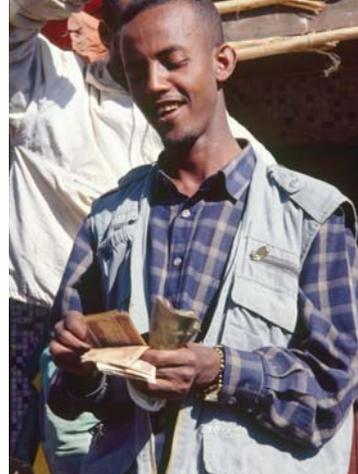




Making the informal food sector *work for everyone's benefit*

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.
Chinautla, 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.