban poor, office workers and tourists. The sector promises to contribute to poverty reduction and the creation of safer, livelier cities throughout the world according to how policies will be drafted and implemented in various social and cultural contexts.

Authorities, and local authorities in particular, should consider informal agents as partners in local development initiatives. They should implement policies and programmes aimed at creating adequate conditions for informal sector activities to be efficiently undertaken while minimising risks to society.





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Acronyms

EAP	Economically Active Population
FAO	Food and Agriculture Organization of the United Nations
GDP	Gross Domestic Product
IDRC	International Development Research Centre
IFS	Informal Food Sector
ILO	International Labour Organization
NGO	Non-governmental Organization
NRI	Natural Resources Institute
UN	United Nations
UN HABITAT	United Nations Human Settlements Programme
UNDP	United Nations Development Programme
WHO	World Health Organization
WIEGO	Women in Informal Employment Globalizing and Organizing

Photo captions

page iii: **Ethiopia**, Addis Ababa: sweeping in retail market
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This publication provides an overview of recent literature on the potential of the informal food sector (IFS) to facilitate an affordable supply of food to urban areas and generate income for low-income households. The goal is to identify global patterns, topics for further research, and policy suggestions. It also draws on discussions made by an international community of development practitioners and scholars in the e-mail conference on the IFS organized by FAO and the University of Bologna in May 2006. Some case studies are discussed as examples of good practices in various countries.

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