

The London School of Economics and Political Science

From Survival to Social Mobility: Supporting the Informal Economy in Santiago de Chile.

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A thesis submitted to the Department of Geography and Environment of the London School of Economics for the degree of Doctor of Philosophy, London, July 2017

Declaration

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ABSTRACT

The informal economy represents two-thirds of worldwide employment (OECD 2009) and contributes more than 40% of global GDP (Schneider et al. 2010). It is an especially significant feature of urban labour markets in the Global South, having been a persistent phenomenon in all regions, and expanding in the wake of economic growth in Latin America and Asia in recent decades (OECD 2009). Governmental policies toward the informal economy have taken various forms based on several theoretical approaches (Chen et al. 2001, WIEGO 2014). These range from repressive policies that perceive informal entrepreneurship as a drag on economic growth and poverty reduction, to those promoting their legalisation to foster economic development and others encouraging informal workers' organisation to resist capitalist forms of exploitation. More recently, strongly supportive municipal initiatives have been put in place to increase informal productivity.

This study aims to understand the rationality behind, and the impact and limitations of this emerging supportive policy approach aimed at improving the livelihoods of informal entrepreneurs. It analyses these practices using a mixed-methods approach (ethnography complemented with statistical analysis), on the basis of primary data drawn from 97 face-to-face interviews and focus group discussions, together with a randomised questionnaire survey of 906 workers conducted with the collaboration of a team of field assistants across three informal sub-sectors in Santiago de Chile: waste-pickers, street vendors and home-based enterprises. In light of the evidence, I argue that granting informal entrepreneurs the right to succeed through municipal support effectively promotes the social and economic inclusion of vulnerable populations. Municipal policy support, in the form of training, capitalisation, access to markets and organisation, can be key to speeding up the growth of enterprises otherwise condemned to stagnation or limited expansion. As part and parcel of this argument, I contend that supporting informal entrepreneurs is vital in a situation in which informal entrepreneurship typically becomes a 'one way street' in the absence of decent employment alternatives in the lower tiers of the formal economy.

My thesis also suggests that understanding formal-informal linkages can benefit from a selective amalgamation of divergent theoretical approaches, as these two markets operate both in integration (as per structuralist and legalist perspectives), a structure commonly described as exploitative, and separately in a parallel network of informal enterprises (as per dualist perspectives), described as a fairer alternative for informal enterprises to trade products. In light of my findings, I offer concrete suggestions for further improving the nature of municipal policies and the necessity for higher-level supportive approaches to fully unlock the informal economy's potential.

ACKNOWLEDGMENTS

I would like to express my gratitude to my supervisor Professor Sylvia Chant for the continuous support, guidance and encouragement over these past four years, and especially the time spent providing ever detailed and excellent feedback on my work. I am also very grateful to my review supervisor Dr. Ryan Centner for his support and advice throughout my PhD, particularly in critical moments. I am deeply grateful to staff and fellow students in the Department of Geography and Environment for always providing their wonderful intellectual input and the emotional support to make it through difficult times. I am particularly grateful to Dr. Nancy Holman, Dr. Hyun Bang Shin, Dr. Murry Low and Dr. Davide Luca, as well as all the PhD students in the department.

I would also like to thank the various sources of funding that have made this study possible: the PhD LSE Scholarship for financing my four years of study at LSE; the LSE-Santander Travel Research Fund that financed my qualitative fieldwork; and the LSE Research Festival for covering the costs of my quantitative fieldwork.

A number of people in Chile provided great assistance during this field research. I would like to warmly thank the national informal organisations – Confederación Gremial Nacional de Organizaciones de Ferias Libres (ASOF C.G), Asociación Movimiento Nacional de Recicladores de Chile and the Confederación Nacional de la Pequeña Industria y Artesanado de Chile (CONUPIA) – for their continued support during my qualitative and quantitative fieldwork. I am particularly grateful to Hector Tejada and Gabriela Sepulveda, from the ASOF, for their invaluable time and support over the time of this research. I sincerely appreciate the support of the Escuela de Arquitectura of the Universidad San Sebastián in providing physical infrastructure for my research during my fieldwork in Chile. I also thank the Corporación Más Progreso for the technical support throughout my second round of fieldwork. I am particularly grateful to Felo Paredes, Sebastián Mena and Juan Pablo Arias for their comments and help in implementing such a long and complex survey throughout Santiago de Chile. I am also grateful for the way that I was received by the hundreds of Chilean informal entrepreneurs involved in my research.

Finally, I want to thank my family for their invaluable intellectual and emotional support in Chile and from a distance. Many thanks to my wife Erica Moresco for all her patience and emotional support, and to her family, for being my family during this time in Europe. And finally to my parents, Jacqueline Hernandez and Gonzalo Navarrete, my sister Catalina, my brothers Nicolas, Gonzalo and Cristian, for being an unconditional support to me all my life.

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LIST OF ACRONYMS

AMRP	Waste-pickers' Micro-entrepreneur Association of Peñalolén
ASOF	Chilean National Confederation of Street Markets
CASEN	Chilean Household Survey
CONUPIA	National Confederation of Small Industry and Handcraft
CREACOOOP	Recycling and Environmental Education Cooperative
DIDL P	Department for Industrial Development
EDPC	Environmental Department of Peñalolén Council
EDRC	Environmental Department of Recoleta Council
ESD	Exploratory Sequential Design
EDUS	Entrepreneurial Development Unit of Santiago
FAO	Food and Agriculture Organisation of the United Nations
FOSIS	Solidarity and Social Investment Fund
GDP	Gross Domestic Product
HBE	Home-Based Enterprise
IFS	Informal Food Sector
ILO	International Labour Organisation
IMF	International Monetary Fund
NGO	Non-Governmental Organisation
MEF	Micro Family Enterprise
MNRCh	National Movement of Recyclers of Chile
OECD	Organisation for Economic Co-operation and Development
OLS	Ordinary Least Square
OMFL	Municipal Ordinance of Street Markets
PDI	Investigative Police
PDLRC	Planning Department of La Reina Council
SERCOTEC	Technical Cooperation Service
SOREPA	Sociedad Recuperadora de Papeles / Paper Recycling Company
SWM	Solid Waste Management
UIE	Urban Informal Economy
UN	United Nations
UNDP	United Nations Development Programme
NGO	Non-Governmental Organization
UNIDO	United Nations Industrial Development Organization
USD	United States Dollar
VAT	Value-Added Tax
WIEGO	Women in Informal Employment: Globalising and Organising

CHAPTER 1 : INFORMALITY IN THE SOUTH – CONCEPTS AND ISSUES

INTRODUCTION: MOTIVATION

Why should we care about the informal economy?

Since 1970, the informal economy has been an important subject of development research and practice. Several theories have been advanced and a wide diversity of policies has been implemented around the globe to tackle informality. Forty years later, with a global GDP that has multiplied more than twenty times over and poverty rates being reduced to less than one quarter of the world population (Roser 2016), it seems pertinent to ask whether or not we should still care about the informal economy. The short answer is yes: in Chile and Latin America, just as in most developing countries and regions, the informal economy plays a significant role in the generation of wealth, as well as providing a huge source of employment for the most vulnerable members of society (ILO 2002a; Perry et al. 2007). The informal economy is far from marginal, constituting an average of 41% of total national GDP in Latin American countries (Schneider et al. 2010, p.31; see also Thomas 1992, 1995). Despite Chile's steady economic growth, studies have shown that the informal economy still accounts for between 20% and 32% of its GDP (Schneider 2010, p.19; Vuletin 2008, p.27). Unsurprisingly, the informal economy provides a significant amount of employment, and this is particularly true in developing countries for people coming from poor families, lacking formal education and with low employability potential in the formal sector (Chen et al. 2016; UN-ECOSOC 2006). This part of the population plays a significant role in my study, and throughout the thesis I will refer to them as 'vulnerable populations'.

According to OECD data, over two billion people are in informal work worldwide, and of this number, 900 million informal workers have non-agricultural employment. In Latin America and Chile, 51% and 36.8% of all non-agricultural employment is in the informal economy respectively (Chen et al. 2016; OECD 2009a, p.1). Furthermore, contrary to earlier predictions, the informal economy is not contracting in size, and has even expanded in some regions of the world – such as Latin America (Chen 2001; ILO 2013a). The informal economy is here to stay, and will thus continue to contribute significantly to the GDP of developing countries, generating the largest share of employment around the globe, mostly amongst the poor.

What have been the main policy approaches to the informal economy?

Despite policy attempts to reduce the size of the informal economy, through methods such as fostering formal employment generation, repressing informal activities, or providing the

facilities to integrate into the formal economy, the informal economy has remained. The informal economy is commonly described as having low productivity, low wages and poor working conditions (such as an unsafe work environment, long working hours, a lack of stability and inability to provide basic social protections), and thus perpetuating the poverty cycle (UN-ECOSOC 2006). This has led to several policy approaches that aim to make the informal economy disappear. Several academics and international institutions (OECD 2009a; World Bank 2007) consider the informal economy to be impeding growth and hindering the creation of decent work, and thus advocate its elimination through a combination of economic growth and repressive policies (Maloney 2004; Perry et al. 2007). In turn, Marxian scholars concerned about working conditions argue that the informal economy is the result of advanced capitalism and global competition, which lead to production being subcontracted to informal enterprises as a means of avoiding tax and social security payments. As a consequence, workers' conditions degrade, which has led to calls for the extension of social protection policies and, ultimately, the elimination of the informal economy entirely (Centeno & Portes 2006). Last but not least, neoliberals see the capacity for enterprises in the informal economy to be a source of poverty alleviation, but only if they formalise. Consequently, neoliberals promote the legalisation of the informal economy through a significant reduction of barriers of entry into formal markets.

These different policy approaches have not led to a significant reduction of the informal economy over 45 years (Fajnzylber et al. 2010), suggesting flaws in both our conceptual frameworks and policy initiatives.

Why concern ourselves with municipal policies aimed at the informal economy?

Local governments are key players in both implementing national policy and generating local regulations that affect the economic and social outcomes of the urban informal economy (Amis 2004, p.146; Portes et al. 1989, p.307). Even when policies are designed at the national level, implementation generally occurs at the local level. First, police and inspectors who implement and monitor everyday policy are commonly coordinated at the local level, by municipal or regional agencies, so the effectiveness of their control depends on the local capabilities in specific cities of the developing world. Second, the administration of public space, where a great deal of informal activity occurs (Chen et al. 2016), is carried out at the municipal level. Third, in the use of private land, local regulation and microenterprise permits are handled locally.

The local context itself is also a generator of public policies which affect informal activities. Municipalities have considerable powers of regulation which can hinder or aid informal entrepreneurs, being responsive to local needs and realities. For example, locally designed land

use regulation can affect home-based informal activities, and local directives can influence waste collection schedules, thus affecting informal garbage collectors. Moreover, local governments have investment power that can directly or indirectly have an impact on informal activities, for example investment in street infrastructure and the provision of stall space (de Soto 1989; Dobson et al. 2009; Lindel & Appelblad 2009). On this note, two key books on the urban informal debate by Alejandro Portes *et al.* (1989) and Hernando de Soto (1989), as well as several studies (Meagher 2010; Kinyanjui 2014; Sassen 1989; Strassmann 1987), use evidence at a city level to support their findings. Local government intervention has thus been perceived as a crucial step for policy analysis and incorporation for the informal economy. Moreover, in the context of a rapidly urbanising developing world, these local government roles are likely to become even more crucial in affecting the success of informal enterprises (Chen et al. 2016).

What is currently happening with municipal policies?

Supportive policies have become more commonplace in recent years, with several studies reporting that NGOs, as well as local and regional governments, have started implementing and recommending a supportive policy approach towards informal activities (Allen et al. 2006; Dobson et al. 2009; FAO 2003; 2007; Fergutz et al. 2011; Navarrete 2010; Ostrom 1996). Of note, these have gained popularity among local authorities in Latin America and Asia (Medeiros & Macêdo 2006; Otero 1994). Among these policies, measures that improve infrastructure, capitalisation, organisation and training of informal enterprises and workers are common. These are being implemented across various informal subsectors, but without the existence of a fully developed theoretical framework.

While various municipal policy strategies of active public support of the informal economy have been implemented, there is little clarity about their motivation and rationale, design process and effectiveness. Developing a comprehensive supportive theoretical framework would require several components of understanding that are currently lacking. First, the rationale behind supportive policy design and its expected impacts remains under-studied. Second, there is no real clarity about the effectiveness of these sets of policies once implemented, nor about whether or not they are a sensible investment of the scarce public resources available. Third, there are no studies that help us to understand the limitations of supportive policy interventions. Finally, there are no studies that allow us to understand if supportive policies have a common understanding and applicability across different sectors. This PhD thesis aims to contribute to scholarly understanding of these four gaps in research.

RESEARCH QUESTIONS

Despite the vast amount of academic literature on the IE, supportive approaches still remain a crucially understudied policy approach. An increasing number of supportive policy actions exist across informal sectors, yet there remains a lack of academic research and limited conceptualizations of these municipal actions, revealing a disjunction between research and policy agendas. This research project thus aims to bridge this research/policy divide by answering the following main research question:

What is the rationality behind, and the impact and limitations of an emerging supportive policy approach aimed at improving the livelihoods of informal entrepreneurs?

I focus on informal entrepreneurs specifically (rather than all informal workers) since the number of informal self-employed worldwide represents a larger share than those earning wages in informal employment (Chen et al. 2016), thus placing informal entrepreneurship at the centre of development policy discussion. I answer this main research question by addressing four specific/operational research questions:

1) To what extent do theories of the informal economy accurately describe the on-the-ground everyday experience of informal entrepreneurs in Santiago de Chile? Here, the focus is on understanding informality from a multi-perspective or integrated view that allows us to account for informality in all its complexity.

2) Why are municipalities supporting the IE and what are the common discourses articulated to do so? Here, I aim to contribute to the construction of a solid theoretical framework through which we can understand municipal support policies, based on current common political reasoning and practice.

3) To what extent do municipal support measures achieve their expected impact? and; Among the diversity of policies implemented, which supportive policies are more likely to work? These questions focus on explaining the rationale behind different policies that affect the performance of the IE within and across informal sub-sectors, and evaluating their impacts.

4) To what extent do supportive municipal policies face barriers to enhancing the livelihoods of those in the IE? This point refers to the analysis of structural limits to policy impacts and the exploration of possible solutions.

CONCEPTIONS AND POLICY APPROACHES TOWARDS THE INFORMAL ECONOMY

Academic conceptions of informal economic activities and their related policies have traditionally been based on four approaches (Chen et al. 2004)¹. The first is the ‘dualist ap-

proach', which contends that informal activities are a means of last resort or a marginal survival activity, emerging from a lack of growth and availability of modern employment in developing world cities (Boeke 1942; Harris & Todaro 1970; Lewis 1954; Sethuraman 1976). Under this rubric, urban informality is essentially counter-cyclical to economic growth: it expands in times of crisis as the need for survival-based activities increases. Dualist conceptions of the informal economy also advocate for policies that promote the expansion of the formal economy and the repression of informal activities.

A second approach is the 'structuralist' or 'neo-Marxian' approach, which conceives informality as an integral part of the capitalist system, being connected to the formal economy through the backward and forward linkages of supply and distribution of formal products. Informality allows for the exploitation of labour as large enterprises are able to fix prices, product standards and conditions of payments for small informal enterprises, and also by subcontracting, thus removing their responsibility over labour stability and social benefit provision. Regarding policy recommendations, structuralists propose fostering the welfare state, as well as reinforcing informal workers' associations to increase their bargaining power and avoid capitalist exploitation (Portes 1988; Portes et al. 1989; Thomas 1995).

The third approach is the 'legalist' or 'neoliberal' approach whereby informality is seen to reflect the micro-entrepreneurial spirit of vulnerable populations. From this perspective, pervasive government market intervention favours inefficient formal activities while excluding competitive informal activities from market opportunities (de Soto 1989). These informal businesses will persistently yield low productivity so long as rules and regulations alter natural free market equilibriums. Regarding policy implications, neoliberals promote the legalisation of informal enterprises by reducing barriers to formalisation – in other words, through deregulation of the formal economy. In this context, there is no substantial role played by local and national governments.

The fourth approach to the informal economy is the 'voluntarist' school. As its name suggests, it proposes that the informal economy is a voluntary choice arrived at after a careful cost-benefit analysis of the monetary and non-monetary utility obtained through informal activities when compared with formal employment (Maloney 2004). Informality is the preferred option for some low-skilled workers, although it has low potential for growth as it is undercapitalised and characterised by low productivity, and thus preserves conditions of poverty (Maloney 2004; Perry et al. 2007). Therefore, voluntarists arrive at a similar conclusion as dualists, although through a different reasoning. As a consequence, they advocate for similar policies to dualists, describing a 'carrot-and-stick' set of policies: the 'stick' refers to the repression of

the informal economy, while ‘carrot’ policies are put in place to stimulate growth in formal employment (Perry et al. 2007, p.10).

These different theories, concepts and policy recommendations have travelled throughout space and time, through both the developed and developing world, mainly promoted by the work of international organisations such as the ILO and the World Bank. Over time, these organisations have also advocated different waves of policy in keeping with evolving informal economy discourse. These discourses have then intersected with local understanding and practices in the informal economy, resulting in a time-space specific geography of local policy.

The policies of international organisations and their dualist origins (1950s-70s)

Drawing on Boeke (1942), Harris and Todaro (1970) and Lewis’ (1954) conceptualisations of informality from a dualist perspective, several international organisations recognised the potential utility of a conceptual framework to understand the origins of informality and begin policy development towards the UIE (Bangasser 2000; Guha-Khasnobis et al. 2006). In the 1950s and 1960s, for international agencies such as UNDP, ILO and UNIDO, the informal economy was the result of a ‘modern job gap’: in developing countries, the rate of ‘modern’ employment creation was lower than employment demand, thus pushing people to keep themselves ‘economically busy’ whilst ‘waiting for a formal job’ (Bangasser 2000, p.4). A centrally planned economy that would carefully manage the national economy, take control of basic industry and invest in infrastructure was necessary to accelerate the creation of modern jobs and facilitate the transition of workers from informal activities into formal employment (ibid., pp.3-4). In this context, the ILO perceived the informal economy as a short term ‘safety net’ for people that would otherwise be unemployed, while in the long run, ‘the formal sector would absorb them’.

In the 1970s, within the context of lower rates of economic growth and large-scale rural-to-urban migration, the creation of ‘modern’ jobs in the formal economy was unable to keep pace with the increased demand, leading to massive unemployment in developing world cities (Biles 2009, p.222; see also Bangasser 2000). In response, the ILO established the World Employment Programme in 1969, refocusing resources on re-analysing employment dynamics in developing countries, rather than intervening directly with remedial measures. In 1972, the ILO considered the informal economy as a type of self-employment that generates informal income (see also Hart 1973). Later, economists based in the ILO described the informal sector as being comprised of small-scale enterprises with low productivity and low income generation, unable to sustain significant economic development or to act as a long-run safeguard from unemploy-

ment (Hart 2006). Although the ILO never explicitly called for repression of the UIE, their arguments fuelled a more hostile attitude towards it in reaction to its persistence and its association with a lack of development (Bangesser 2000, p.4). From the perspective of international organisations at the time, any tolerance of informal activity should fall within the context of social, rather than economic policy.

A shift towards legalist policies with structuralist influences (late 1980s-90s)

Changes in world policies during the 1980s from a (Keynesian) state-led national economy to a (neoliberal) market-led economy, promoted by international organisations such as the World Bank and the International Monetary Fund (IMF), were paralleled by a change in these institutions' points of view and policy suggestions regarding the Urban Informal Economy (UIE). The overarching vision that a free market is the engine of growth reinforces the position of the UIE as an example of an unregulated and competitive market. De Soto's book 'El Otro Sendero' [The Other Path] (1986) provided an ideal theoretical framework to support a project of massive deregulation and reduction of state power. Suddenly, the UIE was supported by institutions, such as the World Bank, that claimed the failure of the state and advocated for the deregulation of all markets and the inclusion of informal entrepreneurs in the market economy (Hart 2006). The World Bank launched several initiatives, entitled 'Doing Business', to collect data on the costs of registering firms in a large range of developing countries. This confirmed de Soto's original claims regarding the prohibitive time and monetary costs of formalising in developing countries (Fajnzylber et al. 2010, p.262). This evidence was then used by the World Bank to promote deregulation, legalisation and reduction in the costs of registering a firm.

'The Dilemma of the Informal Sector', an international conference held in 1991, marked a definitive break for the ILO with dualist conceptions and practices, recognising that 'the informal sector is not going to disappear spontaneously with economic growth' as no significant reduction in informality had occurred (ILO 1991, p.63). Moreover, for the very first time, the UIE was addressed as the primary subject of a major ILO international conference rather than an appendix, and informal workers were invited to be part of the discussion. Later, the ILO's 2002 report on 'Decent Work and the Informal Economy' made a significant acknowledgment of neoliberal policies as the most appropriate strategies to deal with informality. First, following de Soto's (1989) argument, the ILO stated that the root of informality is 'the legal and institutional obstacles that make it difficult, if not impossible, for either enterprises or workers to become or stay formal' and that it is the national government that 'directly or indirectly constrain(s) employment creation in the formal economy' (ILO 2002a, p.5). Moreover, the ILO recognised 'the right to work' as fundamental, independent of the work done, strongly backing up

the legitimacy of informal work. The report went further to advocate neoliberal policies of reducing the cost and complexity of legalisation (that is to say, deregulation), guaranteeing property rights over informal assets and reducing harassment. However, the ILO (1991; 2002) also reasserted some of the structuralist concepts developed in the late 1970s and throughout the 1980s, for example stating that the UIE should not be promoted as a low-cost means of producing employment. It recognised in the UIE significant deficits in providing decent work conditions, such as job stability, decent wages, employment security (in terms of workers' benefits) or a representative voice for informal workers. Additionally, contrary to the World Bank, the ILO advocated for a safety net of social services and investments in the working force. Finally, in the ILO's combined neoliberal-structuralist vision, with the gradual move of informal workers towards the formal economy, it was envisaged that workplace laws and social services could be applied to all workers, resulting in an overall increase in the amount of 'decent work'.

A new voluntarist perspective on old dualist policies (2000s)

Policies of legalisation, recognition of property rights and reduction of barriers of entry into the formal economy were extensively applied in the 1990s, and contrary to their intent, this seemed to boost the growth of the UIE on the whole (ILO 2002a; Perry et al. 2007). After the perceived failure of neoliberal strategies to integrate the informal economy into the free market, the 2000s saw the World Bank revert to more traditional policies of fostering growth in the formal economy and repressing the informal economy. Based on Hirschman's (1970) theory and Maloney's (2004) further development, the World Bank introduced an 'informal exit theory' (Perry et al. 2007). This new approach was fundamentally based on voluntarist principles that informal work is considered to be a rational choice. Nevertheless, rather than analysing the role that neoliberal reforms may have played in growth in the informal sector, the World Bank chose to directly blame the states in question. In their view, the main reason behind an increasing 'exit' towards informality was that 'workers, firms and families, dissatisfied with the performance of the state or simply not finding any benefit to interact with it, opt for informality' (Perry et al. 2007, p.xi). In line with voluntarists, the report claimed that in states with limited power of law enforcement, small businesses can opt to exist outside of legal regulations and workers can opt for informal jobs to avoid payment of social protection. Beyond this, the World Bank's report added that large enterprises take advantage of the state's failure to detect underreporting of operations, workers and profits. As formal businesses start to exploit this by employing workers 'unofficially', informality then begins to encroach on the formal sector. The World Bank here lost its faith in the UIE, since this sector was no longer perceived as a source of poverty alleviation, but rather a drag on economic growth.

Following this change in perception, the World Bank introduced an updated dualist policy recommendation. Advocating the aforementioned two-fold carrot-and-stick policy, they attempted to shift the cost-benefit analysis of working within the informal versus formal sector, leading to a move towards formal institutions. Their ‘carrot’ policies consisted of traditional pro-growth policy recommendations: promoting job provision within high-productivity large formal enterprises; enhancing levels of human capital; and labour market reforms of deregulation and decreasing trade union power. The ‘stick’ policies were largely based on law enforcement, harassment and reduction of access to social protection aimed at increasing the cost of remaining in the informal economy.

An ‘outlier’ or a new generation of policies? (2000s)

In contrast to the growing trend of voluntarist policy recommendations coming from international organisations, notably the World Bank, during the 2000s the Food and Agricultural Organisation (FAO) started to promote ‘supportive policies’ towards the informal sector (FAO 2007). According to the FAO, informal activities play a positive social and economic role, with negative externalities potentially being alleviated through supportive policy interventions. The Informal Food Sector (IFS) makes a significant contribution to social objectives, through improving food security, increasing market coverage in more isolated (rural or peri-urban) areas, improving the proximity of products to consumers and providing food in small quantities at convenient prices (FAO 2007, pp.1-2). Furthermore, the IFS provides a substantial source of employment, and thus a means of income for the urban poor, not to mention constituting a positive contribution to economic growth in developing countries (ILO 2002a, p.24; Simon 2003; Yasameen 2001). Supportive policies could solve identified negative externalities such as health risks (e.g. unhygienic ingredients or risks associated with handling and poor conservation) or urban and environmental decline (e.g. strained infrastructure or increased congestion) (FAO 1996; 2003, p.v). These recommended policies included the establishment of food quality and hygiene standards, direct supply of infrastructure, equipment and services, and improved access to credit.

The FAO suggests that supportive policies should be implemented at the municipal government level. They argue that, at the local level, ‘needs and constraints could be integrated into urban planning and (the IFS’) knowledge and ability in business management strengthened’ (FAO 2007, p.6). Indeed, a large number of municipal support policies, based on FAO recommendations, have been implemented in cities around the developing world. Examples include Quito (Ecuador), where infrastructure and training have been provided to increase food safety; Dar es Salaam (Tanzania), where local authorities have worked in tandem with street vendors to construct a street market in the city centre, as well as organising a better waste management sys-

tem; Dakar (Senegal), where a partnership between street vendors, the municipality and a local university assessed common problems of food safety, then putting appropriate hygiene practices in place; and Makati (Philippines), where, in order to promote alternative sources of income, the municipality supported the access of micro-enterprises to municipal funds (FAO 2003; 2007).

Local policies: The crossroads of international discourse and local practice

Dualist, neoliberal, structuralist, voluntarist and supportive policies, promoted at different times amongst various waves of international policies, have not been implemented at the local level in a clear-cut manner but rather tend to be applied in combination, differing from sector to sector, in time and in place. De Soto (1989) explains how, in Lima (Peru) in the 1970s, the informal transport system was strongly repressed (some transport routes were banned for informal vehicles and all types of tax exceptions were removed) while street vendors were tolerated (central areas were declared 'free zones' for street vending trade), exemplifying a discrepancy in policy between sectors. Moreover, he describes how policies towards these street vendors have changed over time, passing from periods of strong repression to periods of tolerance and of support. (see also Dobson et al. 2009; Kinyanjui 2014, pp.21-30; Skinner 2008 for similar examples in Durban, South Africa and Nairobi, Kenya). A variation in policy between different locations can be observed during the first half of the 2000s: in South Africa, Durban's street vendors were strongly supported, while the Zabaleen waste-pickers of Cairo were strongly repressed and displaced by the municipality (Dobson et al. 2009; Salah-Fahmi 2005). Moreover, local policies can differ even within the same region. As my own study of waste-pickers demonstrates, in 2010, waste-pickers were repressed, tolerated and supported by different municipalities within the conurbation of Santiago de Chile alone (see Navarrete 2010).

From the existing literature, it appears that the policies most commonly applied at the local level are dualist and neoliberal. With dualist policies, the focus is on the elimination of the informal economy, achieved through restriction of working hours, confiscation of products or working capital, severe policing measures, bans over working areas, and clean-up operations (Bromley 2000; de Soto 1989; Navarrete 2010; Söderbaum 2006). In contrast, neoliberal policies emerge as a result of a more collaborative process of interaction between local government and informal entrepreneurs, resulting in a tolerance of informal activities that can include the payment of a local tax for the right to work for a period of time (Cross 1998; de Soto 1989). In this case, the local government turns a blind eye to the informal economy, allowing it to operate with minimal policing and no confiscation of products or capital.

Few local initiatives have attempted to organise the informal economy in a manner proposed by structuralist policies. My previous study of waste-pickers in Santiago de Chile (Navar-

rete 2010) describes how the municipality of Cerrillos attempted to organise these workers, initially making contact with them in street markets, then supporting their legal constitution as an organisation and coordinating recycling operatives. The aim of this type of local government intervention is to facilitate the regulation of informal activity and provide a certain extent of social services. What has proved to be more common, however, has been the emergence of informal workers' unions established by their own members, with the aim of defending or campaigning for particular rights (Harrison & McVey 1997; Kinyanjui 2014).

In recent years, local governments have started to take a more positive and supportive approach (Dobson et al. 2009; FAO 2007; Fergutz et al. 2011; Kigochie 2001; MMA 2013). In these cases, local governments can take direct supportive action or foster the intervention of NGOs that aim to enhance the productivity and/or the social conditions of informal entrepreneurs (Fergutz et al. 2011; Portes et al. 1989, pp.305-307). Local governments have started to strongly invest in organisational assistance, financial support and civic education as means of helping various informal entrepreneurs in countries such as India (Chaturvedi 1998), Costa Rica (CYMA 2008), Argentina (Schamber & Suarez 2007) and Brazil (Medeiros & Macêdo 2006). These experiences have occurred mostly as isolated cases with limited involvement of international organisations, emerging more as part of a process of local interaction, understanding and negotiation between local governments and informal organisations. Contrary to other schools of thought on policy recommendations, these local support policies could suggest that there is a significant role for local governments to play in enhancing the livelihoods of those in the informal economy.

METHODOLOGY

Case study: Santiago de Chile

As mentioned previously, my research focuses on informal entrepreneurs in Santiago de Chile (for a discussion about the administrative structure of Santiago de Chile, see Annex 1). There are three reasons for selecting Santiago as the focus of research. First, since one of the objectives of this study is to evaluate the impact of supportive municipal policy approaches on informal entrepreneurs' livelihoods, I wish to analyse the success or failure of policies that have actually been implemented. This contrasts with most literature, which has focused on the capacity of states to implement policies prior to doing so. To undertake this successfully, it will be necessary to study entrepreneurs inside a well-functioning state, to help control for state failure. Chile satisfies this condition: the World Bank states that, when compared with other developing countries, Chile has a high capacity for 'quality of policy formulation and implementation' and furthermore, citizens and the state respect institutions, reducing two major sources of distortion – governmental ineffectiveness and unchecked corruption (Kaufmann et al. 2010, p.4; World

Bank 2015). Second, as Chile's largest city, Santiago de Chile has an informal economy of significant size both in terms of GDP ratio and employment generation. In Chile, the informal economy accounts for 32% of the national GDP (Vuletin 2008, p.27) and provides 36.8% of non-agricultural employment (Charmes 2009, p.36; OECD 2009a, p.2). While several developing countries classify as possible candidates under this criterion (see Table 2.1 in Chapter 2), few satisfy the requirement of having a well-functioning public sector. Third, examining a diverse range of informal sub-sectors will allow me to overcome the limitations of studying a single sub-sector of the UIE or studying the UIE at an aggregated level. This is due to informal sub-sectors varying substantially in their structure, size, cyclicity and connection to the formal economy. Furthermore, studying the UIE at an aggregated level will not provide the required deep understanding of the diversity of municipal policy approaches, designs and impacts. Santiago de Chile provides a large diversity of informal sub-sectors (e.g. home-based enterprises, street performers, informal parking services, street markets, ambulant vending, waste-pickers). Therefore, by addressing my research question across the diversity of the informal economy in this specific urban context, I can perhaps better understand which impacts of municipal policies are common across multiple sectors and which are sector-specific.

This study uses an 'industry by industry' approach to understanding the impact of supportive policies. According to Skinner (2008, p.236), each informal activity has its own particular dynamic and logic, and it can be as diverse as the formal economy. Consequently, my study explores the impact of local policies in three informal economy sub-sectors: waste-picking, street vending and home-based enterprises. These particular sub-sectors have been selected firstly due to their permanence over time and significant size: all of these sectors have existed for at least thirty-five years in Chile, and together provide more than 15% of the total employment in the Santiago conurbation (INE 2015).

Mixed methods: A qualitative-quantitative approach

My research uses an Exploratory Sequential Design (ESD) strategy, consisting first of implementing a qualitative method (the 'primary' method), and then using quantitative methods to test consistency and generalise qualitative findings. The qualitative research is used to explore two topics: first, understanding each informal activity by investigating motivations behind informal entrepreneurship, the economic rationale of working in each informal sub-sector and any social issues underpinning the activity; and second, exploring the motivations and rationale of supportive policies applied to each informal economic activity and the impacts of these policies, as well as their potential limitations. Once a clear picture of informal sub-sectors and the mechanisms at work behind policy impacts have been established, quantitative research is then

used to measure the impact of different policy approaches and evaluate the effectiveness of particular policies applied.

For the qualitative component, thematic analysis is used to study data collected from ninety-two participants. Individual and group interview samples in each sector have been purposively selected, following a criterion sampling strategy to reflect as best as possible the diversity of municipal policy approaches. Thematic analysis is carried out using a hybrid approach of first a deductive and then an inductive analysis (Fereday & Muir-Cochrane 2006). The resulting hybrid codebook captures the full richness of the data, allowing for a sound understanding of the studied phenomenon (Boyatzis 1998).

For the quantitative analysis, descriptive statistics and Ordinary Least Square (OLS) methods are used to analyse primary and secondary data². I have incorporated quantitative data to obtain a deep insight into the generalisability or effectiveness of implemented policies. For two of the sub-sectors, home-based enterprises and street vendors, a representative survey using a stratified random sampling strategy was undertaken to collect empirical data, which is used to test the veracity and relevance of qualitative findings. In the case of waste-pickers, the lack of a sampling frame prevented me from carrying out a city-wide randomised survey, and so a census of four waste-picker cooperatives was carried out as a 'second-best' alternative.

In order to analyse the policy impacts, OLS regression modelling is used to identify the impacts of specific municipal policies over indicators of economic and social performance and negative externalities for each informal sub-sector, built from the qualitative analysis. The quantitative analysis in this stage mainly serves to test associations among variables, functioning as a complement to the qualitative analysis. A detailed description of the methods is provided in Chapter 3.

ORGANISATION OF THE THESIS

In this chapter, I have sketched out the underlying foundations for this study, explaining the motivations behind this particular research and the relevance of the city of Santiago de Chile, as well as illustrating the strengths of the analytical tools used.

Chapter 2 of this thesis begins by providing a detailed look at the theoretical debate behind public sector conceptions and policymaking regarding the informal economy for more than forty years, and its intersection with the promotion of the decent work agenda. Following a discussion of the four main schools of thought presented above, the chapter then analyses the emergence of a supportive policy approach for three informal sub-sectors covered in this study. I

outline how the public sector understanding of the UIE varies between these three sub-sectors, with policies ranging from repressive through to supportive, and the ways that this reflects the different theoretical conceptions of the UIE.

The subsequent chapter (Chapter 3) assesses and describes the methodological choices behind exploring supportive local policy towards the UIE in Santiago de Chile. I contextualise the study based on the current labour market conditions of Santiago, in particular the effects of radical flexibilisation reforms of labour markets. A detailed explanation for choosing Greater Santiago as a case study is provided, as is the rationale behind the selection of the three informal sectors. Next, I present the reasoning behind the selection of a mixed method strategy, or more specifically an exploratory sequential design, with a discussion of the emphasis on qualitative over quantitative findings. Finally, the qualitative and quantitative data sources, sampling strategies, data analysis and the associated interpretation of results are explained in detail.

Chapter 4 is the first case study chapter, and explores the role that municipalities in Santiago de Chile play in affecting the outcomes of waste-picking activities. It begins by introducing waste-pickers and analysing reasons for entering and remaining in the activity. There is also a particular focus on the connections between waste-picking and the formal economy through various types of networks. Following this, the rationality behind municipal support for waste-pickers is analysed, and the different measures introduced by supportive municipalities are evaluated. The chapter concludes by analysing the limitations of supportive policies in enhancing waste-pickers' productivity gains. A similar framework follows for Chapters 5 and 6, which provide the case studies for street vendors and home-based enterprises respectively.

In Chapter 7, I summarise the findings of the study regarding the role of municipal policies in supporting the informal economy. Here, I discuss commonalities between sub-sectors and supportive policies, contrasting these results with existing conceptual frameworks. I focus on the motivations for working in the UIE when work quality at the low end of the formal economy is so poor, and the essentially exploitative links between informal and formal enterprises. I further analyse the common rationalities behind the emergence of supportive municipal policies in the different sub-sectors, as well as their sector-specific implementation, concluding that their effects are overwhelmingly positive for supporting growth in enterprises of the poor. The final section focuses on the common structural limitations of supportive policies, and potential ways to overcome these issues.

Chapter 8 provides a summary of the policy implications of this study, ultimately proposing a shift in focus towards quality of work rather than legality. I advocate for qualitative and quantitative studies that account for the variegated geography of informality and work quality at

the bottom of the labour market. The main policy recommendation of this study is to foster the favourable incorporation of informal entrepreneurs by increasing formal work quality for vulnerable populations, and to promote informal entrepreneurs' right to succeed through a holistic support network that increases skills, capitalisation, market access and organisation.

Notes to Chapter One

1. These four policy approaches will be analysed in depth in the literature review in Chapter Two
2. Ordinary Least Square (OLS) is a statistical method used for the estimation of unknown parameters of linear or non-linear regressions. In turn, these parameters describe the relationship between two variables as we control for other sets of observable variables. In practical terms, the OLS method fits a model or line that tries to describe as close as possible the relationship between two or more variables, i.e. a 'best-fit' model. The goal of using OLS multiple linear regressions is to estimate the impact of specific local policies on the informal economy, when controlling for other observable variables such as gender, income or experience of informal workers. Although this technique cannot control for other non-observable variables, or omitted variables that could affect the municipal policy of interest, it still provides a strong complement to strengthen the credibility of qualitative findings.

CHAPTER 2 : LITERATURE REVIEW

DIFFICULTIES IN DEFINING THE INFORMAL ECONOMY

Settling on a definition of the UIE has created a field of intense debate where little agreement exists (Guha-Khasnobis et al. 2006). Most scholars and international organisations, however, subscribe to a broad definition which comprises ‘economic activities performed by workers and economic units that are not covered or insufficiently covered by formal arrangements’ (Williams & Lansky 2013, p.359; see also Castells & Portes 1989; Feige 1990). Hart (1973), who was one of the first scholars to work on ‘informal activities’, underlined that the difference between the formal and informal sectors does not lie in their legal status, but in two characteristics: low wages and self-employment. Although Hart’s conceptualisation of informal activity has been incorporated into the academic and institutional vocabulary, several critics have underlined the erroneous attempt to seek out a unique characterisation of the diversity of sectors that compose the UIE. The low-wage hypothesis has been proved partially wrong through empirical studies showing that earning levels in the UIE can be higher than in the formal sector for workers with similar levels of qualification (Centeno & Portes 2006; Jutting & Laiglesia 2009; Meng 2001; Neuwirth 2011; Portes et al. 1989; Roberts 1989). Nor is Hart’s characterisation of self-employment fully accurate, as empirical studies have demonstrated the existence of informal workers employed within both informal and formal enterprises across several sectors (Castells & Portes 1989; Chen et al. 2004; de Soto 1989; ILO 2002a; Perry et al. 2007; Sassen 1989).

The International Labour Organisation itself has modified its statistical definition of the informal economy over time, allowing an ever-expanding number of activities to be considered informal. In 1993, the ILO used an enterprise-centred framework to define informal activities as economic units of production that ‘form part of the household sector’ as ‘informal own-account enterprises’ and ‘enterprises of informal employers’ (owned and operated by employers in partnership with family members), characterised by their small size and a lack of registration (ILO 1993, pp.3-4; Williams & Lansky 2013, p.356). Later, in 2003, the ILO recognised the incapacity of their definition to account for the diversity of informal employment arrangements, notably employment in formal enterprises and subsistence farming. The organisation then moved to a more job-centred definition of informality, as being employment relations that do not provide basic social protection, legal protection or employment benefits. This definition encompassed many workers employed in formal enterprises, alongside informal enterprises and households (ILO & WIEGO 2013, p.3; Williams & Lansky 2013, p.357).

The question of legality and the informal economy has taken central significance, as it strongly shapes the perception of informal activities. Several authors consider illicit activities,

such as the falsification of well-known brands (Chen 2006; Hart 1973; 2006), money laundering, drug trafficking and human smuggling (ILO 2002a, p.3; Schneider & Klinglmair 2004, p.4), to constitute a part of urban informal activity (Chen et al. 2004). This leads many academics and policymakers to associate informality with criminality, fostering an overall negative attitude towards the development of informal activities (Neuwirth 2011, p.20). However, from the early days of UIE studies, authors have tended to separate licit and illicit activities (Hart 1973, p.69; see also Castells & Portes 1989; Centeno & Portes 2006; OECD et al. 2002). Centeno and Portes (2006, p.26), for example, state that ‘illegal enterprises involve the production and commercialisation of goods that are defined in a specific society as illicit, while informal enterprise deals, for the most part, with licit goods’. In this influential definition, these authors argue that economic activities can be classified as formal, informal or criminal, based on the combination of two factors: the legality of the production or distribution process, and the legal status of the final product. Formal activities constitute both licit production/distribution and a licit final product; informal activities have an illicit production/distribution process but generate a licit final product; and criminal activities are those for which both dimensions are illicit. This definition has been crucial to disentangling informal activities from more socially pervasive criminal activities, opening the door to a more positive attitude from academic and policymakers towards the informal economy.

By current definitions, the informal economy includes at least two broad groups (Chen et al. 2004; ILO 2002a; Perry et al. 2007): the self-employed working in small enterprises that fail to adhere to institutional rules (these are what I refer to as ‘informal enterprises’, and form the focus of this study) and those earning wages in informal jobs (either in formal or informal enterprises) without access to social and work security (referred to as ‘informal workers’) (Chen et al. 2004, Chen 2006, p.78; Feige 1990; ILO 1993; 2002; 2013; WIEGO & ILO 2013a; Williams & Lansky 2013). Debate remains regarding the inclusion of informal jobs in the agricultural sector and the creation of goods that are produced and consumed within a household – some countries include these in their national statistics while others do not (WIEGO & ILO 2013a, p.3).

This broad definition allows a variety of activities to be encompassed by the UIE (see Gaughan & Ferman 1987 for a detailed description), as well as a variety of employment statuses (both entrepreneurs and workers), but does raise questions of heterogeneity, as each activity has its own particular dynamics and unique reactions to broader policy regulation. The UIE’s dynamics as a whole cannot be easily generalised, as they change across space, time (Castells & Portes 1989; Centeno & Portes 2006) and sector, calling for specific and detailed analyses of each component of the UIE. As Skinner (2008, p.236) suggests, a ‘sector or industry-by-industry’ approach is required to understand the specific dynamics and impacts of policies on

the UIE. In response to this heterogeneity, this study focuses on a particular group of the informal economy (informal entrepreneurs, rather than informal workers in general), in three sectors (waste-pickers, home-based enterprises and street vendors) and in a particular geography, in this case being Santiago de Chile from 2014 to 2015.

THE INFORMAL ECONOMY AND THE DECENT WORK AGENDA

The informal economy has been traditionally considered an obstruction to the progression of decent work. The ILO defines decent work as that which provides “aspirations for opportunity and income; right, voice and recognition; family stability and personal development; and fairness and gender equality” (ILO 2015). This has been articulated in a policy agenda based on four dimensions – creating jobs, guaranteeing workplace rights, extending social protection and promoting dialogue – which became a core global objective in 2016 under the eighth Sustainable Development Goal (or SDG-8) (for a larger discussion on the evolution of the decent work agenda and the difficulties faced when measuring decent work, see Annex 2).

These aims are considered to be compromised by the UIE’s lack of compliance with labour regulations and its perceived low-quality standards of work. First, the ILO (ILO 2013b, p.23) states that “all aspects of decent work have a legal dimension and while law alone cannot bring about decent work... labour laws are one of the preconditions to its achievement”. Webster et al. (2016) argue that informal workers inherently exist outside the scope of national laws and new regulatory frameworks, and so cannot be forced to comply with laws promoting decent work. However, authors also argue that work in informal enterprises is less ‘decent’ than formal work including lower wages, less benefits and lower unionisations levels offering particularly low-quality employment for vulnerable groups including women, disabled people and migrants (European Commission 2009, Kantor et al. 2006; Lim 2003; Webster et al. 2016). Other scholars have opposed the view that the informal sector obstructs the Decent Work Agenda. Neoclassical economists have argued that international labour standards, such as those of the Decent Work Agenda, are too far-removed to affect workers’ movement into or out of the informal economy (as these workers are mostly concerned with simply finding a survival alternative), or that they can even contribute to expanding the informal economy by increasing the cost for enterprises to employ formal workers, leading to dismissals that push people into informal work (Trebilcock 2005, p.9). Along a more proactive line, it has been argued that decent work needs to be promoted within the informal economy itself, and that this is in fact necessary in the current climate of permanent and growing informal economies in the developing world if we are to attain SDG-8 (Chen 2001; 2004; Navarrete 2016; OECD 2009c). International organisations, such as the ILO (2008a) and the European Commission (2009), are indeed moving in this direction, but their initiatives remain isolated and do not constitute a coherent body of policies (Bruchell et al. 2014, see also Kantor et al. 2006; European Commission 2005).

FOUR SCHOOLS OF THOUGHT: DUALIST, STRUCTURALIST, NEOLIBERAL, VOLUNTARIST

As iterated in Chapter 1, four main schools of thought have been identified in academic debate on the UIE: dualist, structuralist, neoliberal and voluntarist (Chen et al. 2004; Chen 2013; WIEGO 2014a; 2014c). These four schools of thought generally agree on the economic significance of the UIE through its contribution to national GDP as well as its generation of employment for the poor in both rural and urban areas of developed and, particularly, developing countries (Chen 2006; Chen et al. 2016; ILO 2002a; Perry et al. 2007; Portes et al. 1989; Schneider et al. 2010; Tokman 1995). Table 2.1 demonstrates the extent of these contributions:

Table 2.1: *The Urban Informal Economy as Percentage of Official GDP and Total Non-Agricultural Employment by Country and Region*

	<i>% of GDP</i>	<i>% of non-agricultural employment</i>
OECD Countries	18.70%	12.8% (a)
<i>Switzerland</i>	8.4*	-
<i>United States</i>	8.7*	7.5%
<i>United Kingdom</i>	12.9*	12.7%
<i>Italy</i>	27.6*	25.1%
<i>Greece</i>	29.5*	28.6%
Developing Countries	38.6*	
East Asia and Pacific	33.3*	18.5(a)
<i>China</i>	13.4*	32.6***
<i>Vietnam</i>	16.0*	68.2***
<i>Indonesia</i>	19.3*	72.5***
<i>Thailand</i>	53.4*	42.3***-51.6****
Europe and Central Asia	40.5*	10.6(a)
<i>Ukraine</i>	52.5*	-
<i>Georgia</i>	65.9*	-
<i>Turkey</i>	32.0*	30.6***
<i>Russian Federation</i>	46.5*	8.6****
<i>Kazakhstan</i>	43.7*	-
<i>Czech Republic</i>	18.7*	15.9(a)
<i>Hungary</i>	25*	11.5(a)
Latin America and the Caribbean	38.3**-42.1*	34.9(a)
<i>Chile</i>	19.5*-32.1**	35.8****
<i>Argentina</i>	25.7*-32.9**	49.7***-53.3****
<i>Colombia</i>	40.0*-43.5**	59.6***-38.4****
<i>Brazil</i>	28.4**-40.0*	42.2***-51.1****
<i>Peru</i>	38.1***-61.1*	67.9*****-69.9***
<i>Bolivia</i>	66*-67.7**	63.5*****-75.1***

Table 2.1: *The Urban Informal Economy as Percentage of Official GDP and Total Non-Agricultural Employment by Country and Region (continuation)*

	<i>% of GDP</i>	<i>% of non-agricultural employment</i>
<i>Middle East and North Africa</i>	28.5*	35.1(a)
<i>Egypt, Arab Rep.</i>	35.6*	45.9****-51.2****
<i>Morocco</i>	37.5*	67.1****
<i>Algeria</i>	35.0*	41.3****
<i>Iran, Islamic Rep.</i>	19.5*	48.8****
<i>United Arab Emirates</i>	26.4*	8.2 (a)
<i>South Asia</i>	34.0*	53.8 (a)
<i>Bangladesh</i>	35.7*	75.4 (a)
<i>India</i>	23.9*	83.4****-83.6****
<i>Pakistan</i>	36.8*	77.9****-78.4****
<i>Sub-Saharan Africa</i>	41.3*	39.2 (a)
<i>Nigeria</i>	59.6*	-
<i>Zambia</i>	49.7*	53.8****-69.5****
<i>Dem. Rep. of Congo</i>	48.8*	51.8 (a)
<i>Cameroon</i>	33.3*	43.8 (a)
<i>Ghana</i>	42.0*	66.9 (a)
<i>Sudan</i>	34.1*	40.7 (a)
<i>South Africa</i>	28.8*	32.7****-50.6****

Note: * Schneider et al. (2010); ** Vuletin (2008); ***ILO-WIEGO(2013); ****OECD (2009b) for total employment; (a) OECD (2009b) for total self-employment

This agreement, however, is short lived, with divergence on interpretations of causes, dynamics, economic consequences and policies for the UIE (Chen et al. 2016). Although certain policies and strategies do not always fit neatly within these four theoretical categories, and new debates continue to arise within each of the schools, Chen (2004; 2016) and WIEGO's (2014b) classifications provide a useful entry point for understanding the main elements of ongoing debate and policy implications involving the informal economy (see Table 2.2):

Table 2.2: Schools of Thought on the Urban Informal Economy

<i>School of thought</i>	<i>Key General Authors</i>	<i>Position</i>	<i>Vision UIE</i>	<i>Economic relation</i>	<i>Policy implications</i>
Dualists	<i>Boeke (1942)</i>	Marginal activity		Counter-cyclical	
	<i>Lewis (1954)</i>		Hidden unemployment	(grows as unemployment increases)	<i>Expand formal economy & Repress UIE</i>
	<i>Geertz (1963)</i>	<i>no link between formal and informal economy</i>			
	<i>Harris and Todaro (1970)</i>				
<hr/>					
Voluntarist	<i>Bosh, Goni-Pacchioni and Maloney (2012)</i>	Rational Choice		Counter-cyclical	
	<i>Fiess, Fugazza and Maloney (2010)</i>	<i>formal and informal economy are continuum labour market</i>	Voluntary choice	(grows as unemployment expands)	<i>Expand formal economy & Repress UIE</i>
	<i>Maloney (2004)</i>			Pro-cyclical (as demand for specific informal sectors growth)	
Structuralist	<i>Castells and Portes (1989)</i>	Dependent activity		Pro-cyclical	
	<i>Centeno and Portes (2006)</i>		Exploited cheap labour		<i>Welfare state & Informal union support</i>
	<i>Moser (1978)</i>	<i>Informal economy depends on health of the formal economy</i>		(expands when economy expands)	
	<i>Portes (1988)</i>				
	<i>Portes, Castells and Berton (1989)</i>				
<hr/>					
Legalist	<i>De Soto (1989, 2000)</i>	Reactive Activity <i>Government and formal economy exclude informal economy</i>	Micro-entrepreneurs	Counter-cyclical (survival activities) Pro-cyclical (micro-entrepreneurial activities)	<i>No government intervention, neglecting UIE, formalisation and property rights</i>

Adapted from Chen et al. and WIEGO 2014b

The dualist school

Dualists regard the UIE as a consequence of unemployment and lack of economic growth, and see no fundamental link between the formal and informal sectors. The origins of this dualist conception trace back to Boeke (1942), Lewis (1954) and Harris and Todaro's (1970) economic vision of two economies operating concurrently and independent of one another within the same space: a market economy, characterised by intensive exploitation of capital and a high level of technological advancement, and an outside or traditional economy, characterised by intensive use of labour and more primitive technology. The practical utility of a dualist conception in development studies is to explain the dichotomous 'dual world' where formal and informal economies can coexist. Under this perspective, informal activities in developing countries, such as garbage collection or street vending, emerge from a lack of dynamic growth and unavailability of modern employment. In this sense, due to its limited productivity, the UIE is condemned to remain an activity of 'last resort' or survival for the poorest citizens waiting to be integrated into the modern formal economy (Lubell 1991, p.12; see also Geertz 1963; Tokman 1982, Williams & Lansky 2013). Therefore, dualists are optimistic that the UIE will tend to disappear as the modern economy expands.

For dualists, the UIE is essentially counter-cyclical to economic downturns: during periods of economic contraction an increase in unemployment leads to an increase in the dependence on survival activities amongst the growing poor, and during economic expansion, an increase in the availability of formal employment relaxes this dependence (Biles 2009, pp.222-223). This conception is supported by an observation of counter-cyclical reactions of the UIE over the period 1950-1990. For example, worldwide economic growth up until the mid-1970s led to a significant decrease of the UIE. The Latin American UIE tended to contract over this period in countries with high growth rates, while it expanded or remained stable in countries with low growth rates (Thomas 1995, p.44). Conversely, in the 1980s, during the so-called 'lost decade', the economic contraction in Latin America led to a strong expansion of the UIE in most countries (Biles 2009; Lubell et al. 1991; Thomas 1992, p.68).

The main assumption underlying this argument of contraction and expansion is that workers will prefer a formal and secure job, and that informal work is only undertaken when there is no alternative (Bangesser 2000, pp.3-4, Williams & Lansky 2013, p.363). The validity of this notion as applied in a modern economic climate is challenged by Maloney (2004), who argues that it is dependent on the appeal of employment within the formal sector. Whilst the post-war political economy favoured employees in many regards, including a strengthening of employee rights, access

to social protection and a relatively high minimum wage, neoliberal market reforms of the 1980s saw a casualisation of the formal sector, leading to a reduction in the very facets that lent the formal sector its appeal (Harvey 2005; see also: Kinyanjui 2014; Meagher 2010; Vanamala 2001). Thus a criticism of dualist conceptions presents itself: if the formal sector is no longer perceived as the more appealing option at the lowest end of the labour market, the premise of the UIE being a 'last resort' option for employment is undermined.

Dualist policy approaches

Dualists consider informality to lie in the domain of pre-capitalist society – in countries with underdeveloped economies and high birth rates, such as Kenya, Ivory Coast or Nigeria, the availability of formal employment is generally low. This creates a 'modern job gap' that pushes people into informality and underemployment as they fail to gain access to 'decent' employment (Bangersser 2000, p.4; Klein & Tokman 1988; PRELAC 1985). Dualists have accordingly advocated for development policies that strive to expand the formal sector and create formal jobs. As a modern economy expands, so informal workers should gradually become absorbed into the formal sector (Williams & Lansky 2013, p.363). In the first period of dualist policy implementation, notably during the 1950s and 1960s, no further intervention was needed, as a state-led development strategy continued to bring investment and economic growth and thus formal jobs were created in most developing countries. It was expected that the informal self-employed and paid workers would switch voluntarily to formality, enticed by the availability of higher wages and better working conditions.

Nevertheless, in the 1970s and early 1980s, after a period of economic success, the UIE proved to be persistent in several countries in Latin America and Africa, leading to the development of specific policies that targeted this enduring informality (Bangessser 2000, pp.3-4; Galli & Kucera 2003, p.16). With this second generation of policies, dualists considered the UIE to be a 'parasite' on the formal economy that created a drag on economic growth potential (Farrell 2004; Germani 1973). A high number of self-employed enterprises offered no productivity potential, being small, undercapitalised and labour intensive, and so a persistent UIE limited the potential reallocation of unskilled labour to more productive activities. Beyond this, the 'cost advantage' from which informal enterprises were benefiting by avoiding taxes and regulations allowed them to undercut the prices of formal enterprises, taking over a portion of their market and thus hindering growth in formal employment (Farrell 2004, p. 28; Kinyanjui 2014, p.38). The policies introduced at this time were repressive in nature, directly targeting the UIE, and heavy policing, prohibition of work,

decommissioning and the issuing of fines became commonplace as means of suppressing informality (de Soto 1989; La Porta & Sheifer 2008, p.277; Neuwirth 2011, p.14).

From the 1990s onwards, scholars and policy makers started to suggest that dualist conceptions had become outdated in academic debates as a result of theoretical flaws and contradictory evidence (Chen et al. 2004; see also Nadvi 2004; Portes et al. 1989; Rogerson 1996; Siggel 2010). Indeed, in the 1990s it became evident that there was no systematic counter-cyclical reaction to macro-economic growth on the part of the informal sector – economic recovery in Latin America did not lead to contraction but rather expansion of the UIE (Galli & Kucera 2003, p.16). Moreover, mounting evidence of the UIE existing and interacting within global value chains of production and distribution ran counter to the assumptions of a dualist labour market (Portes et al. 1989). Alternative theories, notably the structuralist and neoliberal schools of thought, which emphasised the connections between the formal and informal economies and the role of public policies, had gained momentum in the late 1980s and made their way into international organisations by the 1990s. Although the dualist school of thought has almost disappeared from contemporary academic debate (Chen et al. 2004, p.16), pro-growth and repressive dualist methods aimed at reducing informality remain in place as common national, regional and local policy practice in developing countries (FAO 2007; p.6; Kinyanjui 2014, pp.37-42; Wilson et al. 2006, p.805;). These primitive dualist ideas thus remain relevant to contemporary policymaking in Global South contexts.

The structuralist school

In the late 1970s, Marxian literature began challenging dualist ideas, claiming that the UIE played a functional role in the process of capitalist accumulation. Moser (1978), in a seminal paper, proposed a variant of this idea based upon the Marxian concept of ‘petty commodity production’, stressing how the informal economy works in a subordinated and exploitative relationship with the capitalist (formal) sector (ibid., p.1078). In this early conception, informal and formal activities are not segmented markets but rather form a continuum of production and distribution activities with complex links (ibid., p.1041). These links involve subcontracting, the use of outsourced workers and/or the use of workers for product distribution. In these cases, small-scale operators, the self-employed, unpaid family workers and casual workers are contracted on a piece rate basis. Precarious informal labour arrangements limit the negotiation power of workers – workers are easily replaceable and have very little bargaining power – meaning that wages are kept low. From this vantage point, the potential to promote employment and economic development of informal

activities is limited, as underdevelopment and ‘backwardness’ are essential conditions to extract surplus value for the advancement of a few international companies. Moreover, growth potential of informal enterprises is limited. This is due first, to the dependency of a large number of self-employed producers upon the demand of a limited number of formal firms and, second, to the dependency of self-employed sellers upon inputs from a limited number of formal producers. This creates unequal market power for negotiation of prices and conditions of exchange, favouring large formal enterprises.

As an exponent of the Marxian school, Moser argues for policies aiming at ‘cutting the links with larger capitalist enterprises to avoid exploitation’ (1978, p.1061) and for structural changes within the capitalist system. During the 1980s, Marxian theory on UIE developed and eventually took the shape of the structuralist school of thought.

More broadly, structuralist thought is founded on an ‘informalisation thesis’ that conceptualises the UIE as both an integral and functional part of the capitalist system, arguing that it is the consequence of modern capitalist production (Fernández-Kelly & Shefner 2006; Williams & Lansky 2013, p.363). In the context of globalisation, the opening of national markets has exposed business to competition on a global scale. One way that national and international firms have remained competitive is by increasingly subcontracting and outsourcing production work to intermediaries and informal firms in developing countries, in a process of international ‘labour market segmentation’, taking advantage of lower wages and weaker contractual relationships (Birkbeck 1979; Chen 2006; Portes et al. 1989; Williams & Lansky 2013, p.364).

At the same time, informality integrates with formality through backward and forward linkages that extract profits from labour exploitation (see Thomas 1995 for a detailed discussion on backward and forward linkages). Forward linkages can be seen in the subcontracting of production to local informal enterprises. In this situation, the monopsony/oligopsony power of the large formal businesses leads to decreased prices and unreliable payments for these small enterprises (Birkbeck 1979; Clay 2005). Furthermore, Vachani and Smith (2008) identify in backward linkages, such as ‘trading partnerships’ (involving the trade of formal products through informal networks of self-entrepreneurs), a source of exploitation that allows distribution costs and risks to be transferred to the poor (see also Dolan & Scott 2009; Karnani 2007). Indeed, several case studies demonstrate a strong link between formal and informal firms, in both developed and developing countries (Lozano 1989; Roberts 1989). For example, Sassen (1989) establishes the link of informal apparel and electronics firms with formal enterprises in New York (see also Birkbeck 1979; Chaturvedi 1998; Sicular 1992). The structuralist approach thus conceives these relationships between formal and

informal economies as one comprising ‘a porous membrane, not a rigid boundary’ (Fernández-Kelly & Shefner 2006, p.4).

Pursuant to this view, the UIE is functional to a capitalist economy (Tokman 1989) and its political objectives (Centeno & Portes 2006) in a number of ways focused around the absorption of costs from the formal sector. First, the exploitative working conditions for informal workers and the self-employed allows for a reduction in production and distribution costs, thus raising formal firms’ competitiveness (Centeno & Portes 2006; Clay 2005; Dolan & Scott 2009; Fernández-Kelly & Shefner 2006; Karnani 2007; Portes et al. 1989). Weeks (1975, p.11) stresses that this subcontracting will not help vulnerable populations through capital transfer, since subcontracting tends to occur in less profitable and more labour-intensive activities, thus keeping productivity and wages low. Second, low wages in the informal economy allow large formal enterprises to maintain a reserve of labour that compromises formal workers’ bargaining power for higher wages, as low-skilled workers can be easily replaced by willing workers from the informal sectors (Portes et al. 1989). Third, the increase in subcontracting and the associated growth of unorganised informal labour results in additional erosion of formal worker trade unions, in turn shifting power and income from workers to businesses. Finally, it is argued that the UIE serves political objectives, by increasing purchasing power for the poor (Gerry 1987, p.112) and providing a source of mass employment that allows for political stability (Centeno & Portes 2006). Consequently, the UIE is not just ‘integral’, but also a ‘functional part’ of the capitalist economy, providing production, consumption and political expediency.

Regarding economic dynamics, structuralists see the UIE as pro-cyclical (Biles 2009, p.224), expanding during economic growth due to the higher demand for cheap inputs and distribution, and contracting with recession as the demand for products decreases (Jütting et al. 2008). Chen (2006, p.87) points out that subcontracting has led to the creation of two types of informal workers: a permanent informal workforce and a ‘permanent temporary (informal) workforce’. Whereas the former is permanently employed, the latter ‘is mobilised (only) during peak season and demobilised during slack seasons’. The UIE thus operates as a ‘reserve army of labour’ which helps to preserve low wages and competitiveness for firms during periods of growth.

Qualitative studies in Kenya, Bangladesh, India, Brazil and Thailand have demonstrated that the informal economy is integrated into global value chains of production (Hodal et al. 2014; Nadvi 2004; Phillips 2011; Ruthven 2010). In this context, the multinational complex chain of subcontracting and outsourcing has reduced tractability from international firms, allowing labour exploitation and poor working conditions to prosper, and even contributing to an increase in slavery

at the bottom of the labour market. Following structural adjustment and the liberalisation of markets reforms in the first half of the 1980s, the informal economy expanded along with the worldwide economy in the 1990s and early 2000s (Drechsler et al. 2008; Perry et al. 2007), as suggested by structuralist theory and running counter to dualist predictions.

Structuralist policy approaches

Structuralist policies advocate first for the improvement of informal work conditions, while on a grand scale they also call for a radical change in the capitalist system of production. Structuralists observe that ‘the process (of informalisation) in the capitalist economies serves to strengthen the hand of the dominant class and to weaken labour’s organisations’ (Portes et al. 1989, p.300). At a more immediate and tangible level, structuralists propose a policy solution to this exploitative relationship through the reinforcement of the welfare state in developing countries, which would in turn guarantee minimum living standards and security to all people, rather than just to formal workers (Centeno & Porter 2006). Further to this, structuralists promote policies that foster ‘universal trade unions’ (Portes et al. 1989, p.311) or ‘multi-stakeholder platforms’ (Chen et al. 2016, p.339) – joint unions of both informal and formal workers – who work towards improving living standards for all. By these two worker demographics acting together, they are able to put more pressure on employers, improving their minimal powers of negotiation.

At a more fundamental level, structuralists see a need for radical change in the capitalist system. Even though structuralists sympathise with informal workers as part of the exploited class, they consider that, in the long run, there is neither place nor function for the informal economy, and that its disappearance is necessary for the betterment of all parties and to decrease exploitation:

‘...the informal economy has a role to play in this revamped [Washington] consensus. That role is to disappear. [...] There will be no better sign that Latin America is on the mend and on the path toward sustained development than when the bulk of its labour force ceases to depend on invented self-employment and on precarious and unprotected jobs for survival. In such a world, the “functions” played today by the informal economy will cease to exist’ (Centeno & Portes 2006, p.42).

The neoliberal school

‘In Peru, informality has turned a large number of people into entrepreneurs, into people who know how to seize opportunities by managing available resources, including its own labor, relatively efficiently. (...) if every citizen, regardless of his or her origin, color, sex, occupation, or political orientation, can in practice be in business, then we shall have a genuinely democratic economy, a market economy.’ (de Soto 1989, pp.243-244).

The neoliberal perspective conceives the UIE as the result of a mercantilist legal system that works to maintain elite privileges and exclude poor people from the market economy. For neoliberals or legalists, the UIE has its origins in massive rural-urban migration and in the needs of a large new urban population to make a living. These new urban poor are systematically excluded from legal work and business development opportunities, in a system settled to avoid free market competition. They go on to create a ‘system of extralegal norm(s)’ becoming informal as a ‘legitimate reaction’ to exclusion and excessive government regulation (de Soto 1989, p.14). Developing economies have not evolved into ‘democratic capitalist’ systems, but rather they have remained as old ‘mercantilist systems’ (ibid., p.xx). In this respect, de Soto (1989, p.xviii) underlines that ‘the principal enemy of these (informal) entrepreneurs is the legal system, which excludes them (from the formal economy)’ – powerful states create and enforce laws that preserve an existent elite.

For neoliberals, the UIE is the only rational choice for the poor in mercantilist systems where the excessively high-cost, time-consuming and demanding process of registration outstrips the capacity of vulnerable populations to invest in their enterprises (de Soto 2000; Williams & Lansky 2013, p.365). De Soto (1989), in his case studies, further shows how these difficulties involved with the legal processes of registration complicate the access of the poor to legal housing, trade and transport markets. Other empirical studies show similar results for Latin American countries (Loayza 1997), and in countries such as Bangladesh and India (UNDP 2009, pp.12 & 56).

Yet on a more positive note, the UIE is also seen as a significant source of competitive and efficient entrepreneurship, having real power to generate sustained economic growth and alleviate poverty in developing countries (de Soto 1989; 2000; Söderbaum 2006; Wily 2006). First, the UIE is efficient, as it develops from a large number of competitors, which theoretically drives prices to optimal levels. Second, it is competitive, as it is able to survive in competition with the formal economy over time. Furthermore, it remains competitive despite the high costs of informality, such as those associated with avoiding legal penalties, indirect taxation (paying product taxes), higher exposure to inflation (mainly because of the dependency on cash, which devalues over time) and credit rates (paying higher interest rates for informal as well as formal finance) (de Soto 1989; Roy 2010). Finally, the UIE is perceived as positive overall for the national economy, not only because of its size, but also because of its large investment capacity.

Regarding economic dynamics, the neoliberal school sees the UIE as both pro-cyclical and counter-cyclical. Drawing on Castells and Portes’ (1989) framework, Biles (2009, p.226) distinguished between three different types of informal activities: ‘subsistence’, ‘subordinate’ and

‘autonomous’. Subsistence activities are associated with very low wages, cheap products, low capitalisation and technology and low levels of education. People generally engage in subsistence activities because they lack alternative employment options. In contrast, subordinate and, in particular, autonomous activities are associated with higher levels of education and incomes, the sale of more expensive products and services, and have higher levels of capital endowments, and so these workers opt for informality due to the motivations of greater income opportunities and/or higher flexibility. Using Biles’ (2009) framework, it is possible to recognise that ‘subsistence activities’ are likely to be counter-cyclical: declining growth will raise unemployment, leading to their expansion. In contrast, ‘subordinate activities’ and ‘autonomous activities’ are pro-cyclical insofar as they are directly linked with the demand for their products and services. These activities are likely to suffer from the slowing of the economy as demand decreases, and to experience a strong growth when demand for their products and services is high.

Neoliberal policy approaches

To fully grasp the rationale behind neoliberal policies, it is first necessary to understand more precisely the neoliberal school’s perception of intervening policies and their effect on both the formal and informal economies. As stated earlier, neoliberals consider the lack of growth in developing countries to be the direct consequence of pervasive government intervention that prevents an efficient market equilibrium (de Soto 1989). According to neoliberals, government regulation hinders growth through five factors: creating a decline in productivity, reduced investment, the creation of an inefficient tax system, limited technological progress, and lastly complications in macro-economic policy (ibid., p.173).

Regarding the first of these factors, productivity tends to decline as significant potential production time is spent dealing with complex sets of regulations. Second, reduced investment arises from government exclusion, as informal entrepreneurs generally have no access to credit or must contend with very high interest rates, thus hindering their investments. Similarly, unreliable contract enforcement and the pervasive threat of being closed down leads informal industries being hesitant to invest in their business, thus not taking advantage of the economies of scale. Third, an inefficient tax system is mainly caused by governments investing significant resources in detecting evasion, costs which are then burdened by a small formal sector. This increase in the cost of being formal encourages formal businesses to move into informality, resulting in a self-perpetuating cycle of higher taxes for the remaining formal enterprises. Fourth, technological progress is hindered as informal entrepreneurs remain as small-scale enterprises to avoid detection, investing less in

technology. Finally, the design of an efficient macroeconomic policy is tempered: as informal activities remain hidden, the efficiency of different sectors, the real GDP of the UIE, and the ratio of employment relevance for the formal-informal economies are difficult to ascertain. Therefore, macroeconomic policy is designed with a blind spot concealing its impact on a significant portion of the national economy. Neoliberals thus draw the conclusion that inefficiency in informality and a lack of growth in developing countries will continue so long as rules and regulations hinder efficient market results.

In response to these negative effects of intervening policies, neoliberals promote legalisation of the UIE through the deregulation of the formal economy, which they argue will unlock informal entrepreneurial capacity as the poor gain access to a real neoliberal market of free competition (de Soto 1989; Williams & Lansky 2013, p.367). This legalisation will guarantee three basic elements that promote economic efficiency: property rights, certainty in contracts, and an extra-contractual legal system. Through property rights, the UIE can enjoy, dispose of and sell its assets, reducing uncertainty and raising returns from informal investment. Legal contracts are essential to avoid unfulfilled promises and to provide sufficient guarantees to capital investment on a long-term basis. The extra-contractual legal system grants workers and businesses access to rental agreements and credit.

From a neoliberal perspective, the removal of regulatory, bureaucratic and monetary barriers for the legalisation of informal enterprises will effectively merge the formal and informal economies into a single market, in which former UIE enterprises are given the opportunity not just to survive, but also to grow into thriving enterprises. In an optimal scenario, efficiency is likely to increase for these enterprises by fostering their capitalisation and allowing them to compete fairly, leading to higher economic growth and poverty reduction in a ‘trickle-up effect’ (de Soto 2000), all within a policy framework where the government plays no substantial role.

The voluntarist or utilitarian school

‘Arguing that workers are voluntarily informal does not [...] imply that they are not living in poverty, only that they would not obviously be better off in a formal job for which they are qualified. Being in the informal sector is often the optimal decision given their preferences, the constraints they face in terms of their level of human capital, and the level of formal sector labor productivity in the country’ (Maloney 2004, p.1160).

As outlined in Chapter 1, the voluntarist school conceives of the UIE as being the result of the rational choice of micro-entrepreneurs, after a careful cost-benefit analysis of being formal versus informal. Based on conventional microeconomic rationality, voluntarists consider informal

workers to be rational agents who, within a perfect labour market with no entry costs and no binding wage rigidities, make effective decisions that maximise their job utility – including the decision to work within the informal or formal economy. When making a formal/informal sector trade-off, individuals take into account costs and benefits that are not only monetary (income generation, tax payments and social security costs), but also non-monetary (flexibility and independence) (Maloney 2004, p.1164). Both formality and informality have a number of costs and benefits. Formality enjoys the benefits of a relatively higher income and better social protection leverage (health, housing subsidies and pensions), but it bears costs such as income taxes, pension taxes, inflexible workday hours and a lack of independence. On each of the points, the opposite tends to be true for informality. Therefore, according to this utilitarian approach, informality does not represent ‘an inferior position’, since one person who chooses informality must be at least as well off as they would be in the formal economy (Maloney 2004, p.1162).

Although the voluntarist school explicitly underlines the notion of informal workers as entrepreneurs, it still perceives informality as a constraint on poverty relief and a symptom of underdevelopment. Voluntarists recognise in informality the seeds of entrepreneurialism, underlining that ‘...we should think of the informal sector as the unregulated, developing country analogue of the voluntary entrepreneurial small firm sector found in advanced countries’ (Maloney 2004, p.1159). However, they remain sceptical of the role that the UIE can play in broader development. First, the minimal benefits of informality might appear desirable only for the segment of the population with the lowest level of skills and who thus may have low expectations of income and social benefits from formal work (Maloney 2004, p.1164). In addition, because of their combination of low-skilled workers and undercapitalisation, most small informal enterprises fall victim to low productivity and high rates of failure, thus perpetuating the poverty cycle. Second, the popularity of informality is itself a symptom of underdevelopment. The inefficiency of the public sector in developing countries makes public services expensive to run and of low quality, and given the lack of law enforcement, some workers choose to move into informality. In doing so, they can choose to join only some social protection programmes, for example a specific health or pension scheme, reducing their total payments (Maloney 2004, p.1165). Informality thus acts as a ‘blunt societal indictment of the quality of the state’s service provision and its enforcement capability...’ (Perry et al. 2007, p.2).

Voluntarists mainly interpret the UIE as being counter-cyclical to economic dynamics, but consider that a few cases will see a pro-cyclical relationship develop (Fiess et al. 2010, p.211). These counter- and pro-cyclical dynamics are determined by two factors respectively: ‘binding wage rigidities’ in the formal sector, and economic sub-sector origin of the shock (ibid., p.212). The

counter-cyclical reaction to economic shocks is the result of the lack of labour market flexibility, ultimately resulting in a dual or segmented market. An economic crisis leads to lower demands for formal products and labour – in particular, low-skilled labour. The formal sector is characterised by low labour market flexibility and wage rigidity, arising from, for example, minimum salary or trade union requirements. This rigidity prevents enterprises from reducing salaries to maintain levels of employment, meaning that they must dismiss workers to remain profitable, thus increasing unemployment. In turn, unemployed individuals seek work in the informal sector, increasing the size of, and competition within, the UIE. Income in the formal sector ultimately remains higher than the informal sector, resulting in job market segmentation. Evidence for this counter-cyclical interpretation can be drawn from a ‘small economy macro model’ empirically tested over various periods in Brazil (1989-1993), Argentina (1991-1995), Mexico (1994) and Colombia (1997-2004), which indicated that economic crises lead to an increase in unemployment and a large expansion of the UIE (Fiess et al. 2010).

Pro-cyclical dynamics, on the other hand, are understood to be the consequence of shocks within a specific economic sector. A growth shock in a sector with a high number of informal enterprises would increase the demand for ‘micro-entrepreneur’ products (Bosh 2012, p.655). As demand rises, so do profitability and salaries within this specific sector, resulting in a growth in perceived benefits. Subsequently, people move from less profitable formal and informal employment to the informal niche undergoing economic expansion. The aforementioned ‘macro model’ provides evidence also for this pro-cyclical interpretation. Aggregated data from Mexico (1987-1991) and Colombia (1991-1996) show that during economic expansion, the size and incomes of the UIE grew, and Fiess et al. (2010, pp.220-221) point to this pro-cyclical interpretation of higher demand in specific sectors as the reason for growth.

Voluntarist policy approaches

For voluntarists, government intervention in labour markets directly affects the costs and benefits of informal and formal activities, which affects workers’ trade-off decisions and thus impacts the size of the UIE. By this utilitarian logic, formal and informal economies form a labour market continuum whereby workers flow from one sector to another depending on relative rates of return for their assets until a utility equilibrium is reached (Fiess et al. 2010, p.221). The direction of this flow can be strongly influenced by the positive or negative effects of public policy on each sector. If a change in public policy promotes, for example, the existence of universal ‘protection packages’ such as health or housing benefits, the appeal of informality is increased, and individuals

will voluntarily move to work in informal employment as a result of this. Over time, this flow of workers will result in increased competition and lower wages in the informal sector, increasing the appeal of work in formal employment once again. Likewise, public policy that increases the appeal of the formal market will also drive workers away from informality towards formality. In the absence of labour market distortion, this back-and-forth labour flow will continue until a 'utility equilibrium' between the formal and informal sectors is once again reached (Maloney 2004, p.1164). Policy thus is able to affect the cost-benefit analysis underlying this choice to move towards or away from informality, and impacts the informal sector's size and incomes accordingly (Maloney 2004, p.1173).

Regarding policy implications, following from their view of informality having low productivity and potential for poverty reduction, voluntarists advocate 'revisited' dualist recommendations of carrot (pro-growth) and stick (repression) policies. For voluntarists, policies should attempt to appeal to people's perception of utility, making the formal sector more attractive than the informal, by increasing the utility of formality and/or decreasing the utility of informality. An increase in the utility of formality is achieved by enhancing the skills gained by workers and supporting formal enterprise growth. Strengthening and diversifying labour skills would increase workers' opportunities for growth and their ability to access more attractive formal jobs. Supporting industry productivity and aiming to expand the formal industry's size would also increase the availability of employment and help to render informal activities unprofitable (Maloney 2004, p.1173). Following from this, voluntarists argue that policies that increase levels of education, decrease taxes and provide a 'friendly business environment' for international enterprises are required (Perry et al. 2007, p.13). A higher utility of the formal economy can also be achieved through labour market flexibility, which is required to reduce the costs and risks that enterprises face when signing contracts of employment, thus helping to increasing the number of formal jobs available. In this sense, labour market rigidity, in the form of overtime costs, increased penalties for employee lay-offs and high levels of union power (e.g. facilitation of union creation, compulsory membership and legal unions' right to strike), restrain the ability of enterprises to offer higher quality formal employment (Maloney 2012, p.653).

Concurrently, voluntarists argue that decreasing the utility of informality through repressive policies is required. Here, punitive measures might include increased law enforcement, the creation of monitoring agencies, increased penalties for offenders and a 're-engineering' of social protection to increase the costs of informality (Perry et al. 2007, p.13; Williams & Lansky 2013, p.369). Voluntarists strongly criticise the structuralists' ideals of universal social protection (Portes et al. 1989) that work to make informality more appealing and, consequently, increase its size.

Although voluntarists and dualists justify their policies through different arguments and have contrasting interpretations of the rationality behind working in the informal sector, in practice, their policy recommendations tend to be similar. As this research focuses on policy practices, from this point forward in the literature review, these two policies will be analysed as one.

Co-production theory

An increasing number of scholars call for recognition of the role of the informal economy as a provider of public services in developing countries. This has not yet reached a point of a fully developed informal economy theory, as it only covers the provision of public services, but is a perspective that is currently emerging, and has been reflected in certain ways in some modern supportive policymaking approaches towards the UIE.

Joshi and Moore (2004) argue that the monopolistic provision of the state and the new public management strategy of privatisation have failed to provide public services in developing countries because of logistical and governance-related failures. Logistical failures occur due to 'natural' causes associated with the cost of providing public services for poor populations who are geographically widespread and have a limited capacity to pay for services. Failures of 'state-centred and hierarchical governance' arise from an institutional incapacity to effectively provide core public services and achieve a sustainable financing system, particularly in areas with large poor populations (Joshi & Moore 2004, p.41; Allen et al. 2005, p.31). In both cases, the problems are rooted in the traditional 'supply-led engineers' approach based on expensive capital investments, expensive operational costs and unrealistically demanding standards for developing countries that have high availability of labour, low governance capacity and limited investment capacity (Allen et al. 2006, p.333; Ostrom 1996, p.1074).

Ostrom (1996, p.1073) has described 'co-production' arrangements, in which, through long-term partnerships, citizens and the state pool resources to provide public goods and services, offering an alternative solution for the delivery of basic services in developing countries. Further to this, Joshi and Moore (2004, p.46) extend this concept to include partnerships between the state and the informal sector for the provision of public services. Allen et al. (2005) further propose that a shift to a more 'governance approach' that is 'centred on society' is needed. This would account for more horizontal social structures, which promote the co-responsibility and synergy of social actors, both formal and informal, for the provision of public services. These authors underline that co-

production is a serious alternative, as it fills the gap left by weak states (see also Allen et al. 2005; Dias 2016; Joshi & Moore 2004) and has the potential to be the best available alternative for providing much-needed public services. Furthermore, it provides the first real attempt at a positive theoretical perspective of informal activities, and is thus of particular relevance for this study of supportive policy approaches.

EMERGING SUPPORTIVE POLICY APPROACHES IN THREE URBAN INFORMAL SUB-SECTORS

The following section discusses emerging supportive policy approaches in the three sub-sectors that form the core of this research: waste-picking, street vending and home-based enterprises. Although I do not have sufficient space here in the main text to fully explore the potentially fascinating intersection of the various other schools of thought with these three informal sub-sectors, I do provide a complementary discussion of this in Annexes 3 (on waste-pickers), 4 (on street vendors) and 5 (on home-based enterprises).

Supportive policies towards waste-pickers

Co-production theory has provided a framework for including waste-pickers in local partnerships with municipal SWM. In this vision, waste-pickers contribute to the building of an integral SWM system in developing countries, serving important social functions such as employment generation, poverty alleviation, urban development and environmental protection (Fergutz et al. 2011, p.597). Although some scholars recognise negative externalities and conditions of poverty as mainstays of waste-picker environments, they consider the cause of this to be social exclusion, paltry payment of social contributions and lack of public support.

For scholars who favour the practices of supportive approaches, NGOs and local and central government all have a crucial role in achieving ‘better methods of recycling’ by socially and economically including waste-picker cooperatives in formal integral SWM (Fergutz et al. 2011, p.597; see also Bhaskar & Chikarmne 2012, pp.615-616; WIEGO 2015). Supportive practices place a major emphasis on raising waste-pickers’ productivity as a means of achieving social and economic inclusion, standing in quite stark contrast to co-production theories, which focus on the capacity of a waste-picker as a ‘second best’ means of providing a public service. From a supportive policy viewpoint, the recycling of waste is underexploited and performed by rudimentary methods, and increases in productivity will maximise the economic efficiency, social equity and positive environmental impacts of the activity (Navarrete 2010). Policy recommendations include a mixture of

state support for trade unions, legalisation, granting access to waste, and, most interestingly, strong involvement in sector organisation and capitalisation (Navarrete & Navarrete 2017). Following the same reasoning as structuralists, the support of waste-picker organisations such as formal trade unions or cooperatives is seen as crucial for increasing informal enterprises' bargaining power against formal enterprises, middlemen, and in increasing participation in local and national waste management policymaking (Dias 2016; Kingsley 2014; MMA 2013). Dias (2016, p.376) proposes granting waste-pickers access to waste as a way of securing their access to key resources and opportunities. The legalisation of these organisations is also essential to establish formal contracts, place accountability on waste-pickers, and enhance access to government funding (Dias 2016; Fergutz et al. 2011). At the same time, supporting the capitalisation of waste-pickers is crucial for creating productivity gains that reduce poverty and enhance environmental performance (Navarrete 2010). Improvements in organisational arrangements such as route planning, door-to-door collection and promotion of waste separation at the point of origin – from both enterprises and households – would increase the quantity and quality of recycled material collected, resulting in a higher income for workers and creating positive environmental run-on effects (ibid.). In the context of an integral strategy of economic productivity policies, waste-picking can play a role as a sustainable mechanism to generate decent employment with reasonable remuneration and social protection (MMA 2013, p.46).

Although support strategies are not mainstream policies, they are currently applied in a diversity of forms in several developing world cities. For instance, in Temuco (Chile) and Pune (India) municipalities have provided training for waste-pickers, educated the population regarding the separation of recyclable waste, and furnished waste-pickers with uniforms, tricycles and 'clean points' (containers in public streets for the deposit and collection of recyclable material) (Dias, 2016; MMA 2013). The city of Londrina (Brazil) has achieved the highest recycling rates in the country through a partnership between the municipality and the waste-picker trade union. The municipality provided sorting centres distributed across the city to facilitate waste accumulation and door-to-door collection, allowing waste-pickers to move away from unsanitary work in landfills (Fergutz et al. 2011, p.606). In Cairo, the Zabaleen, a community of garbage collectors that handles one-third of total city waste and recycles more than 80% of waste collected, has achieved integration into the formal SWM system after being excluded for more than ten years following its privatisation (Salah-Fahmi 2005, p.158). Uniforms and vehicles have been provided as part of the fourteen pilot contracts assigned to Zabaleen organisations (Kingsley 2014). In Belo Horizonte (Brazil) and Bogotá (Colombia), city governments have created payment incentives to waste-pickers based on quantities of waste collected, recognising their environmental value and the cost savings that they create for SWM systems (Dias 2016).

Supportive policies towards street vending

A call for supportive policies towards street vending activities has gathered momentum in recent years. While not sharing a common theoretical framework or homogenous policies, all approaches similarly maintain that public sector involvement can lead to improved social and economic performance of street vendors. First, there is a recognition that street vending contributes to the economy through the payment of municipal permits (*patentes municipales*), high aggregate profits, and creating demand for formal suppliers. Second, there is a recognition of the social value of this activity as a provider of affordable products and one that makes available a wide diversity of goods and services for the poor, as well as generating employment and income essential to livelihood strategies (Dobson et al. 2009; FAO 2007; NASVI 2014). These proponents of supportive strategies also recognise the effect felt by street vendors from policy approaches (Skinner 2008, p.228). However, most cases have seen the livelihoods of street vendors being destroyed through the advocacy of ‘bad policy or repression’, instead of enhancing the activity through more supportive strategies – this is outlined in Amis’ (2004, p.145) study of municipal policy in ten cities in the developing world (Ahmedabad, Bangalore, Cebu City, Johannesburg, Kumasi, Mombasa, Santiago, and Visakhapatnam).

For those who promote supportive policies towards street vendors, the positive and proactive involvement of the public sector can lead to increases in the economic inclusion of the poor (Skinner 2008, p.228), as well as a reduction of negative externalities – particularly for women, who are most well-represented in the street vending sector (Kinyanjui 2014, p.1). In this sense, Kinyanjui (2014, p.7) calls for a planning model that incorporates or includes street vendors. Here, policies that target economic enhancement mainly attempt to raise human and capital endowment of the activity. For instance, capital endowments such as infrastructure provision for street markets can lead to increased security from weather and theft, enabling people to trade more valuable goods, while the provision of electricity and water facilitate street vendors’ movement into more lucrative activities, such as catering or sewing (Dobson et al. 2009). Enhancement of human capital through management skill training can result in improved commercial strategies, more informed pricing strategies and management of credit alternatives. Training in cooking and the preparation of food can also lead to development within niche markets with healthier profits (FAO 2003, p.3).

Negative externalities can likewise be reduced by similar measures. The provision of

infrastructure – such as childcare facilities, public toilets, basic services or appropriate workplace shelter – is particularly relevant here, helping to minimise the negative effects of child labour, poor street hygiene, food poisoning and homelessness (Chant & Pedwell 2008; Dobson et al. 2009; FAO 1996; 2007; Lues et al. 2006). In addition to this, Skinner (2008) underlines that training and fostering the unionisation of street vendors can make significant contributions. Training in food management standards and cleanliness can lead to safe processing and conservation standards for street food vendors (FAO 2007, p.24; 2003, p.6; Lues et al. 2006, p.327), and partnerships with street vendor unions can increase safety and local tax payment (Lindell & Appelblad 2009; Skinner 2008). As an example, Skinner (2008, p.235) reports that in Durban, local police partnership with street vendors has resulted in a reduction in crime. She (Skinner 2009, p.239) suggests that supportive policies should focus on three changes in order to render street vending an ‘effective and inclusive’ activity: innovation in local government (to incorporate an economic rather than only social approach), the participation of street traders in policy design (to create a better understanding of processes and policy impacts) and the redirection of public economic resources (to implement policies). In spite of increasing support from academics and the growing number of successful policy examples, street traders still remain largely excluded from planning operations (Dolan & Scott 2009, p.1; Kinyajui 2014, p.32; NASVI 2014).

Supportive policies towards HBEs

In some scholarly circles, there is an increasing call for supportive policies that increase the efficiency of HBEs and reduce the constraints placed upon them, as well as some of their less desirable consequences (Chen & Sinha 2016; Ezeadichie 2012, p.57; Tipple 2004, p.378). As with the other sectors, supportive policy approaches towards HBEs do not constitute a single unified school of thought, however these informal enterprises have increasingly been perceived as an opportunity for poverty alleviation when met with support. From this perspective, HBEs play a fundamental role in the reduction of poverty, since they aid poor people in finding and creating jobs, provide entrepreneurial opportunities, supplement household income, stimulate investment in low-income housing (Gough & Kellett 2001), supply cheap accommodation, introduce new services to urban areas at affordable prices (Kigochie 2001, p.230) and reduce transport costs for customers and workers (Tipple 2004, p.373). In this sense, Kigochie (2001, p.223) concludes that policies supporting HBEs have the potential to solve problems of both unemployment and shelter. In general, papers focused on supportive policies recognise the neoliberal argument of exclusion from the state, calling for legalisation and property rights policies; however, they consider that government intervention is also needed.

Supportive policies advocate for a change of attitude in government policies from confrontation to collaboration, creating more policies that are 'pro-poor' (Ezeadichie 2012, p.57; Watson 2011, p.8). For Chen and Sinha (2016), HBEs should constitute a relevant part of local economic development plans, with the promotion of policies that increase HBE productivity and guarantee the provision of basic services and housing and favourable zoning regulations. Aside from neoliberal recommendations, pro-productivity policies also include public service initiatives such as the public provision of basic infrastructure and improvement of roads, which would reduce operational and product supply costs (Gough 1993; Gough & Kellet 2001). Moreover, effective public lighting and reliable provision of electricity would allow HBEs to extend their opening hours, resulting in higher profits. Along the same lines, effective policing and prosecution of violence and crime in poor neighbourhoods can allow people to extend their opening hours without fear of crime, and minimise the products and cash stolen from HBEs (Gough et al. 2003, pp.270-271; Chant & McIlwaine 2016). The state can further generate policies of land use and housing to back up the expansion of successful HBEs. For instance, governments can establish more affordable housing (Chen & Sinha 2016) and assign HBEs to more centralised locations in main streets, thus increasing their client potential and visibility (Gough 2001, p.232). The upgrading of houses and neighbourhoods, including road and transport infrastructure, can also help to attract more clients into an otherwise less desirable area (Ghafur 2001). Additionally, Kigochie (2001, p.230) proposes that training programmes have the capacity to further increase levels of human capital and the ability to compete with the formal sector, while governments and NGOs can support HBEs in obtaining access to market opportunities and distribution networks for their products (ibid., p.231).

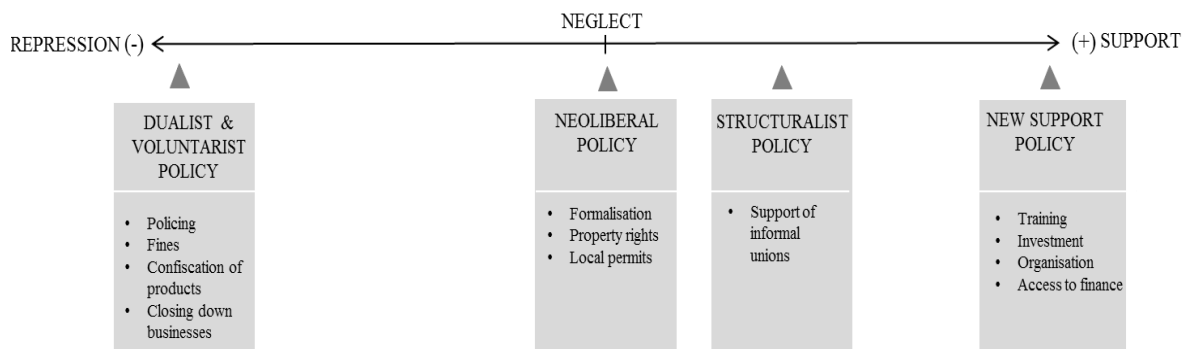
At the same time, supportive policies recognise some negative externalities of HBEs, but it is argued that these can be minimised through policy interventions (Ezeadichie 2012, p.57). For example, the provision of sewerage, water and electricity would improve hygiene standards and the conservation of products (Kigochie 2001, pp.227-228). Social housing would facilitate the establishment of HBEs in preferable conditions, for example by incorporating space divisions between a home area and a business area, providing a bigger plot of land to allow for expansion, or including larger storage spaces on the property. Tipple (2004, p.378) demonstrates that most HBEs are 'benign' activities, which are not associated with significant problems of pollution. While child exploitation is underlined as a major problem (Jones & Chant 2009, p.190), Tipple (2005, p.621) stresses that, in general, it is 'soft' child labour, along the lines of 'minding the shop' when parents go out. Therefore, in Ezeadichie's (2012, p.57) words, there is an increasing number of supportive policy recommendations that would have a positive effect on a high share of the population, while minimising the 'abhorrent' negative effects of HBE activity.

CONCLUSIONS

This chapter has provided a sketch of the theoretical background that has led to the implementation of different sets of policies towards the UIE. Although most scholars and policymakers acknowledge the importance of the UIE through its contribution to economic growth and employment generation in the Global South, and thus the urgency of policy interventions for development purposes, there still exists competing debate regarding the social consequences and sector dynamics of the UIE, as well as its relationship with the formal economy. This, in turn, has led to divergent policy strategies. Dualists/voluntarists, structuralists and neoliberals have promoted policies ranging from strong repression of informal activities – such as the reduction of social benefits and prohibition of work – to feeble support – including the promotion of informal trade unions and legalisation of the activities. Following from these observations, Skinner (2008, p.4) calls for an ‘industry-by-industry approach’, and we have observed how these different conceptions of the UIE intercept with a remarkable heterogeneity of informal practices. This has led to time-, space- and sector-specific conceptions and realisations of policy practices.

Figure 2.1 summarises these municipal policies in relation to waste-picking, street vending and HBEs. It is important to recognise that municipal policies do not occur in clear-cut categories, but in practice, their policy approaches occur as part of a continuum, where in one extreme lies repression, and on the other lie policies of supportive approaches.

Figure 2.1: *Municipal Policies towards the Urban Informal Economy*



Source: Own elaboration

Looking more closely within these three UIE subsectors, we can observe an increasing recognition of supportive policy literature and practices. In the waste-picking subsector, co-production theories explain public sector support policies as a strategy for achieving integral SWM services in the Global South, thus offering a second-best alternative that ‘fills the gap’ of state and

private sector failures (Joshi & Moore 2004, p41). Nevertheless, this concept of public service delivery emphasised by co-production theories contrasts with local government and NGO consideration that the primary objective of their policy practices is the 'economic inclusion' of informal workers. Regarding street vending and HBEs, although the literature describes an increasing number of supportive policies that attempt to raise the productivity of the average informal worker, it seems that a clear theoretical framework does not exist that could be used to argue in favour of informal activities as being providers of private products and services. This study of municipal policies aimed at the UIE analyses these support policies more closely, to create a better understanding of the rationality behind and the impact of a public sector that takes a more positive role regarding the UIE. The following chapter will take a close look at the research methodology used to explore the issues raised in the literature review.

CHAPTER 3 : METHODOLOGY

This chapter outlines the methods employed to study the impact of supportive municipal policies on performance in Santiago de Chile's informal economy. First, I will provide an essential contextual background of the formal labour market reforms affecting the work environment in Santiago de Chile. Then, I explain the reasons behind the selection of Santiago as a case study and the selection of the three particular informal sub-sectors (waste-pickers, HBEs and street markets). Third, these three informal sub-sectors are introduced in some detail. Fourth, I explain the reasons behind the selection of a mixed methods strategy as a means of exploring the research question. There is particular focus on the way in which an exploratory sequential design connects methods with the research question. Finally, qualitative and quantitative methods are explained in detail.

THE EROSION OF FORMAL WORK QUALITY AT THE BOTTOM OF THE LABOUR MARKET.

To address the first issue, we must understand the origin of poor conditions in low-end formal workplaces. Santiago de Chile, the largest labour market in the country, has experienced a rapid transition from a highly regulated labour market to one of the most open and unregulated markets in Latin America (Lima & Paredes 2007, p.163). This has had a significant impact on decreasing the quality of formal work available for those at the bottom of the labour market. From 1930 to 1973, the labour market was characterised by strong state intervention aimed at reducing unemployment and enhancing working conditions, with high minimum wages, strong job security and access to social protection. During this period, trade unions had significant power as they were organised at a national level, with one union per enterprise and mandatory memberships. There were no limits placed on the duration of strikes, and the replacement of striking workers was forbidden. Minimum wages were settled well above inflation and additional employment benefits were achieved through trade union negotiations. Job security tended to be high, due to a law introduced in 1966 prohibiting unjustified dismissal of workers, which required all dismissals to be reported to the Ministry of Labour. Courts commonly ruled in favour of employees, imposing high monetary punishments for enterprises (Riveros 1995). Pensions were publicly administered, centrally managed, and were not necessarily dependent on personal contributions, which led to significant pensions for workers on minimum wage. Health care was also public and centrally managed, and received large expenditure that was reflected in high access levels for unskilled labourers (Lima & Paredes 2007, p.163). Additionally, formal workers were granted access to several homeownership programmes.

Since 1973, Chile like many other countries has experienced a rolling back of the state, with the imposition of structural adjustment reforms permanently transforming labour market conditions in Chile, particularly for unskilled formal workers. In the six years following the coup d'état trade unions were banned, and the process of bargaining over wages was replaced by a central state that set increases in minimum wage close to inflation levels, which in practice led them to stagnate. Following this, through the Labour Code of 1979, national unions were entirely dismantled and replaced by multiple unions at the level of individual firms, which dissolved their collective power, and laws were introduced permitting the replacement of striking workers. Job security also disappeared: dismissals no longer had to be reported to the Ministry of Labour, a justified cause for dismissals was no longer required and severance payments were cut down to a maximum of five months (Law Decree 2.200). Furthermore, in 1980, restrictions to subcontracting ended and enterprises were permitted to subcontract regular workers as self-employed (*trabajadores independientes*) for fixed terms, without contracts and without the payment of social benefits, and with no cost sustained by the business at the termination of contracts (Lima & Paredes 2007, p.166). Access to social benefits associated with formal work were also cut. From 1970 to 1989, government expenditure on public health and housing declined from 29.6% to 11.5% of the national GDP (Riveros 1995), drastically reducing the minimum standard of public health, while housing schemes targeted only those in extreme poverty. In 1981, centralised public pensions and health systems were replaced by a system of private self-responsibility, which in practice meant that high-quality access was restricted to those who could contribute to the service in high amounts. This meant that those formal workers close to minimum wage faced access to an extremely low pension and an under-funded public health system.

Throughout the 1990s and 2000s, the next four democratic governments opted to maintain most aspects of job flexibility and social security reforms from the previous two decades, incorporating few fundamental changes. One of the only significant changes occurred in 1991, as severance payments were increased from five to eleven months. Between 2001 and 2015, the minimum wage in Chile grew on average by only 2.6% p.a. in real terms, meaning that unskilled workers experienced slow income growth (OECD 2014). Therefore, this massive deregulation over the last 40 years has seen a significant decrease in work quality of formal work, particularly for those at the bottom of the labour market, i.e. those more likely to trade off between informal and formal employment options.

CASE STUDY SELECTION: GREATER SANTIAGO DE CHILE

In Chapter 1, I established three points sustaining the selection of Santiago de Chile as an appropriate case study for this thesis: having a well-functioning public sector, a sizeable informal

economy and having a diversity of informal sub-sectors. It is important however to recognise that Santiago de Chile has also been chosen for reasons driven by its unique geographical makeup.

Much of the appeal of Santiago is due to its containing a wide diversity of municipal policy approaches within one single region. To effectively study the impact of municipal policies, the impact of regional and national policies must be isolated. Complications arise if we compare two municipal policies across different regions or nations, as the impacts of the municipal policy become more difficult to distinguish when regional or national influences – such as culture, regulations and taxes – are also affecting the results. By studying municipal policies within the same nation, and particularly within the same region, we work within a context of homogenous external policies (i.e. we have a natural control strategy for non-local policies), and thus changes in performance can be directly linked to municipal conditions. It is particularly advantageous that (Greater) Santiago de Chile contains a large diversity of municipal policies within its one region. When compared with other potential Chilean regions, Greater Santiago is the only one to contain a large sample of 37 urban municipalities, thus providing a wide variety of municipal approaches that can be tested – including dualist-voluntarist, neoliberal, structuralist and supportive policies. Finally, studying the informal economy in Chile, and in Santiago in particular, is in itself a contribution to the existing literature, as it expands the scarce research on the informal economy in this country.

SELECTION OF SUB-SECTORS WITHIN THE INFORMAL ECONOMY

The three sub-sectors of the informal economy – waste-pickers, HBEs, and street vendors – have been selected on the basis of three criteria: permanence over time, diversity and employment generation. Regarding the first criterion, these three sectors have long been part of the landscape of Chile and Greater Santiago. For example, waste-picking has been present for more than 40 years (as reported by Castro and Paz in 1976). Mobile, periodic street markets have been in existence for even longer. Indeed, street markets date back to colonial times when small producers gathered periodically in villages to sell their products. From this point, the activity of street vending went on to expand with urbanisation. In 1955, there were already 87 (periodic) street markets in Santiago, while in 2013 the number had expanded to 425 (ASOF 2014). Finally, as with waste-picking, the origins of HBEs date back at least 38 years, with attempts to introduce location and tax regime regulations noted in law 19.749, dating to 1979 (CNCh, 2001).

Regarding the second point, these three sub-sectors represent a large diversity of informality, judged by their connection to formal supply/demand chains, use of public/private space, whether the activities are fixed or mobile, their level of formality and amount of regulation (see Table 3.1).

Waste-picking is connected with the formal economy through chains of supply; it is performed in both public and private space, it is a mobile activity, and it is almost completely informal with very little regulation. Street vending is connected to the formal economy through the demand chain, uses mainly public space, is a fixed-mobile activity, and is more formal and regulated than waste-picking (e.g. street vendors pay municipal taxes but not business taxes). HBEs are connected through both the supply and demand chains, use mainly private space, are fixed activities, and are the most formal and regulated informal enterprises of my sample (some of them pay municipal and business taxes, but do not satisfy land and sector specific regulations such as sanitary, electricity or working conditions). Finally, as explained in Chapter 1, these three activities combined provide a large amount of employment, accounting for more than 15% of the total employment in Chile.

Table 3.1: *Characteristics of Waste-Picking, Street Vending and Home-Based Enterprises*

	<i>Waste-Picking</i>	<i>Street Vending</i>	<i>HBE</i>
<i>Characteristics</i>			
<i>Link with formality</i>	<i>Supply chain</i>	<i>Demand chain</i>	<i>Supply and demand chain</i>
<i>Space of operation</i>	<i>Public and private</i>	<i>Public</i>	<i>Private</i>
<i>Level of mobility</i>	<i>Full</i>	<i>Partial</i>	<i>Fixed</i>
<i>Level of informality</i>	<i>Complete</i>	<i>High</i>	<i>Soft</i>
<i>Rule of law</i>			
<i>Recognition</i>	<i>No</i>	<i>Yes</i>	<i>Yes</i>
<i>Local taxes</i>	<i>No</i>	<i>Yes</i>	<i>Yes</i>
<i>Local regulations</i>	<i>No</i>	<i>Yes</i>	<i>Yes</i>
<i>National taxes</i>	<i>No</i>	<i>No</i>	<i>Partial</i>
<i>National regulations</i>	<i>No</i>	<i>No</i>	<i>Partial</i>
<i>Power of the municipality</i>			
<i>Authorisation</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>Determining location</i>	<i>Yes</i>	<i>Yes</i>	<i>No</i>
<i>Determining taxation</i>	-	<i>Yes</i>	<i>Yes</i>
<i>Fixing of additional regulations</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>Determining operation schedule</i>	<i>Yes</i>	<i>Yes</i>	<i>No</i>
<i>Police controls</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>Closure of the business</i>	-	<i>Yes</i>	<i>Yes</i>

Source: Based on survey by author. 'Recognition' refers to whether or not the activity is officially recognised as employment by law. Local and national regulations refers to whether or not the activity is subject to regulations.

For each of the informal sub-sectors, municipalities within Greater Santiago have been selected to study in detail. Selection has been based on a strategy of maximum variation and matching. To do this, I first searched policy reports, newspapers and online news articles to locate extreme

cases where the informal sector is supported or repressed by local authorities. Second, the theoretical framework of three schools of thought (dualist-voluntarist, structuralist, and neoliberal) plus emerging supportive policies has been used to complement the previous selection, matching municipalities with existing schools of the informal economy. For this, an initial interview with the leader of the national organisation of informal self-entrepreneurs in each sector was used to inform the final selection of cases. The research accordingly obtained a purposive sample that has maximum variance of existing municipal policy approaches.

WASTE-PICKING, STREET VENDING AND HOME-BASED ENTERPRISES IN CHILE

The next section introduces the three chosen sub-sectors of the informal economy, outlining their demographic, economic, social and gender characteristics. The information is presented at the national level, and when possible, at the regional level.

Waste-picking in Chile

Waste-picking has been present in Chile for least 40 years, as Castro and Paz (1976) reported people collecting food, bones, and scraps to make a living. They were referred to by several names during this time, such as '*hueseros*' (bone collectors), '*cachureros*' (collectors of odds and ends) or '*cartoneros*' (cardboard collectors), and more recently have been referred to as '*recicladores*' (recyclers). The activity expanded to include the collection of recyclable materials, such as paper, cardboard or plastic bottles, following the incorporation of large recycling companies. Nowadays, in both cooperatives and independently, waste-pickers collect for two purposes: recycling (by selling to middlemen who then sell the product on as raw material to local industries) or reusing (by selling odds and ends in street markets). Waste-picker activities can be found throughout the fifteen regions of Chile, from the cold south to the hot north of the country, and constitute an estimated 51,600 people nationwide. Almost all workers in the sector have very low levels of education, with 92% not having completed secondary school. The activity is mainly male-dominated (81% are men). Gender differences are important – even though female waste-pickers have higher levels of education than males, they have much lower levels of income and access to pensions (see Table 3.2).

In the Santiago Metropolitan Region there are 14,700 waste-pickers (28% of the total waste-pickers in Chile), composed of around 12,083 men and 2,627 women. Although regional authorities in Santiago intervene insofar as they set the minimum standards for SWM administration,

it is the municipalities that fully control the system by designing, implementing, enforcing and paying for it. As a result, waste-pickers are mainly affected by the municipal policies that are in place where they work. Recycling activities in Santiago comprise a number of uncoordinated activities: waste-picking, designated recyclable collection-points and the selling of waste between enterprises. However, waste-pickers alone account for 70% of the total waste recycled in the Santiago metropolitan region, recycling 10% of the total amount of waste produced and removing 810 tonnes of waste from landfills each day (CONAMA 2005). Waste-picking is thus relevant for both its generation of employment and positive environmental impact.

Table 3.2: *Demography, Economic Condition, Social Security and Capital Access of Waste-Pickers in Chile*

<i>Waste-Pickers (national figures)</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>
Demography			
1. Sex (%)	80.8	19.3	100.0
2. Age (mean)	47.0	45.8	46.8
3. Household size	4.0	4.7	4.1
4. Education (%)			
<i>Incomplete secondary school</i>	95.0	81.2	92.4
<i>Complete secondary school</i>	3.7	18.8	5.9
<i>Incomplete technical or university</i>	0.9	0.0	0.7
<i>Complete technical or university</i>	0.4	0.0	0.3
Economic Situation			
5. Average income per worker (monthly)	263.42USD	133.14USD	237.89USD
6. Working hours per week	41.6	33.5	40.0
7. Average productivity per day	6.33USD	3.98USD	5.94USD
8. Have second employment (%)			
<i>Yes</i>	20.0	0.3	16.2
<i>No</i>	80.0	99.7	83.8
9. Poverty (%)			
<i>Indigent</i>	4.3	0	3.5
<i>Poor</i>	21.1	6.3	18.3
<i>Non-poor</i>	74.6	93.7	78.3
Social Security			
10. Pension access (%)			
<i>Yes</i>	59.8	25.4	53
<i>No</i>	40.2	74.6	47
11. Access to healthcare (%)			
<i>None</i>	0.6	0	0.5
<i>Public health</i>	98.8	0	99.0
<i>Public (low coverage)</i>	52.8	99.7	61.8

Table 3.2: Demography, Economic Condition, Social Security and Capital Access of Waste-Pickers in Chile (continuation)

<i>Waste-Pickers (national figures)</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>
<i>Public (low-medium)</i>	33.1	0.3	26.8
<i>Public (medium)</i>	10.8	0	8.7
<i>Public (medium-high)</i>	2.1	0	1.7
<i>Private health</i>	0.6	0	0.5
<i>Would move to formal economy (same income)? (%)</i>			
<i>Yes</i>	27.8	6.3	21.7
<i>No</i>	68.1	93.7	75.4
<i>Capitalisation (%)</i>			
<i>12. Vehicle ownership (for work purposes)</i>	0.2	0	0.0016
<i>13. Mobile phone ownership</i>	50.0	20.1	44.2
<i>14. Size of residential plot</i>			
<i><100 sq. metres</i>	65.9	87.7	63.0
<i>101-200 sq. metres</i>	25.3	5.3	21.3
<i>201-300 sq. metres</i>	8.8	0.3	7.1
<i>301-500 sq. metres</i>	7.8	0	6.3
<i>>500 sq. metres</i>	1.2	6.7	2.4

Source: Own elaboration. Data from CASEN 2009 (Chilean household survey). Data represents a subsample of the survey selected by activity (waste-picking) and work location (in the street). Regional weights provided by the survey have been used in estimation.

Street vending and street markets in Chile

Street vending activities, and particularly street markets, are present in fourteen out of fifteen regions of Chile. There are a total of 124,058 street vending enterprises in Chile, generating 134,861 jobs (see Table 3.3), i.e. 2% of national employment. Concentrated in the Santiago Metropolitan Region, there are 78,715 street vending micro-enterprises (65% of the national total) generating 85,569 jobs. Almost all of these enterprises are small in size, employing fewer than 5 workers (98.9%). Street vendors have low levels of education, with 96.0% of all street vendors having only secondary (26.5%) or lower (69.6%) levels of schooling. Regarding gender, men and women are almost equally represented in the activity nation-wide, however women have lower incomes and access to pension and health schemes.

Among street vendors, the largest group comprises the '*feriantes*', which refers to those who sell in '*ferias libres*' (street markets). *Ferias libres* have been part of the landscape of Santiago

for more than 100 years. According to the Chilean National Confederation of Street Markets (ASOF, from its Spanish acronym) (2014), there are a total of 66,514 *feriantes* in Chile. In the Santiago Metropolitan Region, there are 425 *ferias libres* where 42,203 (63.5%) *feriantes* are working (ibid.).

Regional and national regulations only prohibit the sale of certain types of products – such as food cooked in the street – but in general terms, as ‘administrators of the public space’, municipalities are in charge of all other aspects of *ferias libres* regulation (MICH 2006). Municipalities thus fully determine and administrate the very existence of street markets by determining their number, size, location, permanence and tax payments. *Ferias libres* are temporary markets, and over the course of a week perform several ‘*posturas*’ (the process of setting up, trading and dismantling a street market in a particular location, see Plates 3.1 through 3.3), moving to different neighborhoods on particular days. Each *feriante* can go through as many as 3 or 4 *posturas* in a week. *Feriantes* pay ‘*patentes*’ (local taxes), the price being determined by each municipality. However, they do not pay national taxes, such as VAT or income tax. *Ferias libres* sell food (60.2%) (mainly fruits, vegetables, fish and seafood), products for the home (28.2%) and personal items (11.60%), and represent the main providers of fruits and vegetables (70%), seafood and fish (50%) and eggs (50%) for Chilean households.

Plate 3.1: *Demarcation of feriantes’ stall.*



Source: Pablo Navarrete.

Plate 3.2: *Feriantes installing their stalls, Maipú.*



Source: Pablo Navarrete.

Plate 3.3: *Feriante selling fruit and vegetables to local customers.*



Source: Pablo Navarrete.

Table 3.3: Demography, Economic Condition, Social Security and Capital Access of Street Vendors in Chile

Street Vendors (national figures)	Male	Female	Total
Demography			
1. Total number	68,549	66,312	134,861
2. Sex (%)	50.8	49.2	100.0
3. Age (mean)	44.7	43.5	44.1
4. Household size	4.5	4.4	4.5
6. Education (%)			
Incomplete secondary school	71.7	67.4	69.6
Complete secondary school	24.5	28.5	26.5
Incomplete technical or university	2.2	1.8	2.0
Complete technical or university	1.7	2.2	1.9
Economic Situation			
7. Type of employment			
Employer/self-employed	90.1	93.9	92.0
Worker	8.9	4.6	6.8
Relative (unpaid)	1.0	1.5	1.2
8. Average income per worker(monthly)	463.53USD	318.06USD	392.87USD
9. Working hours per week	41.7	30.6	36.2
10. Average productivity per day	11.11USD	10.40USD	10.87USD
11. Enterprise size (%)			
Self-employment	61.9	67.3	64.6
<5 workers	31.6	28.2	29.9
5 or more workers	1.8	0.6	1.2
11. Have second employment (%)			
Yes	3.7	4.7	4.2
No	96.3	95.3	95.8
12. Poverty (%)			
Indigent	2.2	2.7	2.5
Poor	10.4	11.9	11.2
Non-poor	87.4	85.3	86.38
13. Sector (%)			
Retail	98.2	98.8	98.5
Manufacture	1.1	0.4	0.7
Other	0.8	0.8	0.8
Social Security			
14. Pension access (%)			
Yes	40.3	30.9	35.6
No	59.7	69.1	64.4
15. Access to health (%)			
None	9.4	3.0	6.2
Public health	89.9	94.7	92.2
Private health	0.5	2.2	1.4
Other	0.2	0.2	0.2
Would move to formal economy (same salary)?			
Yes	26.0	31.9	28.9
No	74.0	68.2	71.1
Capitalisation (%)			
16. Vehicle ownership (for work purposes)	24.4	3.2	14.8
17. Size of residential plot			
<100 sq. metres	38.5	47.1	42.7
101-200 sq. metres	39.2	31.8	35.5
201-300 sq. metres	12.8	12.5	12.7
301-500 sq. metres	5.2	4.8	5.0
>500 sq. metres	4.3	3.8	4.1

Source: Own elaboration. Data from CASEN 2009 (Chilean household survey). Data represents a subsample of the survey selected by activity (retail), work location (in the street) and payment of VAT taxes (none). Regional weights provided by the survey have been used in estimation.

Home-based enterprises in Chile

HBEs are registered in Chile under the title of '*Micro-Empresa Familiar*' (micro family enterprises) (MEFs). MEFs are defined as 'enterprises owned by one or more people who perform their activity inside the house where the owner lives' (MHCh 2002). In the fifteen regions of Chile, there a total of 671,256 HBEs that generate 919,529 jobs, representing 13.9% of total national employment. In Santiago Metropolitan Region there are 292,197 HBEs generating 400,270 jobs, i.e. 10.0% of total employment in this region. HBEs are small in size, with 93% of them having fewer than nine workers (see Table 3.4). As many as 93.9% of them are concentrated within five economic sectors: retail (27.4%), services (24.6%), manufacture (17.0%), construction (16.1%) and finance, insurance and real estate (8.84%). Regarding gender, as in other parts of Latin America (see Gough 1993, p.100) HBEs contain a similar proportion of men and women, and key gender stereotypes can be noted. Women are concentrated in retail, domestic-related services (such as laundry work), clothing manufacture, hairdressing and small restaurant activities. For men, the most relevant activities are construction, retail, mechanics, house-related services and furniture manufacture.

At a national level, although people working in HBEs have higher levels of education than waste-pickers and street vendors, their overall education levels are still quite low: 81.67% of people working in HBEs have only secondary education or lower. However, a considerable discrepancy with the other two informal sub-sectors arises in the proportion of people holding a higher education degree (11.5%, compared with less than 2% for the other groups). As with the other sub-sectors, despite men and women having similar levels of education, women still earn much less than men (around two-thirds) for the same number of hours worked, and have lower levels of access to pensions.

Regarding the regulatory system, regional and national regulations prohibit HBEs that involve activities catalogued as 'disturbing, hazardous or polluting' (MHCh 2001, art. 1). Moreover, HBEs are expected to comply with regional regulations specific to the sector in which they operate, such as sanitary regulation for restaurants or noise regulations for furniture manufacturing. With this basic framework, municipalities fully determine and administer the existence of HBEs. These enterprises pay local taxes and are requested to pay national VAT and income taxes, however in practice 73% of HBEs pay neither of these. Municipalities also determine land regulation and control construction codes that HBEs must follow. In practice, municipalities are in charge of enforcing these regulations over time, thus having a large leeway to either tolerate or shut down HBEs.

Table 3.4: Demography, Economic Condition, Social Security and Capital Access of HBEs in Chile

<i>Home-based enterprises (national figures)</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>
Demography			
1. Total number	538,447	381,082	919,529
2. Sex (mean)	58.2	41.8	100.0
3. Age (mean)	45.2	45.8	45.4
4. Household size	4.0	4.0	4.0
5. VAT (%)*			
Paid (services)	12.3	11.3	11.9
Paid (goods)	12.6	16.7	14.3
Not paid	75.1	72.0	73.8
6. Education (%)			
Incomplete secondary school	48.9	44.8	47.2
Complete secondary school	32.9	36.7	34.5
Incomplete technical or university	7.4	6.0	6.8
Complete technical or university	10.8	12.5	11.5
Economic Situation			
7. Type of employment (%)			
Employer/self-employed	69.3	78.2	73.0
Worker	29.5	19.7	25.4
Relative (unpaid)	1.2	2.1	1.6
8. Average income per worker (monthly)	781.03USD	463.83USD	651.26USD
9. Working hours per week	43.0	37.1	40.5
10. Average productivity per day	18.17USD	12.51USD	16.06USD
11. Enterprise size (%)			
Self-employment	53.1	63.9	59.6
<9 workers	35.0	28.8	33.5
10 or more workers	12.0	7.3	6.9
11. Have second employment (%)			
Yes	7.1	5.7	6.5
No	92.9	94.4	93.5
12. Poverty (%)			
Indigent	1.9	1.6	1.8
Poor	6.6	6.3	6.5
Non-poor	91.5	92.1	91.8
13. Sector (%)	92.2	96.5	94.0
Retail	18.2	40.2	27.4
Services	19.3	31.9	24.6
Manufacture	16.2	18.2	17.0
Construction	27.0	1.0	16.1
Finance, insurance & real estate	11.5	5.2	8.8
Social security			
14. Pension access (%)			
Yes	64.2	50.4	58.5
No	35.8	49.6	41.5
15. Access to health (%)			
None	6.2	2.7	4.7
Public health	44.6	45.5	45.0
Private health	3.7	5.3	4.4
Other	0.8	1.0	0.9
Would move to formal economy (same salary?)			
Yes	31.0	22.2	27.1
No	69.0	77.8	73.0

Table 3.5: Demography, Economic Condition, Social Security and Capital Access of HBEs in Chile (Continuation)

<i>Home-based enterprises (national figures)</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>
Capitalisation (%)			
16. Vehicle ownership (for work purposes)	16.5	7.5	13.8
17. Mobile phone ownership	78.5	77.3	78.0
18. Size of residential plot			
<100 sq. metres	34.6	36.9	30.1
101-200 sq. metres	29.7	30.5	30.6
201-300 sq. metres	13.4	13.9	13.6
301-500 sq. metres	8.4	8.4	8.4
>500 sq. metres	13.9	10.4	12.5

Source: Own elaboration. Data from CASEN 2009 (Household survey of Chile). Data represents a subsample of the survey selected by activity (all except maids) and place of work (in the home). Regional weights provided by the survey have been used in estimation.

**Percentage of businesses that pay VAT, broken down into service businesses and goods businesses*

MIXED METHODS: EXPLORATORY SEQUENTIAL DESIGN

I have used a mixed method strategy of data collection and analysis to undertake this study. An early definition of mixed methodology defines it as including ‘at least one quantitative method (designed to collect numbers) and one qualitative method (designed to collect words)’ (Greene et al. 1989, p.256). Greene’s definition was then expanded upon by Johnson et al. (2007, p.123), who defined mixed method research as a ‘type of research in which a researcher or team of researchers combines elements of qualitative and quantitative research approaches (e.g. use of qualitative and quantitative viewpoints, data collection, analysis and inference techniques) for the purpose of breadth and depth of understanding and corroboration’. Finally, Greene (2007, p.20) complements this definition, clarifying that mixed methods are not an eclectic methodology where ‘everything goes’, but rather they allow for the expression of ‘multiple ways of seeing and hearing, multiple ways of making sense of the social world’. I have used a mixed method strategy to both deepen the understanding and corroboration in the study, and to allow for multiple (research) narratives of informal entrepreneurship.

The use of a mixed method strategy in this research project is justified for two reasons: first, studying the impact of local supportive policy on the informal economy from one source of data seems insufficient, and second, the incorporation of both methods appears to be complementary. On the one hand, qualitative research (studying small samples) builds a deep understanding of the diversity of informal entrepreneurs’ visions, their reasons for entering into an activity and the specificities of informal sub-sectors in Santiago de Chile. Moreover, qualitative analysis allows us to explore municipalities’ understanding of the informal economy, and thus the logic behind

municipal policymaking. Finally, qualitative methods can lead to more complete theories of the informal economy, and a better understanding of the limitations of a local supportive approach. However, qualitative conclusions are unlikely to be generalisable to a larger population since they are susceptible to different sources of bias arising from sampling methods, interviewees' responses and the researcher's personal interpretation of verbal data (Collier & Mahoney 1996; Creswell & Plano-Clark 2011; Kvale 1994). Qualitative methodology can thus inform us about expectations but tell us little about the impact of supportive municipal policy approaches or the generalisability of their impacts.

On the other hand, quantitative analysis (studying large samples) allows us to measure how representative and accurate competing explanations of the informal economy are. It also permits us to explore the ability to extrapolate qualitative findings to a larger population. Furthermore, it enables us to assess the impacts of supportive policy approaches and explore the effectiveness of specific municipal policies on performance within the informal economy. Nevertheless, this method alone tells us nothing about the reasons behind the impacts and rationality of municipal policy, which are so central to this research. Additionally, exclusive reliance on quantitative methods can fail to test emerging municipal approaches and/or specific policies that are currently in place but are not contained in the existing literature. This is particularly relevant to this study as there is currently no theoretical framework to explain why municipalities decide to support the informal economy (particularly true for the cases of street vendors and HBEs), nor the logic behind the design of supportive policies and their expected outcomes.

The limitations of both qualitative methods can be counterbalanced by the strengths of quantitative methods, and vice versa (Creswell & Plano-Clark 2011, p.8). With this combination of methods, I will be able to provide a more complete and robust understanding of municipal policies that is generalisable whilst still acknowledging the diversity in the informal sector.

Exploratory sequential design

This research utilises an exploratory sequential design (ESD) from among several other possible mixed method strategies. Creswell and Plano-Clark (2011, p.68) identify six common typologies of mixed method studies applied to social science research, each of which emphasises different levels of priority, timing, mixing and interaction (see Table 3.5).

Table 3.6: Six Common Typologies of Mixed Methods Applied to Social Science Research

<i>N</i>	<i>Type</i>	<i>Notation</i>
1	Convergent parallel design	Quant + Qual = converge results
2	Explanatory sequential design	QUANT → qual = explain results
3	Exploratory sequential design	QUAL → quant = generalise findings
4	Embedded design	QUANT (qual) = enhance experiment
5	Transformative design	Quant → Qual = interpretation
6	Multiphase design	Qual → Quant → Qual → ... = program evaluation

Adapted from Creswell and Plano-Clark (2011, p.68). Notation system suggested by Moser 1991, Nastasi et al. 2007 and Moser and Niehaus 2009. 'quant' indicates quantitative, 'qual' indicates qualitative, upper and lower letters denote prioritised method, '+' indicates that methods occurs at the same time, '→' indicates a sequence, '→←' indicates implementation in a recursive fashion, '=' indicates the purpose of using a mixed method.

Moser (1991) and Morgan (1998) underline that an ESD method, with a qualitative-priority, is particularly suitable to test specific aspects of emergent theory or to explore a phenomenon in depth, and then measure the relevance of competing explanations. In this sense, this particular method fits my research purpose as it can provide a deep understanding of local supportive policy-making, first by building on existing and emergent theory, and then by evaluating the accuracy of its policy predictions. ESD is used in a two-stage strategy: first qualitative, and then quantitative methodology (Creswell & Plano-Clark 2011). In the first step, I have used a qualitative approach where verbal data were collected and analysed in an initial stage of fieldwork from June to September 2014. From this, qualitative analysis was carried out to identify the various visions, motivations, explanations and logic behind the impacts of municipal policies (Creswell et al. 2003; Greene et al. 1989). In the second step, quantitative data were collected in a second stage of fieldwork from August 2015 to January 2016. From this, data were then used to test the plausibility and/or generalisability of qualitative findings to a larger population. This research applies ESD in its theory-development variant, prioritising qualitative research to develop emergent theory or taxonomies (rather than instruments) and then testing the relevance of this theory and its relationship to a larger population (Creswell & Plano-Clark 2011) (see Figure 3.1). Findings are reported in an interactive manner allowing the reader to compare qualitative and quantitative results.

Figure 3.1: Exploratory Sequential Design (adapted from Creswell and Plano-Clark 2011)



First stage: qualitative study

The qualitative component of this study explores three central themes with a sample of 97 participants. The first theme engages with understanding informal activities in the context of Santiago de Chile: what are the motivations behind informal entrepreneurs entering and/or exiting the activity, what are the links between the formal and informal economies and what is the economic evolution behind each informal activity? The second theme pertains to understanding the relationship between municipalities and informal entrepreneurs, how municipalities perceive informal entrepreneurs, what the rationality is behind supportive local policymaking towards informality, and what are the impacts of those policies. The final theme explores the limitations of supporting informal entrepreneurs at the local level, and potential solutions to overcome these limitations. For this purpose, verbal data from interviews with local authorities and local leaders of informal unions, as well as group discussions with informal workers in Santiago, were collected. In this section I discuss the sampling, collection, analysis and interpretation strategies used to gather and study these qualitative data.

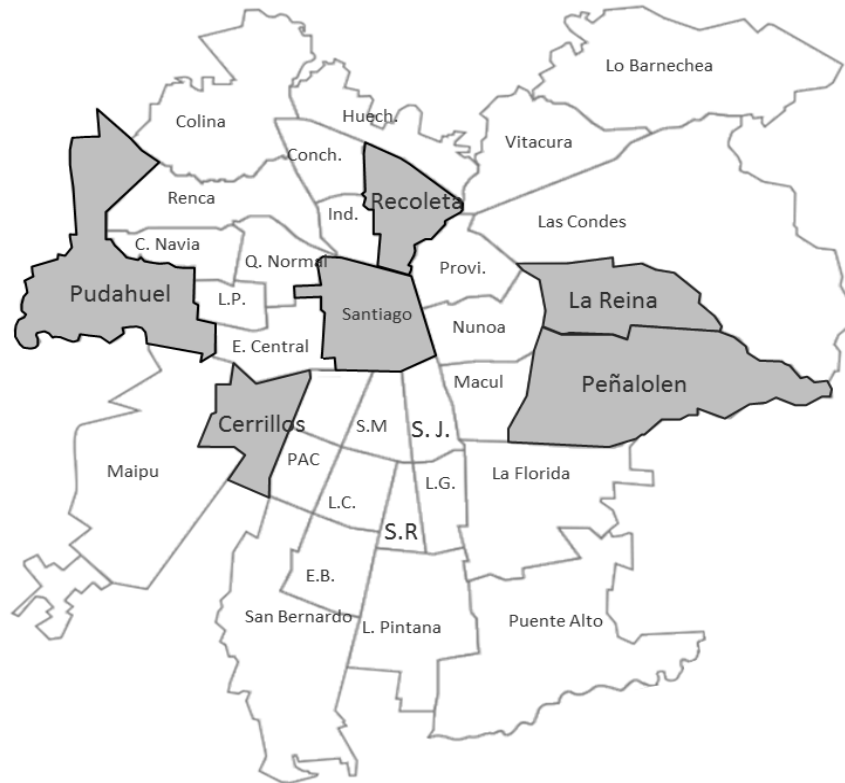
A criterion sampling strategy

This research uses a purposive sampling strategy to recruit participants in interviews and group discussions. In particular, it uses a criterion sampling strategy (Hay et al. 2010) where participants were selected to accurately reflect as much as possible the diversity of municipal approaches towards the informal economy (dualist-voluntarist, structuralist, neoliberal, and emerging support policies). As noted in Chapter 1, to select the sample for each informal sector, I explored policies and news reports, as well as performing interviews with national representatives of informal organisations, in particular the National Movement of Recyclers of Chile (MNRCh) to represent waste-pickers, the Chilean National Confederation of Street Markets (ASOF) for street vendors and the National Confederation of Small Industry and Handcraft (CONUPIA) for HBEs. Figures 3.2, 3.3 and 3.4 show the municipalities selected for each sub-sector of the UIE using this sampling strategy.

Following this, for each municipality, local informal organisations were contacted using the information provided by the corresponding national organisation. For each local organisation a member of the directive was selected and interviewed. Local leaders provided information about the municipal department with which they interact most closely and provided contacts for local informal entrepreneurs. The municipal department was then contacted separately without

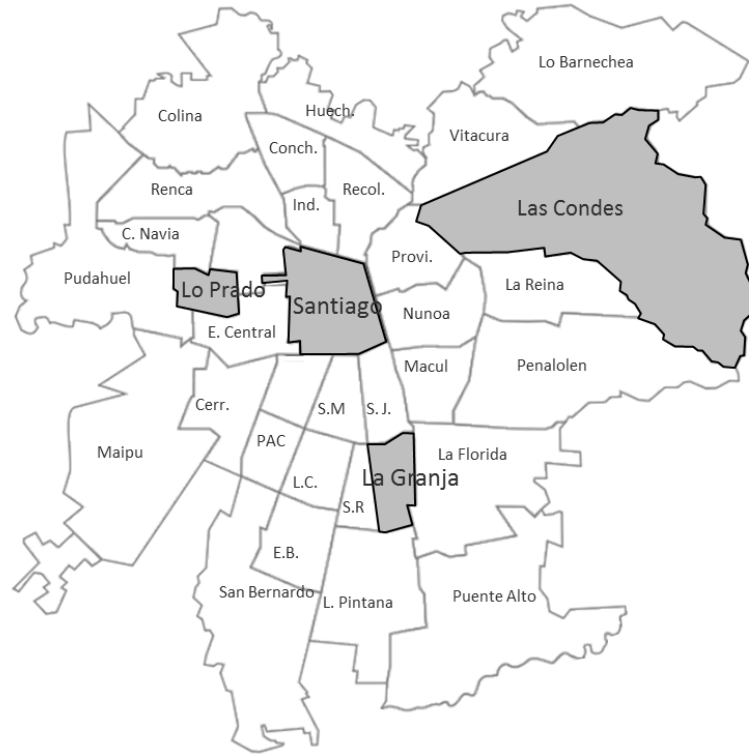
referencing informal local leaders, and an interview was conducted with the chief officer. Similarly, local informal entrepreneurs were contacted by telephone and invited to a neighbourhood space to conduct a group discussion.

Figure 3.2: *Municipalities Selected to Study Policies Towards Waste-Picking*



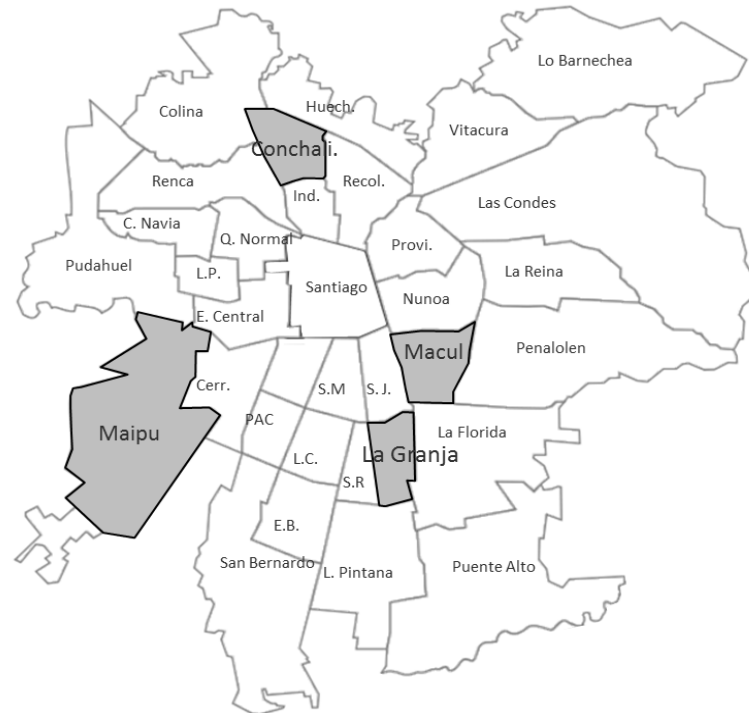
Municipal Approaches: Santiago (Dualist approach), Pudahuel and Cerrillos (Neoliberal), Recoleta (Structuralist), La Reina and Peñalolen (Support)

Figure 3.3: *Municipalities Selected to Study Policies Towards Home-Based Enterprises*



Municipal approaches: None for dualist approach, La Granja and Las Condes (neoliberal), Lo Prado (structuralist), Santiago (support)

Figure 3.4: *Municipalities Selected to Study Policies Towards Street Vending*



Municipal Approaches: La Granja (dualist), Maipú (neoliberal), Conchalí (structuralist), Macul (support)

Data collection: group discussions and interviews

Qualitative data collection consisted of in-depth semi-structured interviews and focus groups, involving a total of 97 participants over three informal sectors (a detailed list of interviews is provided in Annex 9). I conducted semi-structured interviews and focus groups face-to-face from the beginning of June to the end of September 2014. Before commencing interviews and groups discussions, the objective of the research was explained, and anonymity was guaranteed. Interviews and groups discussions were electronically recorded and then fully transcribed into Microsoft Word for later analysis. All original names of participants have been replaced by pseudonyms in order to preserve their anonymity.

Interviews

Thirty-six in-depth interviews were conducted with municipal officers, national and local leaders of informal organisations, and when necessary middlemen and leaders of formal industries. This strategy served two purposes: allowing for the collection of information from all actors, including those on both the designing and receiving ends of municipal policies; and the triangulation of information from multiple informants. Twelve topic guides were built to collect verbal data, i.e. one for each sector and each type of participant (with three informal sectors and four participant types). Questions in the topic guides explore five areas of informality: reasons for working in the particular activity; reasons for entry and exit; linkages with the formal economy; rationale of municipal policies; and the limitations of policies (see Annexes 10, 11 and 12). Interviews lasted between 46 minutes and 2 hours 7 minutes. Interviews were conducted on the site of the activity, meaning that I was able to observe the context of informal workers. Participants were required to express their verbal consent before being interviewed and recorded.

Group discussions

Twelve group discussions were conducted with 61 informal workers across the three informal sub-sectors. As explained above, local leaders provided a list of contacts of informal entrepreneurs, and from these a sample of ten people was selected for each municipality in order to provide a diversity of socio-demographic characteristics, notably age and gender. Group discussions took place in 'sedes vecinales' (neighbourhood association spaces) and participation was voluntary, thus accounting for the varying numbers of participants across group discussions. One topic guide for each sector was designed to conduct groups discussions. Questions in these topic guides explore six aspects of informality: entry and exit in the activity; economic rationality of the activity; capital en-

dowments; municipal policies; relations with local authorities; working conditions; and negative externalities of the activity (see Annexes 10, 11 and 12). Focus group attendance varied, ranging from 4 to 8 informal entrepreneurs, and sessions lasted between 1 hour 3 minutes and 1 hour 39 minutes. After explaining the objective of the research and ensuring anonymity, participants were asked to express verbal consent to be recorded. One participant refused to participate.

Group discussion started by asking participants to introduce themselves to the group and, when required, explain their type of activity performed. I then introduced some general themes regarding their motivations behind starting an informal enterprise, and alternate motivations for undertaking formal work. Following this, I moved the discussion to their capital endowments and problems faced when developing their enterprises, finally moving to the more complicated questions of negative externalities and their relationships with their respective municipalities. During the focus group, I stimulated interaction and focused on divergent opinions, to enrich the diversity of qualitative data collected.

Ages in these group discussions ranged from 28 to 65 (with a mean of 49) and gender was generally balanced across focus groups, although certain groups were skewed towards men. One group discussion was comprised only of men and another only of women. Age, gender and duration of each focus group is shown in Table 3.7 .

Table 3.7: *Composition of Group Discussions by Activity, Municipality, Gender and Age.*

<i>Activity</i>	<i>Municipality</i>	<i>Local Policy Approach</i>	<i>Men</i>	<i>Women</i>	<i>Total</i>	<i>Age (mean)</i>	<i>Duration of the interview</i>
<i>Waste-pickers</i>							
	<i>Pudahuel</i>	<i>Repression</i>	2	2	4	50	01:00:00
	<i>Cerrillos</i>	<i>Tolerance</i>	3	1	4	52	01:03:00
	<i>Recoleta</i>	<i>Weak support</i>	4	2	6	52	01:02:00
	<i>Peñalolén</i>	<i>Strong support</i>	3	4	7	48	01:05:00
<i>Street Vendors</i>							
	<i>La Granja</i>	<i>Repression</i>	3	2	5	50	01:27:00
	<i>Maipú</i>	<i>Tolerance</i>	6	0	6	48	01:03:00
	<i>Conchalí</i>	<i>Weak support</i>	2	2	4	51	01:04:00
	<i>Macul</i>	<i>Strong support</i>	3	1	4	52	01:37:00
<i>Home-Base Enterprises</i>							
	<i>La Granja</i>	<i>Repression</i>	1	3	4	49	01:07:00
	<i>Las Condes</i>	<i>Tolerance</i>	2	3	5	51	01:39:00
	<i>Lo Prado</i>	<i>Weak support</i>	1	5	6	49	01:39:00
	<i>Santiago</i>	<i>Strong support</i>	0	6	6	43	01:23:00

Data analysis: a hybrid thematic method

I introduced earlier the concept of a hybrid approach of deductive and inductive analysis in my methodological process (see *Mixed Methods: A Qualitative-Quantitative Approach*). I will now focus on the practicalities of implementing such a method following the data collection process described above. To gather an insight into the themes and concepts present throughout the data, a deductive approach has been used to build a ‘theory-driven codebook’ that contains the main interpretations and policy recommendations from the different schools of thought. These codes were built following Boyatzis’ (1998) methodology: by identifying labels, defining labels and describing ways of interpreting the code. As recommended by Fereday and Munir-Cochrane (2006), checks were performed to improve the reliability of the code. The following process is applied: first, the codebook was tested on a portion of an interview; second, corrections were made to the codebook to include any missing theory-driven categories; and finally, the codebook was applied to the full data set. The verbal data, previously digitalised in Microsoft Word, was entered into the N-VIVO data management software and codified according to the ‘theory-driven codebook’. N-VIVO was relevant for managing a large verbal data base, to introduce emerging themes and categories in codebooks, and particularly to explore data through graphical analysis tools and to track the representative quotes.

The deductive approach was complemented with an inductive approach. After fully coding the verbal data according to the ‘theory-driven codebook’, the remaining data was coded in order to incorporate emerging themes to build a ‘data-driven codebook’. At the same time, I took notes of the emerging concepts in order to build a larger construct of organised themes. This data-driven analysis constitutes the main source of new findings as these categories are not contained in the existing literature concerning the informal economy. From this exercise a complete codebook was built that captures the full richness of my qualitative data, allowing for a deep understanding (Boyatzis 1998) of informal activities and approaches to municipal policies in Santiago de Chile (a short sample of waste-picker codebook is provided in Annex 16).

Interpretation: themes and quotes

Data interpretation has been performed according to Attride-Stirling’s (2001) recommendations as follows: first, the ‘basic themes’ (lower-order) are identified; second, they are grouped according to ‘organising themes’ that summarise abstract concepts (middle-order); finally, they are grouped into ‘global themes’ (higher order) to encapsulate the main findings of the research. To

facilitate the analysis of verbal data, two tools have been used: memos and N-VIVO tools. First, memo notes taken throughout the process of coding summarise the key concepts and ideas that emerge from the data. Second, using N-VIVO tools to explore data, graphics such as tree maps and bar charts are constructed. These data analysis tools allowed me to graphically compare the intensity of coding in categories across all interviews and group discussions. This is not used for statistical ends, but rather as a tool to ensure that important categories underlined by the interviewees are not left out.

Findings are reported with stress placed on two issues: assessing how well existing theories match with each informal activity in Santiago and reporting new findings of emerging subjects for the case studies. When reporting findings, analytical and empirical evidence is provided. In practical terms, findings are presented in analytical paragraphs (researcher's voice) and supported with interview/group discussion quotes (respondents' voices) in accordance with Baxter and Eyles' (1996, p.508) recommendations. The selection of quotations presented in the final report follows two criteria: representativeness and inclusion. Representativeness refers to the extent to which an interviewee's quote reflects/illustrates the underlying concept that is being analysed. Inclusion is used in the sense of incorporating as many interviewees' voices as possible. Representativeness of underlying concepts is used as the main criterion for selection, whereas an approach of inclusion is necessary for cases where several quotes express the underlying concepts clearly.

A note on evaluating rigour

Baxter and Eyles (1996), after reviewing 31 qualitative papers, developed a number of strategies to ensure rigour in qualitative analysis. My research uses nine of these strategies. First, this research has already clearly presented the rationale for its methodology – using qualitative methods to explore the role of local policies and quantitative analysis to expand upon these results. Second, this research uses two types of triangulation: sources and methods. According to Baxter and Eyles (1996, p.508) 'triangulation is one of the most powerful techniques to strengthen (the) credibility (of findings)' as multiple sources converge in their results. Triangulation of sources is performed by including interviews with public officers, informal leaders and informal workers, from which we can locate sources that corroborate each others' descriptions. Moreover, the inclusion of thematic and statistical analyses allows me to check that qualitative findings are confirmed by quantitative analysis and vice versa. Third, in this chapter, the method of selecting participants (criterion purposive sampling) and the reason for using this method are transparently stated. Fourth, quotations have been included to reveal how 'meanings are expressed in the respondents' own

words' (Baxter and Eyles 1996, p.508). Fifth, details of how interviews were conducted through an overt technique and samples of questionnaires are presented (see Annexes 10, 11 and 12). Sixth, the procedure of analysis – a hybrid inductive/deductive method – is clearly stated (see Annex 16). Seventh, findings are contrasted with the existing literature to analyse the confirmation or refutation of existing theories. Eighth, the rationale of verification is guaranteed by the methodology chapter, which presents an explanation of the collection, analysis and interpretation of data. Finally, in the findings chapter, the presentation of both researcher and respondent voices allows the reader to evaluate the harmony between these two perspectives.

Second stage: quantitative methodology

Qualitative findings are tested and generalised using quantitative data sources. Quantitative analysis is used to triangulate, complement and expand upon the conclusions from the qualitative analysis (Grenne et al. 1989). Regarding triangulation, I look for convergence, corroboration and correspondence with qualitative results, enhancing the validity of findings (Bryman 2006). The quantitative analysis naturally provides further elaboration and illustration of qualitative data, enhancing the credibility of findings (Bryman 2006). Finally, this analysis expands on the qualitative results, so they can be applied to a larger population of informal entrepreneurs in each sub-sector. I will now describe the sampling, collection, analysis and interpretation strategies used in the quantitative analysis.

Sampling methods and data collection: primary and secondary data sources

For quantitative analysis, this research uses primary and, to a lesser extent, secondary data. Since there are no other data sources available regarding existing municipal policies, it was necessary to build up surveys that could provide a detailed characterisation of informal entrepreneurs and evaluate local policy impacts on each informal sub-sector.

Primary quantitative data sources

According to Groves et al. (2009, pp.69-70), sampling frames are essential to build representative surveys – in some cases these already exist, in others they need to be built. In the case of waste-pickers, registration is not required, and some waste-pickers do not even have a fixed address, so a sampling frame does not exist from which to build a representative survey. Therefore, a

census of cooperatives was applied as a second-best alternative. In the case of HBEs and street vendors, Chilean municipalities have updated lists of ‘*microempresas familiares*’ (HBEs) and ‘*feriantes*’ (street vendors) that is updated every six months. This list contains the name of the owner, the location of the enterprise and types of goods traded.

Census to four waste-pickers cooperatives

A survey was designed to collect quantitative data from four cooperatives of waste-pickers (La Reina, Santiago, Cerrillos and Maipú). Specific cooperatives were selected to represent the policy approaches established in Chapter 2 (see p.56). Association leaders provided a list of members which was used to perform a census, achieving a 100% response rate. This survey was self-administrated between March and April 2010 to 100 waste-pickers in the form of a census, collecting data from all members of these cooperatives. For illiterate waste-pickers, I presented the survey verbally. With this quantitative data, I then tested the plausibility and relevance of the hypothesis established in the first qualitative stage of analysis. Given the non probabilistic nature of this survey, results should thus be interpreted carefully. Unlike street vendor and HBE surveys, they are valid for the surveyed cooperatives, and do not necessarily represent the larger population of waste-pickers in Santiago de Chile.

Stratified random sample survey for street vendors and HBEs

For HBEs and street vendors, a stratified sample survey was designed. Sampling frames have been collected for 35 municipalities from the period May to June 2014 for both sectors². From this, a stratified random sample was taken. The municipality was used as a stratum to guarantee the representativeness of HBEs and street vendors at the local level. Individuals were then selected randomly from each stratum (in each municipality a simple random sample selection is performed), allowing a 95% confidence of representativeness of my sample. Between August and January 2015, a total of 402 surveys of randomly selected street vendors and 406 HBEs were administrated face-to-face at the workplace by trained surveyors³ across 35 municipalities, achieving a response rate of 70% and 71% for street vendors and HBEs respectively. As Groves et al. (2009) point out, sampling stratification techniques provide smaller standard errors and confidence intervals, leading to more accurate population estimates.

Secondary quantitative data

Secondary data sources come mainly from municipal administrative data, the Chilean household survey (CASEN 2009) and from national informal unions. For all three sub-sectors, I drew upon administrative data from the 2015 Municipal System of Information (www.sinim.gov.cl). For the analysis of waste-picking activities, I have complemented my census survey results with the 'Primera Encuesta de Recicladores y Recicladoras, 2013' (PERR 2013) from the NGO Fundación Casa de la Paz and the Chilean household survey (CASEN 2009). The PERR (2013) survey uses a non-probabilistic sample containing 404 observations of waste-pickers in four different municipalities, while the CASEN (2009) survey uses a probabilistic sample, but only contains 66 observations for the region. Further detail of secondary sources of data can be obtained inside each institutional document (Fundación Casa La Paz & MNRCh 2013; CASEN 2009).

Analysis: descriptive statistics and ordinary least squares

For quantitative analysis, descriptive statistics and ordinary least square (OLS) methods have been used. To generate descriptive statistics, for waste-pickers simple statistics have been calculated without weights. In the case of surveys with stratified sampling (HBEs and street vendors), weighting factors have been used to ensure that descriptive statistics are accurate. Weight factors include the design weight, non-response weights and post-stratification weights.

To analyse the impact of local policies, OLS modelling has been used. The OLS model has been constructed to identify the policy impact over indicators of performance (economic, social, environmental and negative externalities). Performance indicators (response variable) are identified from a combination of literature sources and qualitative findings. Local policies (explanatory variables) are controlled for owners, enterprises, neighbourhood and municipality. In this way, the models test the impact of specific policies on an increase/reduction in performance for each sub-sector. Quantitative results are then discussed in the context of qualitative findings, which explain the mechanisms behind policies having a particular impact.

All OLS models are estimated with robust testing (standard errors) using Stata software. My preferred specification is using all controls, but I also report different model specification for transparency reasons. The regression models test the relationship between performance indicators (Y) and municipal policies (β_1) controlling by individual (β_2) and enterprise (β_3) characteristics, and neighbourhood (β_4) and municipal (β_5) socio-economic conditions, as shown in the equation:

$$(1) Y_{(indicators)} = \beta_0 + \beta_1 \text{loc.policies} + \beta_2 \text{individual} + \beta_3 \text{enterprise} + \beta_4 \text{neighbourhood} + \beta_4 \text{municipality} + \epsilon$$

The particular variables used in each each sub-sector's OLS equation are described in each empirical chapter⁴.

A note on the associational interpretation of results

This research is mainly concerned with associations between local policies and performance, and not about causality. There are two reasons for this. First, there is little qualitative understanding of the impact of local policies on the performance of the informal economy. Second, there are almost no studies that quantitatively evaluate the impact of local policies on these three informal sub-sectors. Therefore, since we know so little about the impact of municipal policies, in both theoretical and empirical terms, there is no point in narrowing this research to look for the very specific causal impact of one particular local policy. It seems more reasonable, at this stage of research, to gain a deep understanding of the mechanisms behind the impact of municipal policies, and to identify policies as 'likely' to have a relevant impact on the performance of the informal economy. After this process of establishing the most effective policies has been undertaken, further studies can focus on the specificities of disentangling the causality question.

CONCLUSIONS

This chapter has outlined the rationality behind my selection process and presented the main features of the three UIE subsectors in Santiago de Chile that provide the focus of this study. The selection of Santiago de Chile, a city with a well-functioning public sector, a sizeable and diverse informal economy, and a diversity of municipal practices within one single region, complements the selection of three sub-sectors of the urban informal economy. Waste-pickers, street vendors and HBEs are sub-sectors that have a sustained longevity over time, that account for a diversity of practices, and that generate significant amounts of employment. Each of these three activities contains a varied and contrasting male to female ratio⁵ (see Tables 3.2, 3.3 and 3.4), holds a different position in supply and demand chains, uses public and private space in different ways and faces varying levels of regulation. With the diversity of these three sub-sectors, and of Santiago de Chile itself, we can obtain a more complete and accurate representation of the diversity of practices and influences that comprise and affect the UIE. The use of a mixed method strategy with exploratory sequential design arguably provides a complete and robust means of studying these three sub-

sectors: first understanding the logic behind the activities and the impact of policies through qualitative techniques, and then testing and generalising from these findings with quantitative methods.

Notes to Chapter Three

1. Although non-assistance might introduce a certain degree of bias from the original qualitative sample by not excluding the view of specific groups of informal workers, this fact does not bias the representativeness of quantitative results that are used to generalise and test the validity of the hypothesis.
2. The survey carried in this study is representative of the whole population of all municipally registered *feriantes* (street vendors) and HBEs. As a consequence, the quantitative results of this study are applicable to the registered population of *feriantes* and HBEs. The lack of sampling frames means that I am unable to build a representative survey of Santiago de Chile for unregistered street vendors and HBEs to collect the detailed data required to test qualitative hypotheses. I have provided general representative statistics for the larger population of registered and unregistered street vendors and HBEs in Tables 3.3 and 3.4 (in Chapter 3) based on the Chilean Household Survey (CASEN 2009).
3. A total of 43 students were hired to carry out surveys in Santiago de Chile, comprised of 11 men and 32 women. The Corporación Más Progreso provided training on theory and interview techniques, to guarantee ethical soundness and avoid interviewer bias. All surveyors practised a mock interview during the workshop and received feedback before conducting the field survey. The veracity of survey results was checked by certifying the coincidence of questions on age and type of product/activity collected in the survey and the database provided by municipalites in the sampling frame. Any surveys without this coincidence were discarded as false information and carried out again.
4. When possible, I have run a regression on key Decent Work indicators including 5, 7, 8, 12, 13 and 14 (see Table A.2.1).
5. Post-stratification weights were used to ensure that descriptive statistics truly represent the male to female ratios in the discussion of each informal subsector in Chapters Five and Six.

CHAPTER 4 : WASTE-PICKING: MARKET DYNAMICS, SUPPORTIVE POLICIES AND STRUCTURAL CONSTRAINTS.

To set the scene for a detailed discussion of ‘exit and inclusion’ in Chapter 7, this chapter aims to understand the diversity of realities faced by waste-pickers operating in Santiago, as well as the rationality behind, and the impacts and the limitations of municipal supportive policy approaches aimed at improving their livelihoods.

Waste-pickers are mobile gatherers who collect waste from its source or from dumps for recycling purposes (Chen et al. 2016, pp.333). In Chile the most common way of collecting is door-to-door, normally collecting with a rather precarious vehicle called a *triciclo* (cargo tricycle). While landfill waste-pickers do still exist in Chile, their numbers remain very low as privatisation, fiscalisation and regulation of landfills has tightened. Waste-pickers are not subject to local, regional, or national regulation and, as of the moment of this research, municipal ordinances do not regulate the activity in Santiago de Chile. Although, most Waste-pickers have income levels that are not taxable, they fail to report incomes to authorities. Chapter 3 (section ‘Waste-pickers’) presented further discussions of the main characteristics of waste-picking in Chile, and Figure 3.2 presented a map indicating the six municipalities selected to conduct qualitative interviews and group discussions. The table below presents the corresponding interview demographics:

Table 4.1: *Interview Sample by Municipality, Activity, Age and Gender.*

Municipality	Policy approach	Average Age	Range	Male	Female	Total
MNRCh*		52	52	1	0	1
La Reina	Supportive	47	39-55	1	2	3
Peñalolén	Supportive	56	27-60	6	4	10
Recoleta	Unionisation	50	39-60	6	2	8
Cerrillos	Laissez-faire	66	35-65	5	1	6
Pudahuel	Laissez-faire	54	42-65	5	2	7
Santiago Centro	Soft repression	50	59-61	1	1	2

*MNRCH: National Movement of Waste-pickers of Chile

The six selected municipalities represent a variety of local policy approaches towards waste-pickers (see Figure 3.2 for a map showing the locations of the municipalities). Notably, La Reina and Peñalolén have both strongly supported their waste-picker cooperatives, Recycling and Environmental Education Cooperative (CREACOO) and Association of Recycling Micro-Enterprises of Peñalolén (AMRP) respectively, providing them with collection points, tools and

vehicles, as well as organising the sector to facilitate integration into the formal SWM system. Recoleta is in the process of establishing a waste-picker organisation, primarily focused on establishing *'operativos de recolección'* (collection operatives) – a collection day every two weeks, during which locals are permitted to leave unwanted items and recyclable materials outside their homes for collection by workers from the waste-picker cooperative. At the time of research, waste-pickers in Cerrillos and Pudahuel operated in a *laissez-faire* policy environment, with policies neither supporting nor repressing their activities. Until 2010, at the point of data collection¹, the policies of Santiago Centro were discouraging waste-picking by restricting collection schedules (from 8pm to 8am) as well as imposing stricter identity controls in the streets and in informal street markets, resulting in the eviction and displacement of waste-pickers.

Given the importance and relevance of more than forty years of research devoted to understanding waste-picker activity and devising policy recommendations, the first section of this chapter examines the correlation between the theories and realities of waste-picking in Santiago de Chile. This will show that existing theories fail to fully explain a 'one-way road' movement into waste-picking, and the complexity of formal-informal linkages. This serves to establish the value of analysing supportive policies as an emerging approach to waste-picking for both academic theory and practical implementation. In the second section, I draw out the main rationality behind supportive policies, explaining that the primary motivation for municipal engagement with waste-pickers is promoting social inclusion, but alongside this, positive environmental objectives are presented as a bargaining tool used to generate public support for the activity. In the third section, I assess the main policy outcomes of current supportive initiatives, concluding that the most effective policies are based on the inexpensive act of organising waste-pickers, as well as increasing their access to capital. In the final section, I identify some of the main barriers faced by municipal support strategies.

CHARACTERISATION AND MARKET DYNAMICS OF WASTE-PICKING

In Chapter 2 and Annex 3, various contrasting points of view on waste-picking were presented. It was established that academic debate offered conflicting explanations for the reasons behind entering into and continuing work as a waste-picker, the activity's relationship with economic cycles, and the relationship between waste-picking and the formal economy. This section shows that none of the existing theories accurately describes the complexity of waste-picking dynamics in Santiago de Chile, but rather an integration of theories is needed.

Multiple reasons of entry and expansion with economic crises

The reasons behind an individual becoming established as a waste-picker provide the basis of much discussion in academia and policymaking. I will first explain common ‘necessity’ reasons for entry, then moving on to an explanation of more ‘opportunity’ reasons. Since the weight of these two driving factors comprise much of the quantitative work on the subject, I illustrate my qualitative analyses using data from my survey, providing measurements of how large a role necessity factors play in motivating a worker to start as a waste-picker. It is worth mentioning that, while analysing the data, it became clear that it was not possible to precisely group waste-pickers into two simple categories of ‘opportunity entrants’ and ‘entrants out of necessity’. The decision to enter into the activity tends to be multifaceted, with many motivating factors. The survey results thus indicate the importance of factors that ‘push’ people into waste-picking, versus the active ‘choice’ to start waste-picking, but it is important to keep in mind that almost all waste-pickers are motivated by a combination of these factors.

My analysis shows that the main motivation behind waste-pickers entering into this activity is poverty – most commonly it is an option of last resort for vulnerable people to make a living. Poverty, unskilled labour and an absence of formal employment stand convincingly as explanations for the adoption of waste-picking as an employment option (see Lomintz 1977; Souza 1980). In my survey, four out of five individuals declared that a complicated economic situation was the main reason for becoming a waste-picker. This is corroborated in interviews and group discussions, exemplified here by Esteban (52), a national waste-picker leader:

E: ...the starting point mainly comes from (people's) need to look after their families...the vulnerability of a social group that has no access to the formal economy... The doors of the labour market are closed (to them) and they look for an alternative.

Waste-pickers pointed to vulnerability, gender and lack of employability as the main factors that move workers into waste-picking. Being part of a vulnerable social group is an important reason for entry, particularly when connected to permanent illness² and disability³. These factors can exclude workers in the long term from the formal labour market and push them into waste-picking. As explained by Ramón (57), a waste-picker of Cerrillos:

R: (I started waste-picking)...because I have a kidney disease, so I cannot work in construction. I don't have a criminal record. I had an operation, but I cannot work in construction, it's too heavy.

Similarly, female waste-pickers have noted that gender becomes relevant when they have children, and are forced to raise a child and maintain a working life concurrently. Compared with formal work, waste-picking allows them greater flexibility of their working schedule, as Sofia (46), a waste-picker from Peñalolén, comments:

S: (I began) working out of necessity. I worked as a maid...for 6 years, and I had a boy... I quit this job because I had nobody to leave my son with and I started (recycling), little by little...first I was ashamed, but later I liked it.

Furthermore, a lack of employability is mentioned as another relevant factor pushing workers into waste-picking. In these cases, two broad groups exist. One group declared their main motivation as having lost their prior formal employment. Fernando (56), a waste-picker from Recoleta, and Ignacio (65), a waste-picker leader from Cerrillos, state:

F: I used to work in marketing, but...technology left me behind and I had to start looking elsewhere...as I haven't studied much... I got into the street market (as a waste-picker) and now I have been working for (several) years

I: (I think that people start waste-picking) because they don't find a (formal) job. I used to work doing anything...mostly in construction. I lost my job, and so I started doing this.

A second group is comprised of people excluded from the labour market due to their age, as they are perceived as being too old to be employed in the formal labour market. As Victor (60), a waste-picker from Peñalolén, and Sebastian (62), a waste-picker leader from Pudahuel, explain:

V: I (started) out of necessity, as at my age I couldn't find a job. After age 40, nobody gives you a job in any business.

S: I used to work in a construction company, I earned a salary as a construction worker...but they're no longer offering jobs. So, above the age of 45-50, it's difficult to get any work.

An 'entrepreneurial spirit' among the poor or a voluntary rational movement towards the most beneficial work can sometimes prove accurate, but these opportunistic reasons for entry only account for a minority of waste-pickers. Drawing from my survey, one in five waste-pickers indicated that being a waste-picker was a choice. From these, chasing an economic opportunity and personal preference account for just over one in ten people. This is consistent with discussions with waste-pickers across municipalities, where only one out of thirty-five participants mentioned a voluntary motivation. Lorenzo, when asked how he came to pass from formal employment to waste-picking, responded:

L: I used to work in a plant nursery. Then, I decided to become independent and I continued alone... It was my decision to leave this (formal) job and start waste-picking. It's as simple as that.

An alternative argument for entry reasons is mentoring or apprenticeship from a close relative who is a waste-picker. According to my sample, this 'family entry reason' accounts for just under one in ten waste-pickers, being almost as pertinent as voluntarist and neoliberal explanations. Discussions with waste-pickers have identified two types of these: 'intra-generational' and 'inter-generational'. Intra-generational family entry occurs when individuals are taught by relatives of their same generation. In these cases, 'mentors' tend to be their partners or siblings. As Hugo (55), a waste-picker from Recoleta, and Sofia (46), a waste-picker leader from Peñalolén, explain:

H: (My wife) taught me how to recycle. Initially it was cardboard, then doors, toys, clothing...things like that. My wife has been recycling for... eighteen years. I have been going for thirteen years

S: (I became a waste-picker because of) my husband, because he has always been recycling for roughly twenty years...since he was waste-picking, I liked it and I started to work with him.

Inter-generational entry refers to the transfer of waste-picking methods from one generation to the next. Normally, this cross-generational transfer of skills occurs as parents train their children in waste-picking at a very early age, and can involve more than four generations of waste-pickers. Carlos (48), a waste-picking leader of La Reina, and Esteban (52), a national waste-picker leader, discuss this:

C: There are many who are waste-pickers from the beginning...choosing this job because their parents were waste-pickers too. In my case, my grandfather started recycling bones.

E: There is a boy in Quinta Normal...he is the fourth generation of waste-pickers. He graduated as a sales agent from a business school...and, in four years, he has really built (a business in waste-picking). (He did) what his grandparents couldn't (do) in 35 years.

There is a clear correlation between the qualitative and quantitative data gained from interviewees and a more necessity-entry (dualist) conception of waste-picking. Comparatively, voluntarist and neoliberal opportunity entry reasons account for only a marginal proportion of the waste-picker population in Santiago. Following from dualism, an economic crisis should thus see an increase in the number of waste-pickers. The growing unemployment during economic crises contributes to the exclusion of marginalised groups, and so accelerates the flow of workers from formal employment into waste-picking, as exemplified by the case of Esteban (52):

E: A crisis increases the number of waste-pickers...I'll give you two clear examples...that I have seen as a waste-picker leader. The Argentinian Economic Crisis in 2002 affected not only Argentinian waste-pickers but also Chilean waste-pickers, and also the (financial) crisis of 2009. (In both cases) it is incredible, the number of (new) waste-pickers that suddenly appeared.

One-way street: marginal contraction of waste-picking with expansion of the economy

Waste-picking is not a temporary activity, but rather has a strong likelihood of becoming long term. In my 2010 survey, 86% of the interviewees have been dedicated to waste-picking as their main activity for at least four years, with twelve years being the average. A more recent survey from Fundación Casa de la Paz (2014) indicates a median of 12 years and a mean of 16 years in the activity. I presented Ramón (57), Cristian (35) and Nicolas (62), in a focus group in Cerrillos, with my question about the amount of time spent waste-picking:

R: Oh, a lot of time, around ten years?

C: No, more than that.

N: In my case, thirty years.

This development of waste-pickers' careers once already established in the occupation align

more closely with voluntarist perspectives (Maloney 2004; Perry et al. 2007). In Chile, particularly in Santiago, unemployment rates were below 7% from 2010 until 2014, yet this has not moved people out of waste-picking (INE 2015). This is consistent with the views expressed in my survey, as 84% of waste-pickers declared that they feel satisfied with their current activity and 81% would continue with their current activity even if a formal job was offered to them. A crucial point, systematically expressed by waste-pickers during interviews and focus groups, is that this activity has a series of monetary and non-monetary benefits that exceed those of formal employment offered to low-skilled workers. Regarding monetary benefits, waste-pickers tend to receive better incomes in their work than they would as unskilled formal workers: in my survey, they regularly underlined the fact that they earn around 1.5 to 3.5 times higher incomes than they would on minimum wage. Esteban (52), a national waste-picker leader, and Carlos (48), a waste-picker leader of La Reina, discuss this:

E: When you stay organised in this job...you can earn three times (the minimum wage)... All (waste-pickers) earn more than the Chilean minimum salary... I mean around 1.5 times (as much) if they work full time.

C: If you offer (a formal job)...to a waste-picker, they wouldn't accept it... We work for (more than) double the minimum salary [USD 362.60] per month... Those who don't earn so much get 350,000 pesos [USD 564.11USD], taking into account both recyclable and reusable materials.

Waste-picking also provides stronger non-monetary benefits. These help to account for the fact that 75% of waste-pickers would still prefer to keep their current work activity when compared with comparably paid formal employment (CASEN 2009). Three non-monetary benefits are highlighted: 1) independence and time flexibility; 2) a better combination of work and family responsibilities, and; 3) a shorter working day. First, waste-pickers recognise relevant advantages in having a working lifestyle where they decide for themselves how much and when to work, and without a boss overseeing their work. As Daniela (60) and Hugo (54), from Recoleta, explain:

D: We earn more than people who work formally. Also, (we have) freedom, you have flexible time, you are your own boss.

H: You're not dependent on other people...you get used to the (flexible) schedule. You work in the street market in the morning and in the afternoon you go to recycle.

Along similar lines, flexibility in working hours allows waste-pickers to better manage their work schedule and attend to family needs. Women particularly perceived this as a highly relevant benefit of waste-picking over formal employment, as they can be readily available for their children and have more time to share with their families. As articulated by Claudia (48), a waste-picker in Peñalolén, and Hugo (45) again:

C: (When I was in formal work) I lived for six years with my son, never going to any (school) events. I was taking him (to school) at 8 a.m., I could never pick him up before 7 p.m. from the nursery and I was under a lot of pressure. This hasn't happened with my (younger) daughter. When she was born, 5

years ago, she was the queen... Now (that I am a waste-picker), if there is a (school) event, I go. If the (school calls me) because she is sick, I go. These are things that I couldn't do with my (older) son.

H: (As a waste-picker) I have time to be with my family. I worked as a guard until recently. I (usually) woke up at 6 a.m. and went back home at 9 p.m. I didn't see my family. All of this affected me.

Finally, waste-pickers emphasise that they spend less time working in this activity than in a formal job, leaving them with more leisure time. As explained by Natalia (50), Claudia (48) and Victor (60) in my group discussion in Peñalolén:

Everyone: We work fewer hours (than in a formal job).

N: Half (as much). In any (formal) job you have to work from 9 to 6. Sometimes, (employers) don't respect this schedule.

C: Because you start at 9 a.m., and they check (your arrival time), and when you finish at 6 p.m., they don't (respect) it in the same way... Sometimes I was leaving at 8 p.m. ... They say that you were too slow.

V: Employers don't respect your working hours.

On the other hand, for the less than one in five who express a desire to move into formal employment, the main perceived benefit of this was access to social benefits, such as pension, health care and paid sick leave, along with the regular and constant flow of income that a formal job provides. Paula (28), a waste-picker from Peñalolén, Esteban (52), a national waste-picker leader, and Fernando (56), a waste-picker from Recoleta, explain:

P: There is more security in formal jobs. You have a pension.

E: We need central state policies to increase our health access... If a waste-picker's wife is sick, he needs to spend all his earnings to save his wife's life.

F: I would prefer to work in a formal job because you have your money every month, even if you make less than waste-picking... (Work in) these markets is relative... Sometimes you can earn fifteen thousand...or three thousand (pesos per day), and sometimes you sell nothing

In sum, for the majority in Chile, waste-picking provides higher monetary and non-monetary benefits than the formal jobs available to them. This leads to two important conclusions. First, waste-picking becomes a one-way street. For most people, the initial reason behind moving into waste-picking tends to be poverty and economic hardship, and thus the activity expands alongside economic crises. However, once engaged in the activity, being a waste-picker tends to become a choice, as people discover an activity that provides higher incomes and better working conditions than the low end of the formal employment market. In this sense, the expansion of formal employment during economic growth is not significantly associated with a decrease in the number of waste-pickers, as people tend not to opt out of the activity. As Carlos (48), a waste-picker leader of La Reina, summarises:

C: I know many people (that entered waste-picking after) becoming unemployed...and they chose to remain... They discovered that they were earning the same amount of money or more, in fewer hours, compared to working (in the formal sector). We call it a 'business opportunity'...they saw an opportunity in waste-picking and they stayed, they learned and now they are better off than before.

Second, following from this, the reason behind this 'one-way street' waste-picking might not be a lack of formal employment, as voluntarists, dualists and structuralists have suggested (Geertz 1963; Maloney 2004; Portes et al. 1989), but rather the poor quality of formal employment offered to those at the bottom of the labour market⁴.

Table 4.2: *Integrated View: Waste-picking as a One-Way Street*

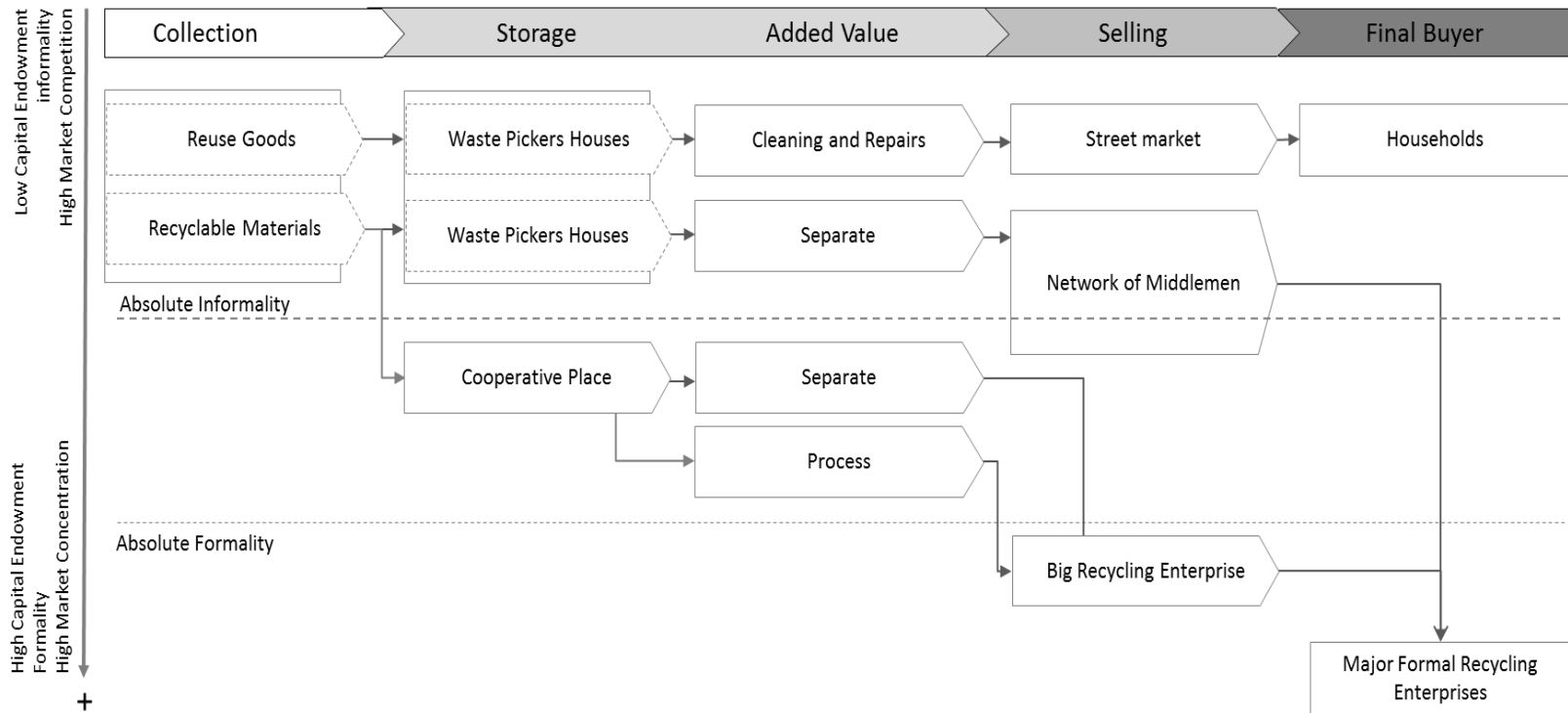
<i>Category</i>	<i>Entry</i>	<i>No Exit</i>
<i>Formal economic cycle</i>	<i>Contraction of formal economy</i>	<i>Expansion of the formal economy</i>
<i>Waste-picking reaction</i>	<i>Counter cyclical (Expansion of waste-picking)</i>	<i>Marginal contraction of waste-picking (No school of thought)</i>
<i>Reasoning</i>	<i>Necessity entry because of economic need (dualist prediction)</i>	<i>Waste-picking provides better working conditions than formal jobs at the bottom of the labour market</i>
<i>Average time as WP</i>	-	<i>10***-12*-16** years</i>
<i>Accounts for</i>	<i>84.0% of waste-pickers*</i>	<i>75.4%***-81.1%* of waste-pickers</i>

*Note: * Own survey (2010), **Fundacion Casa La Paz 2014, ***House-hold survey (CASEN 2009)*

Recycling and reuse markets: re-understanding waste-pickers in relation to the formal economy

The relationship between the formal economy and waste-picking can be described as a mix of a parallel and a vertically integrated market. An integration of theories is thus required to understand the complex market dynamics of the activity. Waste-pickers collect materials for two very different economic markets: the recycling and reuse market. These two markets are summarised in Figure 4.1 and explained below, identifying their relationships with size, capital endowments, informality and competition.

Figure 4.1: *Structure of the Waste-Picker Market*



Source: *Own elaboration*

The recycling market: a vertically integrated market

In the recycling market, waste-pickers are vertically integrated into the formal economy through a forward network. According to my 2010 survey, around two-thirds of all material collected by waste-pickers is sold for the recycling market. This accounts for around 60% to 70% of full-time waste-pickers' income, as reported by my survey and Casa la Paz (2014) respectively. This collection of recyclable materials is generated by demand from large formal recycling enterprises, which transform waste products into raw material inputs for formal industry. For instance, in Chile, the entire demand of the steel market stems from the company Gerda Aza, demand for paper and cardboard from SOREPA, demand for Tetra Pak cardboard from TETRA PAK, and demand for glass from Cristalerias Chile. Waste-picker leader Carlos (48), who manages a recycling centre, explains that the ultimate destination of recyclable materials is large formal enterprises:

C: (Our recycling centre) delivers to Reciclados Industriales and SOREPA. Reciclados Industriales sells (for example)...200 tonnes of cardboard per week (to SOREPA) in bales of 1,000 kilos each... (The material) directly enters the pool where paper pulp is processed.

The connection between waste-pickers and large recycling companies is articulated through a large network of spatially distributed middlemen. This network can include up to four different scales of middlemen that sell upwards to larger enterprises before reaching the largest recycling company. This chain is described by Sebastian (62) and Jose (48), two waste-pickers of Pudahuel:

S: Each middleman pays (around) 20 pesos [USD 0.03] less per (kilogram of) cardboard... If the cardboard is bought at 100, he pays 80. If they pay him 80, the next pays 60. If you sell to a third (middleman) he is going to pay you 40.

J: (I sell all my recyclable material) to a man. He...sells it on to ACE [a large middleman], and (then) it passes through three more people... Three different hands! Can you imagine?

In this recycling network, size, formality and profits increase upwards, while competition increases downwards. Regarding the increase in size, the further up in the network a business is, the larger the amount of recyclable material that it needs to keep in stock – they require this larger quantity to be able to sell to a buyer on the next level for better prices. Hugo (55) and Fernando (56), in a focus group in Recoleta:

H: To sell cardboard directly to SOREPA, you need to accumulate at least one ton, and this is a quantity that we cannot reach... So, you have to sell to a middleman.

F: When you are recycling and the tricycle is full...you can't store any more in your house (because you have no more space). So, you sell it...and you get a lower price (than you would selling to SOREPA).

Even though a clear-cut distinction between formal and informal enterprises does not exist, the level of formality tends to increase upwards in the network. As the volume of operations becomes larger, middlemen cause more external problems (e.g. noise pollution, visual mess and foul odours) and potentially evade more taxes. These factors bring middlemen under the radar of the public sector, from both municipalities and the central state. Levels of formality vary, as smaller middlemen are able to exploit their size to avoid at least central state control, which larger middlemen cannot do. For instance, small-scale middlemen can easily obtain municipal permits to operate as home-based enterprises paying municipal taxes, whereas large-scale recycling centres require regional and national environmental permits as they would otherwise be noticed by national authorities and consequently prosecuted. At the bottom of the scale, waste-pickers are operating at a small enough level to evade both central state and municipal controls.

Throughout the network, competition decreases upwards, as larger operations demand higher levels of capital, thus increasing barriers to entry. A place to store recyclable materials and a vehicle to transport them are the key capital components required to move upwards in the network. As waste-picking requires only non-motorised vehicles and a small home – or no home at all – there is almost no barrier of entry into the activity, leading to a large number of waste-pickers. A middleman requires a large space for waste accumulation as well as a motorised vehicle. These represent important barriers of entry for people coming from backgrounds of poverty and, as a consequence, there are fewer middlemen. At the top of the network, a larger recycling industry has capital to transform recyclable materials into standardised raw material commodities, which are in demand on a large scale in the national and/or international market. At this level, there is a very intensive need for capital to accumulate, transform and distribute products, and so only one company or a small number of companies purchase all the recycled materials produced by the lower tiers of the recycling network. Waste-picker leader Carlos (48), again, comments:

C: To be able to sell to (large recycling) enterprises you need large quantities... This piece of land (has been fundamental for this cooperative) to accumulate these large quantities... Without this land, we would not be able to sell to (large) enterprises... We would have had to keep selling to a middleman... We send a container with 3 to 4 tonnes of paperboard three times a week (to SOREPA)... SOREPA is one of the biggest enterprises in this country. They own a pulp mill...and other enterprises. They manipulate prices...(and) they buy from other recycling enterprises, such as Recupac...who are also very big, but do not have their own pulp mill.

Finally, profits increase upwards in the network, as decreased competition allows these buyers to enjoy greater market power. The key point to understand about pricing power in recycling markets, is that sellers face restrictions in space and time, which allows the buyer to take advantage of their position of monopsony or oligopsony. At the top tiers of this hierarchy

there is a relatively large number of middlemen who sell to a single or a couple of purchasing enterprises across a city or the nation. As these middlemen have no alternative option for selling recyclable material, the enterprises above them can fix prices at their will. As national waste-picker leader Esteban (52) stated in another conversation:

E: Cristalerías de Chile... (have) a monopsony, not a monopoly... Since 1998, the price (paid for glass) has never increased... We know what determines prices... the (large recycling) enterprises have control over (them)... (but) we are not prepared to face this battle... One of the directors (of these enterprises)... once told me... 'we get together and agree (on prices)'.

Locally, middlemen have the power to negotiate purchasing prices and payment conditions downwards, as they have a large reserve of potential sellers to purchase from and have time to wait for a better deal, whereas waste-pickers need to sell within a day and can find few alternatives. As Rafael (39), a waste-picker from Recoleta, comments:

R: You have to sell to a middleman and he will buy forty, fifty kilograms of cardboard from you, but at a much lower price (than he gets from SOREPA)... You have to sell a tricycle's worth every day. You can't bring it home because you don't have (storage) space... They pay you a bad price, but because you need some money in your pocket, you sell anyway.

Antonio (52), Natalia (50), Claudia (48) and David (48), all waste-pickers in Peñalolén, further note the middlemen's power to fix payment conditions:

A: (The middlemen) haven't paid us for plastic... in three weeks, and we have two more deliveries to do. Now, this guy once again wants more material... We can't deliver if he hasn't paid us.

N: Of course! And he wants to pay us every fifteen days.

C: It's like you give him the tools to work.

D: He is working with our money.

Quantities of sellers and buyers vary across space, and since middlemen compete in a spatially restricted area, prices can also vary between municipalities. Waste-pickers are not able to exploit these differences, as transport costs outweigh the benefits when selling in small quantities. As Esteban (52), a national waste-picker leader, and Paula (28), Claudia (48) and Gloria (54), waste-pickers from Peñalolén and Recoleta, report:

E: A girl from Temuco... was delivering 25 tonnes per month but... (middlemen) pay 8 pesos [USD 0.01] (per kilogram). If she brings the glass (to downtown Santiago), they would pay her 25 pesos [USD 0.04]... but she would need to pay 17 (pesos) for transport... Is it convenient? ...No. So she has to sell (in Temuco).

P: I know that for drink cans, (middlemen in other municipalities) pay 400 pesos [USD 0.64]. In San Joaquín they are paying 600 pesos [USD 0.97].

C: But I wouldn't spend money on petrol to go to San Joaquín to earn 200 pesos more. In Estación Central, (middlemen) are paying 300 pesos [0.48USD] more, but I wouldn't go there. You need to collect large quantities, and I don't have enough space to accumulate that much.

G: Yes, we can sell all (of the materials that we collect), but it's always within our neighbourhood.

As a result, local middlemen have the power to negotiate purchasing prices and payment conditions downwards, as they have a large reserve of potential sellers to purchase from and have time to wait for a better deal, whereas waste-pickers need to sell within a day and can find few alternatives in an urban area. Gloria (54) and Rafael (39), waste-pickers of Recoleta, describe this challenge:

G: Yes, we can sell all (of the recyclable materials that we collect), but it's always within our neighbourhood.

R: You have to sell to a middleman and he will buy forty, fifty kilograms of cardboard from you, but at a much lower price (than the price that he gets from SOREPA)... You have to sell a tricycle's worth every day. You cannot bring it home because you don't have space (to store it)...and because you need some coins in your pocket... If we could only sell cardboard directly to SOREPA.

G: There (in the middleman's pockets), that's where the money is.

The picture drawn here matches the neoliberal and structuralist concept of formal enterprises and waste-pickers being vertically integrated into the recyclable material market (Birkbeck 1979; Medina 2007). In Santiago de Chile, in practice, the hierarchical structure of the recyclable market results in unequal market power, where larger enterprises are able to impose exploitative prices and conditions of payment onto smaller ones.

Plate 4.1: Waste-pickers selling recyclable materials to middlemen.



Sources: Pablo Navarrete.

The reuse market: A parallel market dynamic

In contrast to the recycling market, materials collected for reuse form part of a network that is segregated from the formal economy. This reuse market is comprised of a network of waste-pickers that collects *cachureos* (bits and pieces) and sells them as *cachureros* (street vendors) in *ferias libres* (informal street markets). *Cachureos* can be all manner of old goods – such as refrigerators, cookers, furniture, toys, clothing or shoes – that are no longer used by households and are thus disposed. Waste-pickers collect these second-hand products door-to-door in urban areas and sell them to customers in street markets. In this way, the propagation of second-hand goods generates a trickle-down effect as they are reused by new households

(typically from a lower socioeconomic class than the first owners).

The entire reuse market network is composed of three steps: collection, storage/repairs and selling. The collection of *cachureos* occurs at the same time and in the same way as the collection of recyclable materials, as Daniela (60), a waste-picker in Recoleta, explains:

D: (We collect) all types of materials, anything that is available: iron, scrap...toys, plastic things, clothes, anything in good condition. We clean them thoroughly and bring them to the street market.

In the storage and repairs stage, materials for reuse tend to be stored in waste-pickers' houses, and are then organised by their utility as material for reuse or recycling according to their profitability. Anything with a higher potential value for reuse is set aside to sell in *ferias libres*, with the rest being sold to middlemen for recycling. Many products for reuse are cleaned and repaired (when possible) in waste-pickers' houses so as to maximise their selling price. Daniela (60), Hugo (55), and Fernando (56), all waste-pickers in Recoleta, comment:

H: (We collect) refrigerators, notebooks, books. The things that aren't in good condition are sold by the kilogram (to a middleman). Heaters, kitchens, saucepans...when they are burned we can only sell them as aluminium.

D: I repair the 'cachureos'. For example, if I get a dress and the zipper is broken, it has to be repaired.

F: Or you get a piece of furniture made of good wood, you glue it, varnish it and look for some handles...usually, amongst the odds and ends that you have, you always find something.

Being informal sellers, waste-pickers generally have no municipal permits to sell and do not pay municipal taxes. They erect precarious stalls in *ferias libres* at the entrances of street markets, where they capture passers-by (see Plate 4.2). As I will show later in Chapter Five, street vendors (*feriantes*) value the presence of waste-pickers, not only because street vendors' products are not in direct competition with these *cachureos*, but also because they attract more clients to the street markets. As Ignacio (65), a waste-picker of Cerrillos, underlines:

I: I collect cachureos and recyclable materials. (...) I gather everything, [and then] I sell the 'cachureos' in the street markets as a 'cachurero'.

Finally, clients purchase these *cachureos* in the street markets, generally to use them as household items. The whole reuse network is thus completely informal and disconnected from the formal market, as dualist theories have suggested, a point emphasised by Santiago (52), an officer at Recoleta Council:

S: Waste-pickers collect computers, toys, clothing, shoes, everything, from houses... They sell all of these 'cachureos' in the street market of Zapadores... They collect and sell completely informally [they do not have a municipal permit or pay taxes]

Plate 4.2: *Waste-Pickers Selling Reused Goods as ‘Cachureos’*



Source: Pablo Navarrete.

In contrast with the recycling market, the reuse market is characterised by its small size, intense competition, heterogeneous profitability and, as previously mentioned, complete separation from the formal market. First, the reuse market is comprised entirely of small (often solo) enterprises, since products are collected, occasionally repaired and then sold on by waste-pickers. In this process there are no intermediaries or larger enterprises, only self-employed workers, sometimes working with their households. Second, there are high levels of competition in the reuse market as there are many waste-pickers collecting and selling cachureos in different urban areas of a city. Fernando (56 years), Daniela (60) and Lorenzo (45), both waste-pickers from Recoleta, explain:

F: (When the tricycle is full) we have to come back to our house (to unload).

D: When you find a good spot (full of ‘cachureos’), one person stays watching over it and the other goes back to unload (at home). Because if you leave, when you come back, you’ll find nothing left. (Other waste-pickers) take it.

L: Nowadays, there is far too much competition...too many (waste-pickers) selling ‘cachureos’.

Finally, although there is high competition at the level of each street market, prices of goods and profits amongst waste-pickers are not homogenous. On the one hand, reused products vary enormously in terms of type, quality and wear. Therefore, prices and ultimately profits tend to be specific to each product. As Lorenzo (45) responded to my question concerning which goods provide a better income:

L: It’s relative, because, for example, if I get a television...I can sell a television for 15,000-20,000 pesos [USD 24.18-32.23] in a few hours. Instead, if I sell clothes, I can stay all morning and make 12,000 [USD 19.34]... So, this is the thing, prices change (from one product to another). If I get a refrigerator; if it’s working, I can sell it for 20,000 pesos [USD 32.23], if not (I can sell it) for 3,000 pesos [4.84USD]... The quality of a product (also) determines its price... For example...a nightstand. If it’s a little broken, I say: ‘Okay, give me 7,000 [USD 11.28]’, (and the client) is going to say: ‘But look – it’s broken! I’ll give you 5,000 [USD 8.06]’.

On the other hand, an individual's capacity to bargain determines selling prices, and thus profits vary between waste-pickers working as *cachureros*. Gloria (54) and Daniela (60), in my group discussion in Recoleta:

G: Someone selling without experience will say: 'Look, I made 10,000 [USD 16.12] in an hour!' But he sold all of his valuable things for 1,000 [USD 1.61]... He could have made much more, but he sold for a very cheap price... The following week he goes and brings the rest (of his 'cachureos') and he won't sell anything... That is experience.

D: You need to know who you are selling to, as there are some clients who will pay more, and (you need to know) the value of what you are selling.

Another defining point of the reuse market is the way that profitability is determined by the area in which waste-pickers work. Waste-pickers collecting in wealthy areas obtain better quality products and can sell for higher prices, as described by Fernando (56) a waste-pickers from Recoleta:

F: From Vespucio upwards, there are only 'gold collar' [very rich] people... We earn much more (in this area), because if you go there to collect shoes, they throw away shoes that would cost 70,000 pesos [USD 112.82] in the shops... You come (to a poor neighbourhood) and you sell them for 5,000 or 6,000 pesos [USD 8.06-9.70]. (Local clients) will pay for (second-hand shoes), because they know they're a good brand.

The reuse market has further relevance for economic and environmental reasons. According to my survey and data from Casa la Paz, around 30% to 40% of waste-pickers' income is derived from the reuse market. It is thus a significant contributor to the survival of vulnerable households and to reducing poverty. In fact, sometimes waste-pickers will make a higher income in the reuse market than from recycling. Victor (60), Claudia (48) and Paula (28) from Peñalolén, when asked about the largest source of their income:

Everyone: The 'cachureos'.

P: But, we can never abandon recycling...

Everyone: No, no, no.

C: It's not always good. You can't always get a big amount of 'cachureos'.

V: (But) you can survive on (an income from) 'cachureos'.

Carlos (48), a waste-picker leader of La Reina, complements this:

C: You will have better profits (with 'cachureos')...if they are worthwhile... Let's say you repair a cooker... You can sell a cooker in a street market for 15,000 [USD 24.20], but if you sell it (as scrap) you will get 3,000 pesos [USD 4.84].

The environmental relevance, as with recycling, stems from the prevention of materials from ending up in landfills, also saving municipalities' expenditure on waste disposal. From an environmental perspective, the reuse market can be seen as preferable to the recycling market. This is for three reasons. First, reused goods act as substitutes for new products, thereby reducing energy consumption in the manufacture of new goods. Second, unlike recyclable

materials, goods for reuse require minimal energy consumption through processing and transforming materials to make them suitable for reincorporation into the market. Finally, after ultimately ending their lifespan, reused materials can still be re-processed for recycling. According to my survey, around one-third of waste-pickers' collections are sold for reuse, highlighting its significance. In spite of this, the reuse market has been almost completely ignored in waste-picker literature, and so there is an urgent need for its incorporation into studies assessing waste-picking sustainability.

The life cycle: progress and poverty barriers for waste-picker enterprises

In my qualitative analysis, different scales of waste-picker businesses were identified according to their levels of capital endowment, organisation and market access, which I have divided into four broad categories (see Table 4.3), which follows from de Soto (1989) and Joshi et al. (2013) relating to other informal sectors. The process of waste-pickers moving between these categories tends to occur extremely slowly, especially without outside assistance: these individuals' initial state of poverty, alongside their exploitative relationship to middlemen and larger recycling firms, significantly constrains their mobility. Although waste-pickers are often able to see and understand economic opportunities, they face 'poverty barriers' that prevent them from doing so. As explained by Esteban (52), a national waste-picker leader:

E: If you ask me, 'what is a waste-picker?' A waste-picker is an evolutionary process, a state of mobility... (there are) different steps of evolution: from an informal activity, to micro-entrepreneurship and entrepreneurship... But is not easy to move from one to another...

Waste-pickers, in the early stages of their business, have very limited capital, are not organised, and have low levels of market access. Consequently, they face low productivity and have low incomes. These waste-pickers have minimal capital endowments, collecting with a sack or using precarious vehicles, and having either small spaces or no space at all (as is the case with homeless waste-pickers) in which to accumulate material. Although they do develop an understanding of the capital investments necessary to scale up their businesses, their living conditions create very limited saving capacity (mainly dependent on personal or family savings) that prevents significant investment. Furthermore, waste-pickers often collect independent of one another, competing for recyclables and *cachureos*, leading to low collection rates per hour. They have few contacts amongst neighbours and local businesses, and thus cannot fully exploit the potential access to *cachureos* and recyclable materials. These waste-pickers sell in small quantities, living day-to-day and being at the mercy of exploitation from middlemen, and can be locked in this precarious stage for long periods of time. As much as ten percent of my sample of waste-pickers lives below the poverty line, leading to a cycle of poverty in which they cannot scale up. As articulated by Nicolas (62) and Ramón (57), in a focus group in Cerrillos:

Table 4.3: *Typology of Waste-Picker Enterprises*

<i>Features</i>	<i>Subsistence stage</i>	<i>Self-enterprises stage</i>	<i>Small enterprises stage</i>	<i>Cooperatives stage</i>
<i>Degree of informality</i>	<i>Completely informal in collection, storage and selling</i>	<i>Completely informal in collection, storage and selling</i>	<i>Partially formal in collection or storage; completely informal selling</i>	<i>Formal existence and increasingly formal in collection, storage and selling procedures</i>
<i>Capital endowment</i>				
<i>Storage</i>	<i>None</i>	<i>Waste-picker's house</i>	<i>Waste-picker's house or green points</i>	<i>Recycling centre</i>
<i>Vehicle</i>	<i>Push-car</i>	<i>Tricycle</i>	<i>Tricycle or small motorised vehicle</i>	<i>Tricycle, small and large motorised vehicles</i>
<i>Organisation</i>	<i>Independent worker</i>	<i>Independent worker</i>	<i>Informal organisation</i>	<i>Legal organisation</i>
<i>Market access</i>	<i>High competition for materials and limited engagement of the community in recycling activities</i>	<i>High competition for materials and limited engagement of the community in recycling activities</i>	<i>Low competition for materials by assignment of monopolistic areas and increasing engagement of the community in collection activities</i>	<i>Low competition for materials by assignment of monopolistic areas and increasing engagement of the community in waste segregation and collection activities</i>
<i>Tax Compliance</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>Local taxes and (some) formally contracted workers</i>

Source: Own elaboration based on field notes.

N: ... We don't have anything that allows us to earn more... (We collect) with a handcart, but it is very heavy and you get exhausted quickly... I could make much more (money) with a tricycle because you ride it and you go very fast...but I don't have (one). A tricycle costs around 180,000 pesos [USD 290.11]. A lot of money!... We pray that someday we will have a house (to store materials), but we don't have one... You have to save...quite a lot of money, 700,000 pesos [USD 1,128]. We don't make enough for food, when are we going to have enough to buy all of this?

The first main progression for waste-pickers occurs when they have access to basic capital for work. In this second stage, they may have access to tricycles or a car and accumulate recycling materials in their houses, in turn allowing them to collect more material in less time, thus increasing their profits. However, they continue to be restricted by a lack of organisation, leaving them unable to negotiate higher prices for their products, and still suffer from a lack of neighbourhood contacts. This stage is exemplified by Olivia (27), a public officer from the EDPC:

O: One example is Carlitos... When he started, he was like everyone else. Then, he got a tricycle...and realised that his colleagues didn't collect books... He started to gather books in his house... (and) started selling them in a street market.

The third step sees waste-pickers organise themselves – generally through the municipality or with assistance from an NGO – and becoming able to negotiate prices with middlemen. This allows for increased market access: competition is reduced within urban areas (as individual routes become respected) and/or community collaboration is established (e.g organising collection operatives where neighbours contribute material), and so waste-pickers increase their quantities collected and earn improved incomes. However, they remain unable to accumulate material on a large scale and still only collect with simple vehicles or tools. As a result, these ‘organised’ waste-pickers still cannot acquire large enough quantities of recyclable materials to sell directly to the larger recycling companies, and so a significant part of their profits remains in the hands of middlemen. As explained by Lorenzo (45), a waste-picker leader from Recoleta:

L: I store (waste) here at home but there is no more storage space, (my house) is full... I could get better prices by storing large quantities and no longer selling to middlemen, instead selling to large (recycling) enterprises. (For that) we would need to have a recycling centre. That is the main thing limiting us.

At the final stage, waste-pickers have acquired a significant level of capital which allows them to better collect and accumulate materials. Organisations become formal cooperatives, and high levels of collaboration in recycling from the community are achieved. At this stage, waste-picker cooperatives may own motorised vehicles and provide locations to accumulate material, thus allowing workers to collect more efficiently and sell directly to large industry, pocketing what would otherwise be profits for middlemen. These extra profits can be shared amongst waste-pickers or reinvested. Furthermore, long-term relationships with local authorities are de-

veloped, which can lead to public sources of funding. Higher levels of cooperation from the community allow them to increase their access to recyclable and reusable materials, for instance, by holding a monopoly of collection over specific urban areas or by increasing waste segregation at the source. As stated by Angel (39), head of the EDPC, and Carlos (48), a waste-picker leader of La Reina:

A: Nowadays, (our) waste-pickers have a micro-entrepreneurial organisation and are an example in Chile... We have accomplished all the steps. Nowadays, they are in a position to make legal contracts. To move even further, a place for waste accumulation is required, where all materials can arrive there, be processed, packed.

C: If it wasn't for the recycling centre...we would not be able to sell to the big enterprises. We would have to keep selling to middlemen.

A single theory cannot accurately describe the complexity of waste-picking activity, but an integration of different elements of UIE theories is required. First, the dualist perspective better describes the necessity entrance of waste-pickers into this sector, as well as the expansion of the sector during economic crises due to exclusion from the formal labour market (Geertz 1963; Germani 1973; Santos 1979), while neoliberal and voluntarist explanations more accurately describe the opportunity reasons that waste-pickers give for staying in the activity (de Soto 1989, Maloney 2004), on account of benefits when compared to alternatives in the formal market. For most workers waste-picking is a one-way road; expanding with economic crises and only marginally contracting with economic growth. Second, the recycling market, as neoliberals and structuralists suggest, is vertically integrated with the formal market producing exploitation through unequal market power to set prices and time payments, while the reuse market, as dualists propose, is completely disconnected from the formal economy offering better profits alternatives but being limited in size. Therefore, waste-pickers face varying levels of integration with the formal economy depending on whether they are collecting for recycling or reuse purposes. Furthermore, there are several stages in the evolutionary process of a waste-picker in Santiago de Chile, although progression from one stage to another occurs at a very slow speed due to the many 'poverty barriers' that people face when coming from a background of poverty, notably a lack of access to capital, organisation and market access.

RATIONALE OF SUPPORT POLICIES FOR WASTE-PICKERS

In order to address some of the main poverty barriers encountered by waste-pickers when trying to expand economically, as well as to minimise some of the environmental problems associated with solid waste collection, some municipalities in Santiago de Chile have been gradually introducing supportive policies since 2008.

Accelerating waste-pickers' business growth: social and environmental gains from supportive policies

As outlined in the section *Debates on Waste-Pickers* (Chapter 2), authors have proposed that waste-picking has the potential to be a sustainable activity, accomplishing economic growth, social equity and environmental protection. Supportive municipalities that recognise this potential argue that waste-picking significantly increases sustainable performance when waste-pickers benefit from the support of a local government. As Fernanda (55), head of the PDLR, states:

F: So this is our big challenge, to make a business model that can gather these three components [social, economic and environmental] and move (waste-pickers) from an informal activity to a formal one... Incorporating them into formal solid waste management means giving them the status of 'urban recyclers'. Up until that point, they are still scavengers.

Although supportive municipalities recognise the benefits of waste-picking regarding sustainable development, they emphasise social inclusion as being the primary aim behind their support. For municipalities such as La Reina and Peñalolén, waste-picking provides social benefits for their communities by providing employment and promoting better incomes for a marginalised local population that has been historically excluded from labour market opportunities. The environmental benefits are also recognised, but they are viewed as a secondary objective and, on occasion, a bargaining tool used to gain general community support. As Fernanda (55), and Angel (39), head of the EDPC, discuss:

F: We are interested in recycling as a strategy for social inclusion. And we are interested in how our waste-pickers of La Reina...form part of this business model... (We) support the activity first to achieve social, and then environmental, objectives. No so much economic objectives.

A: (Waste-pickers are) an example of the pillars of sustainability... This programme is bulletproof...because it is not even the environmental benefit that motivates us to undertake this programme. I think it is the social mobility component, providing employment, performing (social) justice... We are creating employment for these people and we are creating a lower amount (of waste) for landfills... we believe that social inclusion is a much more powerful motivator than (environmental protection). One day, we will (publically) appeal to this (social) factor, but (for now) our approach to locals is still...(the promotion of) recycling... Waste-pickers are real heroes for us.

Supportive municipalities consider that support from a local government leads waste-pickers to experience a significant increase in their productivity and drives them towards a path of formalisation, which will simultaneously satisfy other social and environmental goals. Supportive policies thus have the power to accelerate waste-pickers' scaling-up process from being 'cartoneros' (living as subsistence waste-pickers and working informally) to 'recicladores' (recyclers working in legally constituted cooperatives). As stated by Fernanda (55), municipal officers from EDPC:

F: I think that these people will evolve to be micro-entrepreneurs, and in the future to larger entrepreneurs... We can support their social inclusion.... In the future when (people from) CREA-COOP move from micro-entrepreneurs to full-scale entrepreneurs, our role will be much less involved and we will support other groups to improve their (socio-economic) conditions.

For supportive municipalities, the main focus to achieve these goals is overseeing an increase in productivity. This is pursued using policies that focus on increasing quantities of recyclable material collected and raising the prices paid for them. In turn, the resulting increased income pushes waste-pickers out of poverty and provides decent local employment. Secondary environmental objectives are met by increasing the quantities of waste recycled and reused, allowing poor municipalities to achieve an integral SWM system. Specific supportive policies are also used to reduce some of the negative externalities of the activity, such as high rates of child work, health hazards, long working days and waste dispersion (a detailed account of these policies is presented in the next section). As Angel (39) and Olivia (27), articulate:

A: Waste-pickers aren't (in this activity) for environmental protection, they are here to make a living... We need to develop a municipal model that allows them to collect...(at least) 500,000 kilos per year... This allows 25 people to escape poverty and (also) provides the environmental benefits... To do this, we need to improve the efficiency of the system...from a productivity point of view... If we do this, we generate employment and improve (incomes) for these people...(and so local) social and environmental indicators will also improve.

O: We generate a municipal machine that is able to support (waste-pickers), improve their productivity, until they take off their 'training wheels'... For instance...first we provide them with skills...to have positive interaction with locals... Then, they receive a green point to accumulate waste... Nowadays, it is like we are in the 'graduation stage'...so this machine keeps working and we take on new people and incorporate them into this machine of capitalisation, training and improved skills, moving them out of poverty.

Finally, municipalities offer support in exchange for the gradual integration of waste-pickers into the formal SWM system. The formalisation of waste-picking is considered necessary to constitute self-governing bodies, secure access to public funds and guarantee contracts. These steps would further enhance waste-pickers' profits and bring them into compliance with the law. Although in my sample there are no waste-pickers that have become fully formalised (e.g. they still do not pay VAT or income tax), there is a considerable degree of formalisation among waste-pickers that have received municipal support, as Angel (39) comments:

A: We have passed the first stage... Waste-pickers are starting to have enough income to make a living... The next stage is that they should become more formal, more organised... We have provided all the support, facilitated all the tools, contact and networks, so they can pass from an informal activity to a more formal one... They, as an enterprise (in the future), will have to be able to guarantee to all their members pension and health access... Gradually they need to comply with all labour regulations.

This is echoed by Sofia (46) and Carlos (48), waste-picker leaders from Peñalolén and La Reina:

S: The municipality helped us to legally constitute our organisation...to establish our schedule of meetings and elections... (Now) we are legally constituted as a cooperative... This allows us to access funds as the FOSIS [Solidarity and Social Investment Fund].

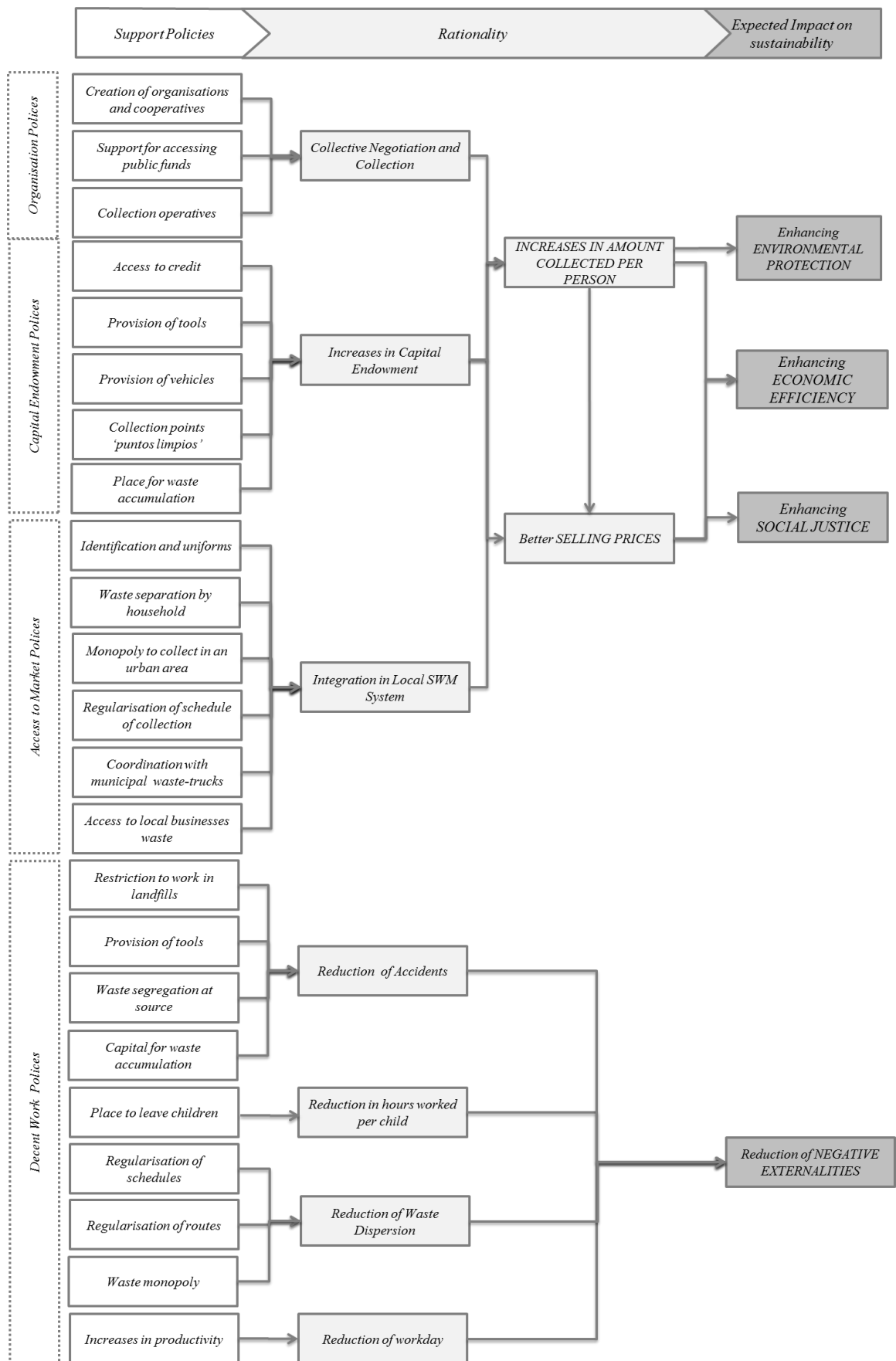
C: We are legally constituted with all our associates. Our cooperative complies with municipal taxes, applies for projects and signs partnerships and contracts with enterprises. We received a commodatum for this plot... We have contracted two people who classify the recyclable materials... They receive monthly payment and have a contract...and contribute to the pension and health schemes.

These supportive municipalities operate from the fundamental premise that waste-picking is not a structurally unprofitable activity, but rather that the barriers to growth for waste-pickers can be overcome by policies aiming to raise productivity and integrate them into the municipal SWM. Supportive municipalities' central focus on social inclusion stands in stark contrast to other municipalities – such as Pudahuel, Cerrillos and Santiago Centro – that focus on policies of tolerance or repression.

Supportive policy measures: enhancing organisation, capital and market access

In practice, a large variety of supportive municipal policies are implemented. These policies can be classified within three categories: organisation, capital endowment and market access. In addition, Peñalolén and La Reina have launched specific policies aimed at reducing negative externalities. Below, a detailed compilation of policies in place in Santiago de Chile and their expected impacts is presented (Figure 4.2).

Figure 4.2: Supportive Municipal Policies Enhancing the Performance of Waste-Pickers



Source: Own elaboration

Organisation policies

I described earlier how the collective organisation of waste-pickers can be fundamental to negotiate better prices, pool resources and access public funds (see section *The life cycle: Progress and poverty barriers for waste-picker enterprises* in this Chapter). However, according to the Casa la Paz Survey, only 13% of waste-pickers belong to some sort of organisation. To oversee an increase in this number, Peñalolén, Recoleta and La Reina have introduced three types of supportive policies: cooperative creation, technical support facilitating access to public funds and the coordination of collection operatives.

Waste-picker cooperatives are for-profit businesses in which waste-pickers share ownership, capital and profits. To establish these organisations, Peñalolén and Recoleta have recruited unorganised waste-pickers and arranged meetings to establish their legal constitution, first as *organizaciones de base* (grassroots organisations), and then as cooperatives. In the much less common case of La Reina, where waste-pickers were already informally organised, the municipality provided support for the legal constitution of this already-existing group. Olivia (27), a public officer from EDPG, describes this process:

O: We approached waste-pickers in the street market... It was logical – they collect (reusable) materials and so they have to sell it somewhere... We first identified waste-pickers and then gathered them together. We held meetings with them every Tuesday... The organisation was (ultimately) constituted as a society of micro-entrepreneurs. They have their own legal statutes... We continue until they act like any (formal) enterprise in the municipality would.

Once they are legally established, waste-pickers are able to receive local investment and to apply for public funding available to social organisations or small businesses. La Reina and Peñalolén provide information on funding that is available and technical assistance when applying for central government funds. Karina (39), an officer at the PDLRC, expands on this:

K: It is good (that they are legally organised)... They can apply (for public funds) with projects, because if a waste-picker tries to apply on their own, they won't be considered. They have applied to SERCOTEC and FOSIS [two central funds]... We advise them with preparing (for these) applications and letting them know about available funds.

Furthermore, these three municipalities coordinate with the cooperatives' '*operativos de reciclaje*' (collection operatives) to increase the quantity of recyclable and reusable materials collected. *Operativos de reciclaje* refer to a municipal programme in which waste-pickers collect recyclable and reusable materials within a specific neighbourhood. To organise these *operativos*, a municipal officer meets with the waste-picker representatives to settle on a specific day – always on the weekend, in order to maximise the number of people at home – and designate a specific borough in which to carry out the operation. When possible, this is done in

higher-income municipal areas, as these tend to provide a higher quantity of materials. Waste-pickers and the municipal officer then proceed to distribute flyers over the entire designated area to inform neighbours of the day, time and type of materials to be collected. On the day, waste-pickers go door-to-door collecting the reusable and recyclable materials. Most often, the municipality brings one buyer to the neighbourhood who will purchase all recyclable material, the profits of which are then distributed equally amongst waste-pickers. The reusable material collected by each waste-picker belongs to them individually, and is taken home for storage and repair. Finally, waste that cannot be recycled is gathered together and collected by municipal waste lorries. Lorenzo (45), the head of the EDRC, expands:

L: We provide the advertising, the pick-up vans, we tell the neighbourhood associations. We facilitate moving the (waste)...and have a location to accumulate (materials) and bring a buyer. All of that is provided by the municipality for 'operativos'. In the operatives, (neighbours) provide everything... 'cachureos'...plastic, cardboard, cans... (Waste-pickers) bring the 'cachureos' to their houses, and the (recyclable) materials that remain are sold by weight.

Capital endowment policies

At the same time, supportive municipalities such as La Reina and Peñalolén also help waste-pickers to capitalise, by directly providing or facilitating the investments required to grow their businesses. To facilitate capitalisation, municipalities simplify waste-pickers' access to credit, provide them with tools and/or machinery for processing recyclable materials, donate vehicles, build collection points and provide recycling centres.

Waste-pickers have typically had difficulty in accessing credit, as banks require a legally constituted enterprise, complete with cash flows or payslips. Banks that provide microcredits to informal enterprises, such as Banco Estado or Banco del Desarrollo, still require a municipal permit that proves the existence of these enterprises. Belen (49), head of the PDLR, describes how municipalities help with this:

B: When (waste-pickers) are supported by the municipality and they are registered in DIDECO [Municipal Community Development Department], they can get certificates (to prove their existence), and with these can access microcredits in banks.

This is echoed in the contrasting experiences of Daniela (43), a waste-picker from Pudahuel, and Victor (60), a waste-picker from the supportive municipality of Peñalolén:

D: A few (waste-pickers) have access to credit, but it is small – 200,000 pesos [USD 322], as we don't have payslips or contracts.

V: (In Peñalolén) as micro-entrepreneurs we have a (local) permit, so we can access credit...in (several banks)... You have to take advantage of these opportunities... The majority (of us) are trying to buy a (motorised) vehicle, because (the amount of credit) is enough to buy one.

La Reina and Peñalolén have also provided waste-pickers with tools such as gloves,

huts and night-lights to facilitate their work. La Reina has furthermore provided its cooperative with scales, a ‘*chipeadora*’ (plastic crusher) and a compactor, thus avoiding the risk of middlemen incorrectly calculating weights, increasing prices paid per kilogram and minimising transport costs. As explained by Angel (39), head of the EDPC:

A: We gave them the basics...reflective jackets with identification, gloves, hats...so they can work safer... In the recycling centre we will have a compactor, a crushing machine to reduce the volume (of the recyclable material) and the scales. When you crush and compact...it adds value...because this process is not done by the (recycling) enterprise and there is a lower transport cost... If Tetra Pak is currently paid at ten pesos per kilo, after compacting they will pay you fifty.

These two municipalities have provided waste-pickers with tricycles and other modes of transport to facilitate their collection, as described by Olivia (27), a public officer of the EDPC, and Carlos (48) a waste-picker leader from La Reina:

O: With the FOSIS project, 25 tricycles were acquired. That was in April. With these, (waste-pickers) can collect more and faster.

C: Aside from obtaining the land (for the recycling centre), with the help of the municipality, we bought a cargo lorry (to collect in gated communities)... Now, we have two cargo lorries.

Further supportive measures include the provision of small ‘*puntos limpios*’ (‘clean points’) where neighbours can leave their recyclable materials. *Puntos limpios* are composed of two halves: in front, there are several disposal compartments for each type of recyclable material, and behind this there is a large storage and separation space. These points are provided to reduce the effort required of waste-pickers in transport and collection, to increase their storage capacity, and to increase the total quantities collected. These points are distributed across the municipality to maximise the coverage area, while still remaining a reasonable distance from residential zones. As Carlos (48) comments:

C: Having a ‘punto limpio’ helps, because we can’t carry out a door-to-door service everywhere – it would be unprofitable... But here, people bring (recyclable) material from their homes, so we provide a service for them without going to their houses. And of course, we end up collecting more... We started with 500 kilos per month (prior to ‘puntos limpios’), and now (we collect) 10,000.

Finally, La Reina has built, and Peñalolén is in the process of building, a large recycling centre for waste accumulation and processing. The La Reina centre contains a *punto verde* (‘green points’), a covered area for material segregation, large containers for storage and two cargo lorries for collection within gated communities. It also contains a fully functioning office for administrative purposes. The large storage capacities of recycling centres allows for a higher income per kilogram when material is sold directly to large recycling enterprises, as explained by Angel (39) of the EDPC again:

A: The centre...will allow (waste-pickers to bring) all (recyclable) materials... This material will be classified by colour – material of one colour has a higher value than mixed materials. It is then crushed, compacted and baled. So, you can establish a contract with buyers for a certain amount of tonnes per month, of a particular standard and format. This allows for much better prices... The

municipality will provide the recycling centre, and (waste-pickers) will administrate it...

Market access policies

Supportive municipalities help waste-pickers to expand their market access by integrating them into the municipal SWM system. This is done through various means, including institutionalisation, social education and facilitation coordination with public services.

La Reina and Peñalolén provide an institutional backing for waste-pickers, providing identification cards and uniforms containing the municipal logo. Moreover, when accompanied by a municipal officer, they can visit their collection neighbourhood door-to-door, introducing themselves as the local urban recycler. In Chile, waste-pickers can be stigmatised as criminals who search for unoccupied houses containing valuables. By providing institutional backing, a supportive municipality helps to break down prejudices and increase locals' trust and cooperation in recycling. To access uniforms, waste-pickers must enrol in a large organisation that registers its personnel in a municipal office, becoming accountable for complaints in the process. Olivia (27) discusses the effectiveness of institutionalisation:

O: (Now) people open their doors to waste-pickers. I'm telling you, it's amazing. (Waste-pickers) are practically municipal officers, asking 'How are you doing?' and going into houses, into kitchens, and taking (recyclable and reusable materials). There is a lot of trust. So, (the municipality) certifies that these waste-pickers are trustworthy people. They go with the municipal credentials.

Peñalolén promotes the monopoly of a single waste-picker over a specific neighbourhood area. In this programme, each waste-picker is registered and assigned an urban area of between 50 and 200 houses for collection. Each waste-picker must collect door-to-door at least once every fifteen days. Here, Peñalolén hopes to provide a regular source of material and thus income to each waste-picker. Currently as many as 39 waste-picker monopoly areas exist in Peñalolén (see Plate 4.3). Angel (39) describes the benefits of these monopolies:

A: What we do is enrol a whole gated community, borough or urban area and assign one waste-picker who goes almost door-to-door collecting... They have to travel fewer kilometres to get the material. They can be sure that they will get material, and won't have to look through rubbish bins. At the same time, they get better prices and quantities, and have (financial) stability. They can say: 'I am making X pesos per month', knowing they have that stable salary.

Plate 4.3: *Location of waste-picker urban blocks and recycling points in Peñalolén*

This plate, "Location of waste-picker urban blocks and recycling points in Peñalolén", has been removed as the copyright is owned by another organization.

Source: www.penalolen.cl/medio-ambiente/programa-reciclaje-inclusivo/

La Reina and Peñalolén have both promoted the separation of waste by locals. For La Reina, this programme applies primarily to collection within gated communities and public schools, where the municipality establishes contact, and a waste-picker, sometimes accompanied by a policeman or municipal officer, performs the training in how to properly separate material. In Peñalolén, waste separation occurs only in monopoly areas assigned to waste-pickers. The training is undertaken door-to-door by each waste-picker, accompanied by a municipal officer. Olivia (27), again:

O: ...base of everything is a community that is willing to give all their waste to (waste-pickers)... Currently, neighbours provide the (material) at their front door, separated, cleaned and in a condition that waste-pickers can handle safely. (Waste-pickers) receive not only paper, cardboard, and cans, but also tools, equipment, appliances.

La Reina has promoted a coordination between waste lorry collection schedules and waste-pickers. This means that waste-pickers know the exact day and time at which the lorry will pass in a certain area, and will travel ahead of it to sort material (when it has not already been separated), leaving the remainder to be taken by the lorry. With this approach, the municipality expects to maximise the quantity of recyclable waste recovered, as Carlos (48) elaborates:

C: The municipality has informed us of the routes and schedules when the lorry comes by, and drivers need to stick to that schedule... We start collecting around one hour in advance, so we can collect almost everything of value before the lorry passes through.

La Reina and Peñalolén have also promoted the regularisation of waste-pickers' collection schedules to increase the predictability of the collection service. By doing this, locals can regularly collect recyclable and reusable material and leave them at their front door, knowing that they will be collected on a certain day. This is expected to facilitate collaboration and pre-

vent locals from being let down by the recycling system. As indicated by remarks made by Paula (39) and Olivia (27), municipal officers from the PDLR and EDPG:

P: (Waste-pickers form) an agreement with each gated community, but it is quite open. They can collect early in the morning or late in the afternoon...but the day is fixed.

O: To encourage locals to change their behaviour (and recycle) you need to have a programme that allows them to implement their behavioural change... If the waste-picker doesn't come (on their scheduled day), you are back to zero. (The locals) will not trust you again. The predictability of the system is key to gaining their contribution.

These two municipalities have facilitated waste-pickers' access to waste, both from businesses and locals. Peñalolén regularly makes contact with industries, requiring their storage spaces to be cleaned up, thus allowing waste-pickers to access large quantities of *cachureos* and recyclable materials in a short period of time. These operations are generally supported by municipal vans that assist with the transport of material. In the case of La Reina, the municipality contacts local industries to offer a recycling service provided by waste-pickers. Both municipalities have also made contact with gated communities to offer them the alternative of recycling using waste-pickers. This process is described by Carlos (48), a La Reina waste-picker, and Olivia (27):

C: I think the municipality is the most important partner. I mean, without municipal support...you can't do much... (It) is fundamental to any project that you carry out with locals or enterprises... We are (always) backed by the municipality. For example, CALAF is one of the (local) enterprises (organised through the municipality). Every day they give us between 400 and 600 kilos of cardboard.

O: We make contact with enterprises, so (waste-pickers) can collect (from them)... The national judicial system contacted us to clean up their warehouse... The municipality also has a lot of buildings such as surgeries (and) schools that are being refurbished, so waste-pickers take (the waste) material.

Negative externality policies

In addition to these measures, supportive municipalities help waste-pickers to reduce negative externalities, such as child work, waste dispersion or extensive working hours.

La Reina and Peñalolén have facilitated access to public nurseries for waste-pickers. All Chilean municipalities have a public nursery for workers, however waste-pickers are sometimes excluded from this, as they do not have relevant working documents. These documents have been provided by these two municipalities. As Esteban (52) a national waste picker leader, explains:

E: The main reason for (children being at work) is a lack of access to nurseries... There are municipalities that we have spoken to, and they facilitate (waste-pickers') access to public nurseries... In Peñalolén, for example, for the organisation members these things are easier.

In Chile, waste-pickers are banned from working in landfills as it is often associated with very poor working conditions and a high risk of accidents. Landfills are constantly monitored by police and municipal social departments, and safety guides have been provided to minimise the accidents that can arise when waste-pickers persist in collecting from landfills. Additionally, waste-pickers are provided with safety equipment to increase their work security.

Esteban (52) again comments:

E: We have a partnership with the PDI [Investigative Police] and the DIDECO... Originally, the PDI would be intimidating...but...later they would provide (employment and childcare) alternatives (to waste-pickers)... We created a safety guide for waste-pickers, so they work with reflective jackets, gloves. I mean, it is a small detail, but it is very important.

The large range of supportive policies from these three categories shows the broad and far-reaching attempts to solve the multidimensional barriers of poverty faced by waste-pickers. Given the restrictions that inhibit their growth, these municipalities hope to accelerate the process of scaling-up waste-picker businesses. The extent to which these groups of policies impact waste-pickers' performance is discussed in the following section.

Incremental and iterative policy design: maximising efficiency and minimising dependency

Supportive municipalities use an incremental strategy to maximise the effectiveness of their policies. With this iterative (trial and error) approach, municipalities can identify the most effective policies in a context of many potential policy approaches with limited knowledge of their effectiveness: Angel (52) outlines this process:

A: At the beginning, we didn't know much about waste-pickers... So, we wanted...to prototype policies, to define what our recycling system was going to be – what works and what doesn't. We have created and experimented with a range of policies that allows us to be at the avant-garde of recycling.

Supportive municipalities face enormous uncertainty when designing policies for waste-pickers. First, tri-dimensional barriers to growth – organisational, capital and market access – cannot be solved with a single intervention and thus require a policy package. Second, although international experience, particularly from waste-picking policies in Brazil and Colombia, can act as guide for supportive policy design, these policies need to be adapted and tested within the local context, there being a dearth of evidence as to which kinds of policies might work best locally. Third, municipalities have little information on the realities of how waste-picking works in their local context. Therefore, the challenge for supportive municipalities is to select the most effective interventions from a large range of policy choices. In this scenario, opting for traditional planning strategies of large-scale policies could easily result in major expenditure and very limited impact. Angel (52) describes this process:

A: We are making progress, step by step... Initially, we weren't clear where we were going...we realised that as...we achieved the goal of collecting more recyclable materials, we had a problem

in waste-pickers' houses, which were crowded with materials. So, that was the second stage...we installed a big green point.

These municipalities tend to implement several small-scale pilot policies simultaneously based on informed guesswork as to which policies might be successful. With the feedback received from these, amendments are made to ineffective policies when possible, or they are otherwise discarded, and an incremental method is used to scale-up effective policies. As an example, in La Reina, 'puntos limpios' (clean points) were initially unsuccessful and gave way to 'condominios' (gated community) recycling points. Karina (39), an officer at the PDLRC, explains this development:

K: Some (small green) points were installed and they didn't work...they became micro-dumps... (Waste-pickers) said that they were too small, unprofitable, but we couldn't put a big (green point) in a square, (waste-pickers need to collect with) high frequency to keep it clean... (Now with recycling points) in gated communities, they collect once a week... In these eight (communities) it has worked and we are now expanding (into other gated communities).

With this approach, policymakers interact closely with the waste-pickers, developing an ever-deepening knowledge of the market dynamic of the sector and the types of constraints faced. This leads to ever more improved policies as the process is repeated, as Olivia (27) describes:

O: First we did a pilot with a thousand families and we got it wrong. Then we realised that the most important indicator to increase efficiency was each recycler's pedalling per kilo. That is, we needed to minimise distance and increase the tonnes collected per kilometre... From then, our policies became more accurate.

Although La Reina and Peñalolén consider active local government support an important factor in growing waste-picker businesses, they are wary of creating a long-term dependency of these informal businesses on municipal resources. Policy interventions thus never take the form of welfare programmes that subsidise the profits of waste-picking, but are rather targeted interventions aiming to increase the productivity of waste-pickers. La Reina and Peñalolén eventually started to modify their policy interventions by decreasing the involvement of human and economic resources along with waste-picker business growth, and progressively replacing municipal support with autonomous waste-picker cooperatives that can support their members. Angel (52) describes the municipal approach, which is complemented by Carlos' (48) description of waste-picker cooperative growth:

A: Waste-pickers are not municipal employees. Waste-picking is an independent activity that we have been bringing together and organising. We propose that they will become more and more autonomous... Our logic has been: at the first step we give everything that is essential... In the second stage, we give (them) less... A culminating moment (of this stage) was when (local waste-pickers) received a (Central Government Fund) entirely by themselves. We went from a stage where we gave them everything...(to them being) formalised, presenting their (own) projects, buying their own tools.

C: (In our cooperative), we buy per kilo and sell per tonne... Of course, we get a margin from selling. These (profits) are shared...as we are a cooperative... We call for a meeting and...among all of our members, we say: 'Okay, we have one or two million pesos [USD 1,611.74 – 3,223.47] of profit. What do we do?'... We have invested in new tricycles... We bought 710-litre containers to

install in gated communities... (Now) people work better, and we get more material and earn more money.

To summarise, this section has shown that the primary objective of municipalities pursuing supportive policies is to socially include a traditionally marginalised group and, as a second objective, enhance local environmental protection. The policies described above all focus on enhancing the economic efficiency of the activity to reach these goals, be it through capital endowment, organisation, market access or negative externality reduction. Supportive municipalities use an incremental strategy to maximise the effectiveness of their policies in an uncertain environment, while minimising waste-pickers becoming dependent by slowly moving them into a more self-determined, auto-financed and autonomous role.

POLICY IMPACT OF SUPPORTIVE POLICIES: EVALUATION

In this section, I evaluate the specific impacts of each supportive policy on enhancing waste-pickers' sustainable performance and reducing negative externalities. As explained in Chapter 3, in the section 'Second stage: quantitative methodology', and drawing from the results of my waste-picker survey, I run Equation 1 where the outcome of interest is one of the eleven sustainable performance indicators (see Table A.6.1 in Annex 6). Five main indicators are discussed in this section, and a discussion of complementary performance indicators commonly addressed in the literature can be found in Annex 6. Explanatory variables in this set of regressions are the eleven supportive policies implemented by municipalities (see Table A.6.2 in Annex 6). I also include several individual socio-economic and municipal controls (Table A.6.2 in Annex 6). As custom, the fully saturated model – the one with all controls – is my preferred specification; therefore the analysis is done using this estimation, and with a significance level of 10%. For transparency, I also report all coefficients in the regression, and the way that the coefficients change as more controls are added (see Tables A.6.4 through A.6.6 in the Annex 6). Education has been excluded as a control variable, as almost all waste-pickers have very low levels of education (see Table 3.2 in Chapter 3).

The results of the statistical analyses are summarised in Table 4.4. In OLS model 1.a, the impact of policies on economic efficiency (indicators 1) has been tested. In OLS model 2.a, the impact of supportive policies on social equity performance is tested. OLS model 3.a assesses the impact of policies on outcomes for working conditions, and in OLS model 4.a, negative externality variables are introduced. Finally, model 5.a reports the results of supportive policies on environmental protection performance. Qualitative analysis is then used to understand the mechanisms at play behind the statistically significant impacts of local policy intervention. In this section, a quantitative analysis is complemented with qualitative evidence, primarily in the form of basic reportage using transcripts from interviews and focus groups

Table 4.4: Summary of the Impacts of Municipal Policies on the Sustainable Performance of Waste-Pickers

<i>Response Variable</i>	<i>Positively Impacting Policy</i>	<i>Negatively Impacting Policy</i>	<i>Magnitude</i>	<i>Type of policy</i>	<i>Overall Impact (a)</i>
1. Economic Efficiency					
Indicator 1.a: <i>Earnings per hour worked</i>	<i>Provision of motorised vehicles</i>		654.2*	<i>Capital</i>	<i>B</i>
	<i>Institutionalisation of waste-pickers</i>		1,260***	<i>Organisation</i>	<i>A</i>
	<i>Waste-picker monopoly</i>		833.8***	<i>Organisation</i>	<i>A</i>
	<i>Regularisation of schedules</i>		152.3**	<i>Organisation</i>	<i>A</i>
2. Social Equity					
Indicator 2.a: <i>Income relative to minimum wage</i>	<i>Provision of motorised vehicles</i>		0.440**	<i>Capital</i>	<i>B</i>
	<i>Institutionalisation of waste-pickers</i>		0.929***	<i>Organisation</i>	<i>A</i>
3. Quality of work					
Indicator 3.a: <i>Number of hours worked in a week</i>	<i>Donation of tools and machinery</i>		0.0931*	<i>Capital</i>	<i>A</i>
4. Negative Externalities					
Indicator 4.a: <i>Child work (b)</i>	<i>Place to leave children (social network)</i>		-1.813***	<i>Neg. Externalities</i>	<i>A</i>
	<i>Place to leave children (school/nursery)</i>		-1.117**	<i>Neg. Externalities</i>	<i>A</i>
		<i>Provision of motorised vehicles</i>	0.879*	<i>Capital</i>	<i>B</i>
5. Environmental Protection					
Indicator 5.a: <i>Quantity collected per hour (recyclable and reusable material)</i>	<i>Donation of Tools and Machinery</i>		2.550*	<i>Capital</i>	<i>A</i>
	<i>Institutionalisation of waste-pickers</i>		12.360**	<i>Organisation</i>	
	<i>Coordination with waste lorry</i>		3.402***	<i>Organisation</i>	<i>A</i>
	<i>Place to leave children (social network)</i>		8.703**	<i>Neg. Externality</i>	<i>A</i>
	<i>Place to leave children (school/nursery)</i>		7.532*	<i>Neg. Externality</i>	<i>A</i>

Notes:

a) Overall Impact A denotes municipal policies that have only a positive impact across indicators; B refers to municipal policies that have both positive and negative impacts across indicators; C denotes policies that have only negative impacts across indicators.

b) Where 1 signifies 'I never go with my child/children to collect waste' and 6 signifies 'I always go with my child/children to collect waste'

c) Where 1 signifies 'I always clean up after collecting/sorting waste' and 6 signifies 'I never clean up after collecting/sorting waste'

*** p<0.01; ** p<0.05; * p<0.1 : Robust standard errors in parentheses

Individual productivity: earnings per hour worked (indicator 1.a)

The data suggest that a higher level of local government support leads to stronger economic performance for waste-pickers. First, productivity per hour of work (indicator 1.a, Table 4.4) sees an increase that results from a number of supportive policies – the upgrading of waste-pickers to motorised vehicles increases their productivity by CLP 654 (USD 1.28) per hour, granting a monopoly over an urban area by CLP 834 (USD 1.63) per hour, the regularisation of waste-picker collection schedules by CLP 152 (USD 0.30) per hour, and the institutionalisation of waste-pickers by CLP 1260 (USD 2.47) per hour.

When motorised vehicles are provided to waste-pickers, the entire collection process is sped up and they are able to carry more material with each trip, as well as carrying larger reusable items, resulting in higher returns per hour of work. Claudia (48), a waste-picker from Peñalolén, expands on this:

C: (I started with) a shopping trolley...then, I had a tricycle, which was a wonderful step. But I was still struggling to work all the way up in Pucuro, since I recycle in Providencia [a downhill area]... So I used to get exhausted, but it was still an improvement... When I got the pick-up van, I was so happy...now I can go...wherever people call for me. I can carry big things that I couldn't before... I was able to grow, increasing the number and size of things that I collected.

Organisational policies draw positive results as residents become more willing to collaborate with waste-pickers, allowing them to access recyclable and reusable materials of a higher quality and in higher quantity in a shorter period of time, thus increasing earnings per hour. As Sofia (46), a waste-picker leader in La Reina, comments on the relationship between waste-pickers and local households:

S: Each waste-picker has their particular borough where they collect and they must respect that area. Neighbours are enrolled (in a recycling programme) and the municipality assigns a local waste-picker... We rely on neighbours' cooperation because (our earnings) depend on what they provide... (In each area) we have a strong relationship with the neighbours, they know us...they hold on to 'cachureos' and provide separated (recycling) material for us.

Esteban (52) explains how the regularisation of waste-pickers' collection schedules means that, in the long run, neighbours can get to know waste-pickers personally, again improving trust in their relationships:

E: Here in this street...a waste-picker comes every other day...always following the same schedule... We have worked in this office for 4 to 5 years...it's always been the same guy... Now, we know him... People (in this street) recognise him and gather 'cachureos' and (recyclable) material for him.

Similarly, the institutionalisation of waste-pickers influences this relationship built on trust and collaboration. With this policy, waste-pickers are able to access high-income gated communities, thus expanding their collection area. As Sofia (46), in another intervention, noted:

S: (It is important) to have an identification card or our jackets...to show to the locals, because if we walk through the street in uniform...they will actively ask us... 'What do you recycle?'...and they give us 'cachureos' or (recyclable) material... They prefer (giving) to a waste-picker in uni-

form rather than one without. (Gated communities) can have private guards...who now say hello to us...they know that we come from the municipality and they open their doors to us.

Poverty reduction: income relative to minimum wage (indicator 2.a)

It appears that supportive policies can be effective in moving waste-pickers out of poverty. The provision of motorised vehicles boosts monthly incomes by 0.44 times the minimum wage (USD 142.35), and the institutionalisation of waste-pickers increases incomes by 0.93 times the minimum wage (USD 300.88).

Increases in productivity derived from the provision of motorised vehicles described in indicator 1.a create a run-off effect of an increase in incomes. Similarly, the increased trust for institutionalised waste-pickers discussed earlier leads to higher incomes, as waste-pickers gain access to higher quality and quantities of materials. Moreover, in the Peñalolén municipal areas, waste-picker institutionalisation also allow them to secure a stable place in street markets, where they are able to sell materials as reusable products for a higher price. As David (48), a waste-picker in Peñalolén, noted:

D: The municipality helps us, and we pay the minimum 200-300 pesos [USD 0.32-0.48] for a municipal permit (to sell our 'cachureos'). We have a good relationship with the police and the municipal inspectors... You can get more money for your products... Let's say you repair a TV... you can sell it in a street market for 12,000 [USD 19.25], but in the recycling market you get 2,000 pesos [USD 3.23].

Working conditions: number of hours worked in a week (indicator 3.a)

The working week length can be reduced through the provision of tools and machinery, decreasing a workday by 50 minutes; this equates to a reduction of 18 hours per month. A waste-picker's workday is split between collection and processing. The collection of materials can be done only at particular times and on particular days of the week when neighbours leave waste outside their home, and tends to be tiring, and so waste-pickers cannot commit limitless time to this activity. When the processing time is significantly sped up with tools and machinery, a relative proportion of the workday length is shortened. As explained by David (48), a waste-picker from La Reina:

D: Triturated plastic, when it's chopped up, (recycling companies) will pay around 700 pesos per kilo...because it's almost raw material... I have a machine that you use to crush the bottles and put them in a bag. You can put up to 40 kilos in it... Same for cardboard, it needs to be wrapped, so with a baling machine you go much faster.

Child labour: frequency of waste-pickers accompanied by a child (indicator 4.a)

The results for the frequency of children located at the workplace (indicator 4.a) raise an interesting point. Contrary to the literature, and as female waste-pickers consistently stressed during interviews, children are not brought to work as a means of complementing a waste-pickers' income (Porto *et al.* 2004), as this indicator is not statistically significant, but is rather the result of having few alternative options for places to leave children during the workday. In this sense, the availability of public facilities (nurseries or schools) or waste-pickers using their social networks (typically relatives, friends or neighbours) significantly reduces the frequency of the indicator by 1.117 and 1.813 standard deviations respectively. Carlos (46), a waste-picker leader from Maipú, offers an explanation:

E: This (problem) affects women more so than men... Our female co-workers have had to leave their children at home or take them to work many times, because they don't have access to public childcare. When they do have access to it, since we don't have a formal job, we have to pick them up either in the morning or in the afternoon. If you have a formal job they will keep children all day. We have spoken with the municipalities...to allow us to keep them in the nursery longer, so we can progress in our work. In some cases they have accepted (our requests).

However, the provision of a motorised vehicle increases the presence of children at work by 0.879 standard deviations. This is because, in the absence of childcare facilities, a motorised vehicle can provide a comfortable, covered area for children while their parents are working. Esteban (52) again explains:

E: We are fighting for access to nurseries, so we can go to recycle with clear heads... Often waste-pickers, particularly single mothers or widows, have had to leave their children at home alone... But you are always worried that it is going to burn down (since flammable material is stored at home)... Tragedies like this have happened many times... In my own case, it was better to go to work with my children in my pick-up van...because who could I leave them with?

Prevention of waste entering landfills: quantity of recyclable and reusable material (indicator 5.a)

Supportive policies also seem to have a positive impact on waste-pickers' environmental protection indicators. Regarding the prevention of waste from ending up in landfills (indicator 5.a), the donation of machinery and tools removes 2.550 kilograms from landfills per hour of work, coordination with the waste lorry 3.402 kilograms per hour, the institutionalisation of waste-pickers by 12.360 kilograms per hour, and having a place to leave children by between 7.532 and 8.703 kilograms per hour.

The provision of processing machines frees up time that waste-pickers would otherwise spend doing these processes manually, increasing their time available for collection. As stated by Esteban (52) in another intervention:

E: Our cooperative has a baler machine. This saves a lot of time, because some middlemen ask us to pre-wrap cardboard, and without the machine it needs to be done manually... You work a little bit less, but you have also more time to collect.

The coordination of waste-pickers with the waste lorry schedule has a significant impact on indicator 5.a. When waste-pickers are aware of the route and timetable of waste lorries, they can arrive before the lorry to salvage almost all recyclable and reusable materials in an urban area before it is taken away to landfills, increasing the quantity collected per individual. Carlos (48), a waste-picker leader from La Reina, explains this point:

C: Here, everyone knows when the waste lorry passes... Waste-pickers start collecting from the top of the hill at 7:00 am and finish here, near the recycling centre, around 1:00 pm... This means that almost all the material that can be recycled ends up here (in the recycling centre) and not in landfill... If a waste-picker tries to collect at 2:00 pm, he will find very little (material in the streets).

As with indicator 1.a, the institutionalisation of waste-pickers increases neighbourhood trust compared with those who do not receive support, and since they have increased access to recyclable and reusable material, their collection rate increases. As Lorenzo (45), a waste-picker leader from the cooperative in La Reina, explains:

D: (Neighbours would say:) 'Here come the waste-pickers – be careful, close the door, the waste-picker is here...he is looking for houses to steal from'. We are stigmatised. If you arrive with an identification card, they will say: 'Okay, he comes from the municipality'... They look at you and they see the municipality. For example, when we had our collection day, all of us were wearing green municipal uniforms. All (of the neighbours) could identify us and were happy to donate (re-usable and recyclable materials).

Access to childcare services increases collection rates for both recyclable and reusable products by up to 8.703 kilograms per hour. Female waste-pickers tend to be more able to gain access inside houses, as neighbours in my study tended to be more willing to trust them over men, allowing them to obtain more reusable products and to collect large household items. Since childcare allows them to be more efficient in their collecting, higher collection rates result. Esteban (52) expands on this idea:

E: Women can collect more, as people give them much more material, especially in low-income neighbours. It is incredible, but people are more empathetic towards women, and so they can collect 'cachureos' that people wouldn't give to men.

This analysis has shown that a combination of supportive policies is necessary to yield the best results for waste-pickers. The most important policies seem to be those that organise waste-pickers to improve the efficiency of the recycling system. This is particularly true for policies that promote the institutionalisation of waste-pickers, that foster waste separation in households prior to collection, that provide guaranteed collection areas to waste-pickers and that facilitate the regularisation of waste-pickers' collection schedules. Given the low-cost implementation of these types of support policies, this is particularly suitable for improving SWM systems in developing world cities. Further highly relevant supportive municipal policies focus on increasing the capital endowments of waste-pickers, particularly the provision of a location for waste accumulation, assisting waste-pickers with access to motorised vehicles and providing machinery and tools for work. Finally, the provision of childcare facilities not only significantly

reduces the occurrence of children at work, but also facilities work for female waste-pickers, having a positive impact on their productivity. Overall, the positive impact of supportive policies in increasing the results of all but one of our indicators establish positive local government intervention as a central component in achieving sustainable waste-picking (see also Annex 6).

FINAL BARRIERS OF WASTE-PICKER BUSINESSES AND ALTERNATIVE MARKETS

The final barriers: spatial poverty traps and oligopsony in recycling markets

Spatial poverty traps

The impact of local support policies is limited by their particular spatial jurisdictions. Municipalities administrate over a restricted urban space, and thus have a limited area of waste production. These restrictions ultimately lead to two limitations, namely profitability and the expansion of waste-picking work that yields a decent income. The profitability of waste-picking is affected by the social conditions of the urban area where waste-pickers collect and sell. First, the social condition of a municipality affects the intensity of competition in an urban area, influencing the quantities collected per worker and, consequently, the profits made. Poor urban areas house more vulnerable people and, as a result, more waste-pickers. Conversely, in Santiago de Chile, the most spatially segregated city in OECD countries (OECD 2013), wealthier areas have almost no vulnerable people, and so they have few waste-pickers. As waste-pickers collect and sell in restricted urban areas, poor areas are highly competitive. Nicolas (62), a waste-picker from Cerrillos, explains the impacts of this:

N: We have been doing badly... There are many (waste-pickers) in the street that use their tricycles to go here, there and everywhere... Sometimes you get nothing because someone has already come by before you. But since we're all in the same boat, nobody can get angry with their friend who is simply working as well.

Second, higher-income areas produce a higher quantity of recyclable waste and better quality products for reuse, and are thus more profitable. When a waste-picker sells in one of these areas, they benefit from the local population's higher purchasing power. As a result, richer areas have much more potential profit than poorer ones, a point that Sebastian (62), a waste-picker from Pudahuel, elaborates:

S: People in a better (economic) situation have better things, so they throw more things away... They give good clothes, sometimes white goods... I can make 5,000 [USD 8.05] in a day... In the rich areas there are (waste-pickers) who make 20,000 [USD 32.20] per day. Twenty thousand! Because there is more material...for example, they get big piles of cardboard. They can get 200 to 300 kilos of cardboard, so they can make a lot of money. I think they earn...even more than 20,000 per day.

On the other hand, municipalities have a limited carrying capacity for waste-pickers. If waste-pickers are to remain in decent working conditions, they need to collect a certain amount of waste per month. If we hold this amount of waste per worker constant, supportive municipalities can still increase the number of waste-pickers in decent work, by expanding the area covered by waste-picking activities or by increasing the intensity of exploitation of their urban area. Nevertheless, a municipality is still ultimately limited by the total quantity of recyclable or reusable waste available in their locale. As Olivia (27), a worker at the EDPC, explains:

O: With our structure, we provide local families with a tidy system of recycling that generates decent employment... Nowadays, we have twenty-five waste-pickers... (We assign) one waste-picker for every 200 to 300 houses. We estimate that, if we amplify and replicate, we could reach 20,000 houses... So, we could have 60 to 100 waste-pickers (in our municipality in total).

Following this logic, wealthier areas have the potential to support higher number of decent waste-pickers' jobs, although supportive municipalities tend to be low-income areas. Olivia continues:

O: We have to understand that there are several urban areas in the municipality (that have) vulnerable (social conditions). So, the quantity of recyclable material is lower and thus it is more difficult for waste-pickers to collect enough to make a good living.

It is important to mention that this represents only an ultimate barrier – at the current rate of exploitation, supportive municipalities still currently have large scope for expanding the amount of decent waste-picking employment.

Monopsony and oligopsony

The oligopsonic or monopsonic power of large recycling companies represents a final and, arguably, insurmountable barrier to the growth of waste-picking businesses, as it affords large recycling enterprises the power to fix the prices paid for materials, extracting profits from those at the bottom of the recycling network. As discussed in the subsection 'The recycling market: a vertically integrated market', the market is structured through a network of middle-men who connect waste-pickers to only one or just a handful of large recycling enterprises for each type of recycled material. Therefore, a single or a few large recycling enterprises generate the entire demand for each recyclable material. At a national level, this imperfect market at the top of the recycling network gives enormous market power to the large recycling enterprises as buyers, allowing them to fix prices at will over even the most advanced waste-picker cooperatives and, consequently, to exploit monopsonic or oligopsonic profits. In La Reina, which contains the most advanced waste-picker cooperative with high levels of organisation, capital and market access, they are still able to sell directly to only the one or two largest buyers for each

type of material, and waste-pickers have no alternative but to accept the prices set by these enterprises. Carlos (48), a waste-picker leader of La Reina, describes this predicament:

C: There is no competition. I mean, SOREPA is SOREPA! So, if you try to negotiate with Reciclajes Industriales [a smaller recycling enterprise] they will never say: 'We'll pay you more', because, in the end, they sell to SOREPA and SOREPA is going to pay them the same (price)... There is just one big buyer... It is the same with metals, (the buyer) being Gerdau Aza. They can reduce prices from one day to another, because they know that some big middlemen, such as PEZ...cannot stop working. So, they keep exploiting downwards through the network. And, in the end, we are the most exploited.

In the same vein, large recycling companies can attempt to increase profits by paying lower prices for recyclable materials. Profits for these recycling companies are determined by three factors: international prices of raw materials, production costs and input prices. Large companies have little margin to exercise control over the first two factors: they cannot determine commodity prices in international markets, and in the short run, for a given technology, it is difficult to reduce cost by modifying production factors (capital and labour mixes). However, given their monopsony power, they can exert an influence on input prices to increase their profits. Lowering input prices in turn reduces the profitability of the whole recycling network, which ultimately means lower incomes for smaller businesses, waste-pickers and poor households. At the time of my first fieldwork, the prices paid to large recycling firms was tending to increase (see Figures 4.3 and 4.4), which contrasts with waste-pickers' own reports of decreases in prices paid; it is this feasible then that these profits are being extracted from the bottom of the recycling network through exploitative mechanisms. Esteban (52), a national waste-picker leader, and Fernando (56), in my group discussion in Recoleta, speak about this exploitation:

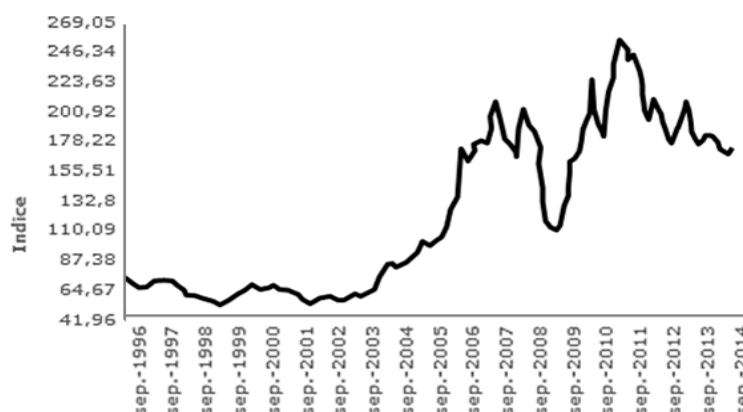
E: The big recycling enterprises are taking profits out of our work... Okay, they buy from us, but their profit margins (are increasing)...they fix the prices... Twenty years ago they used to say that the cardboard prices were going down because of forest fires in the south (of Chile). With our training, we have discovered that the stock market of New York determines the prices of paper pulp and other materials... (Now) they say that since they have too much stock they cannot pay us more, but the price of fibre doesn't go down. On the contrary, it is going up.

F: Look, thirty years ago, prices were different. For instance, newspaper was paid at 60 pesos [USD 0.11] and the money was worth more. Now (newspaper) is worth 20 [USD 0.03]. Think! Over thirty years, instead of going up, it has gone down, when everything else has gone up.

Firms can continue to extract profits from the recycling network to the point where a product is no longer profitable for waste-pickers, and so they stop collecting. Carlos (48), again, describes this:

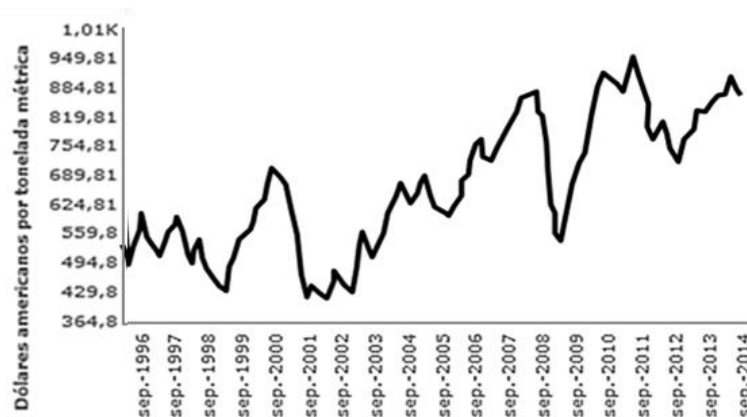
C: I think the enterprises play with us, I think they profit by changing prices. They try to pay the bare minimum... and increase their profits...and then when it is no longer worthwhile (for waste-pickers) to sell, they raise the prices a little. But in the end it's us who builds and expands this enterprise. We are the ones affected by low prices.

Figure 4.3: *International Commodity Metal Prices from 1996 to 2014 (Commodity metal prices index, 2005=100.)*⁵



Source: Idexmundi 2014 (accessed 25/12/2014)

Figure 4.4: *International Commodity Paper Pulp Prices 1996-2014 (US Dollars per Tonne)*



Source: Idexmundi 2014 (accessed 25/12/2014)

This situation poses a barrier to the positive impact of supportive municipal policies on waste-pickers' profitability. According to Medina (2007), waste-picking is an activity in which profitability is determined by a combination of quantity and prices. While local supportive policies can increase quantities collected by waste-pickers, as well as giving them a certain degree of collective negotiating power, their impact reaches a barrier at the top of the recycling network. A single buyer's market power can undermine any increase in productivity by ultimately denying them an earning that reflects realistic market value.

Overcoming barriers: two complementary alternatives

When faced with the limits placed on waste-pickers' market gains created by the power imbalance within the industry, waste-pickers and municipalities propose two possible solutions: developing alternative markets and fighting exploitation.

Escaping vertical exploitation: moving to alternative markets

To some extent, waste-pickers can escape the control of the leading recycling enterprises by moving to alternative markets. Three alternative strategies have been identified in my fieldwork that offer potential opportunities for finding new markets; notably moving within, moving out and scaling up. First, waste-pickers can move within the recyclable market by selectively collecting materials that command higher prices. For instance, some waste-pickers have stopped collecting Tetra Pak and cardboard in the wake of lower prices paid, and now focus on more profitable recyclable materials such as cans and scrap metal. Jose (45), Gloria (54) and Daniela (60), in my group discussion in Recoleta, comment on this:

J: I do not collect cardboard as it takes up too much space, I prefer to collect magazines, 'cachureos' and drink cans, which are better paid.

G: (I collect) scrap and iron.

D: No cardboard, it is too poorly paid. It's not worth the effort.

If a significant number of waste-pickers adopt this market logic, pressure is put on recycling enterprises to increase prices paid. Nevertheless, as most recyclable material markets are dominated by large enterprises, this strategy can only have a small overall effect on reducing price exploitation.

A second market alternative can be found through the process of moving out of the recyclable to the reuse market. A large number of waste-pickers are finding the reuse market more profitable and increasing the share of reusable materials in their income portfolio. Lorenzo (45), a waste-picker of Recoleta, and Esteban (52), a national waste-picker leader, explain:

L: A kilo of cardboard is worth 30 pesos [USD 0.05] ... (With) a van full of 300 kilos of cardboard...you get 9,000 pesos [USD 14.51 USD]. If you go to a house, they give you furniture, a heater, you sell them and you make 10,000 [USD 16.11]. So, there is a difference... Nowadays, the (recyclable) material, cardboard and paper, is poorly paid.

E: The reuse market, nowadays, is an important part of the income portfolio of waste-pickers. If we consider five years ago, only a few waste-pickers were selling items in street markets as 'coleros'... Last year...we discovered that today almost 70% of waste-pickers (collect and sell) reused products.

However, it is worth noting that competition can increase in a particular urban area with this movement of more workers into reusable collection, leading to a decrease in profits.

A third alternative involves scaling up to the international market. The municipality of Peñalolén, in its new recycling centre, will use capital to modify and transform materials, meaning it will be able to sell internationally at a price corresponding to that of raw material globally. Although this measure would allow waste-picking cooperatives to definitively overcome the price exploitation that they currently face, waste-pickers who are not members would remain in exploitative conditions. Angel (52), head of the EDPC, recognises this:

A: To move to (this next) stage, a recycling centre is needed... It will allow us to bring all the material (to one place), process it, pack it and even export raw materials. You could make a contract with a buyer to provide a (fixed quantity) of tonnes per month... All of this allows for much better prices, as you can escape...the national monopoly. Otherwise, we are at the mercy of the (large recycling) enterprises.

Fighting exploitation: the roles of national waste-picker unions and market regulations

Waste-pickers can go some way to overcoming the power of leading recycling enterprises by fighting the structural roots of exploitation. Two particular alternatives are mentioned in my qualitative data: national trade union negotiation and state regulation of the recycling market. Strong national trade unions would be able to negotiate prices with large enterprises based on access to information and bargaining power. By monitoring the international prices of the stock market they would be able to argue against unjustified price reductions from enterprises and request increases in prices accordingly, as Esteban (52) illustrates:

E: In Chile, almost no one wants to recycle plastic... (But) in other countries it is the base of waste-pickers' businesses... Nowadays, (large recycling) enterprises understand that they must raise the price, because we presented them with the values of the resin... (We) made a diagram with the curve of (international) resin prices and the prices (that they pay us). They should buy PET from us at \$1.10 (USD), and in Chile they are paying less than 50 cents.

Currently, the National Union of Waste-Pickers has been able to argue for better prices by accessing and presenting relevant information. However, the lack of organisation amongst waste-pickers, at both a local and national level, prevents the development of sufficient bargaining power to truly negotiate prices. Esteban (52) continues:

E: The fight for better prices (of recyclable materials)...it is like the fight...for the minimum salary. But we cannot even get at the same table (as recycling companies), even though...we have publically complained, we've talked, argued.

Second, the National Union of Waste-Pickers suggests that public intervention is required, in the form of a regulating agency that oversees the prices of the recycled market. This agency could compare international value and prices paid to waste-pickers, thus allowing for fair profits for both recycling enterprises and waste-pickers. As a result of higher prices, profits, efficiency, incomes and labour conditions would all improve for waste-pickers. Esteban (52) once again illustrates this:

E: If we had a regulated market, everything would be very different, they wouldn't exploit us and we would have fair prices... Some time ago, we argued 'a decent wage for two tons', regardless of the material... If we had a regulated market, this would be realistic because prices would be higher. However, they are not regulated, so waste-pickers have collected two tonnes several times and did not receive (a decent wage).

Claudia (48), a waste-picker from Peñalolén, considers the impact that higher prices would have on recycling rates:

C: If we had, in this country, enterprises that bought the material (at a fair rate)...we wouldn't need to go to (sell) in street markets and collect 'cachureos'. If bottles were paid at 500 pesos [USD 0.80] per kilo, beverage tins 1,000 [USD 1.61] per kilo...it would be worth only collecting (recyclable) materials.

In the current climate, supportive policies still have a large scope for increasing incomes and working conditions of waste-pickers, but at some point they will ultimately face these structural barriers to increasing their market share: a spatially restricted marketplace and mono-oligopsonic power of large enterprises. The three approaches of moving within, moving out and scaling up provide some potential to escape from this imperfect recycling market. However, moving within or outside of the recyclable market does not allow waste-pickers to escape low profits, while scaling up over a large recycling company can only solve the problem for a limited number of local waste-pickers. On the other hand, taking measures to fight exploitation could help to end price exploitation in the recycling market for all workers. Collective negotiation and market regulation appear to be plausible options, but they lie beyond the scope of municipal agency and require intervention at a national level.

CONCLUSIONS

The objective of this chapter has been to provide a better understanding of the realities of life as a waste-picker, comparing current UIE theory with these realities, and then using this as a basis for analysing the role of supportive municipal policies in enhancing waste-pickers' performance.

An integration of theories is needed to accurately describe the reality of the waste-picking experience and business life cycle in Santiago de Chile. The beginning stages of the activity – using waste-picking as a 'necessity' or 'last resort' source of income – and the corresponding increase in waste-picking activities during economic downturns matches with a dualist conception, but once a person has entered into the activity, the neoliberal and voluntarist picture of waste-picking as an 'opportunity' more closely approximates with what is occurring on the ground. The dichotomy of a waste-picker's approach to recyclable and reusable items once again leads to varying degrees of relevance for each theory, being at times integrated with the formal economy through an exploitative system and other times operating in complete isolation (in line with voluntarist and dualist perspectives respectively). However, the reuse

market continues to be almost completely ignored by research literature on waste-pickers.

The policies introduced by supportive municipalities are a reflection of this picture of waste-picking. Waste-pickers tend to come from a background of poverty, and do not have access to the capital required to reinvest in their businesses, nor to become organised structures that allow them to negotiate better payments and to access markets to collect/sell their products. In response, local policies have been implemented with the aim of overcoming these issues while fostering the social inclusion of a marginalised group commonly excluded from society, and as secondary objective, achieve an integral SWM system. Enhancing productivity and a gradual process of formalisation are seen as the main tools for achieving these objectives, with policies concentrated on three main areas: increasing capital endowment, organisation and reducing negative externalities.

The majority of the supportive policies evaluated in this study had a positive impact on enhancing waste-pickers' sustainable performance. There is no single 'magic bullet' solution that can increase the sustainability of waste-picking, but rather a range of policies is required. The organisation of waste-pickers is an inexpensive and effective strategy that increases sustainable performance, while the provision of capital is a more costly method that also yields positive results. This strongly suggests that government support is a necessary tool to help waste-pickers reach their full economic, social and environmental potential.

This chapter has also identified that local policy support is not the be-all and end-all of improving waste-pickers' performance, as certain ultimate barriers exist that are firmly entrenched in the recycling sector. Local carrying capacity as well as the mono/oligopsonic power of leading recycling enterprises can prohibit waste-pickers from reaching their full economic potential, and overcoming these obstacles lies beyond the domain of municipal public policy and thus requires action at a national scale, particularly concerning the dominant market power of large firms.

Notes to Chapter Four

1. Interview and survey data was collected for the municipalities on Cerrillos, Santiago and Maipu in the first round of field work in April 2010. Data from the municipalities of Peñalolén, La Reina, Recoleta and Pudahuel were collected in a second round of field work from June to September 2014.
2. People with permanent illnesses face the problem of prolonged absenteeism from work. In the Chilean context of minimal labour right protection caused by reforms from the 1980s that promoted labour flexibility, permanent illness might lead first to unemployment, and then to lack of employability.
3. Disabled people in Chile are entitled to receive a small handicap pension (Pensión Básica Solidaria de Invalidez, PBSI) of 89.740 CLP, which they lose if they re-enter into the labour market. As these people cannot work formally and the disabled pension scheme only provides a

survival-level income, disabled people are pushed into informal work, and some of them into waste-picking.

4. According to neoclassical economic theory, expansion of the economy would increase first the number of formal jobs offered at a minimum wage, and only when facing a shortage of labour supply would they be pushed to increase salaries. Nevertheless, since waste-pickers can earn salaries of more than two times the minimum salary, a marginal increase of salaries in the formal sector would not be able to move a significant number of waste-pickers out of the activity. Moreover, because of the higher non-monetary benefits from waste-picking when compared with formal employment, salaries in the formal sector would need to rise to be higher than the current income of waste-pickers, or better working conditions would need to be assigned to formal jobs.
5. Index includes Copper, Aluminium, Iron, Ore, Zinc, Lead and Uranium prices.

CHAPTER 5 : STREET VENDORS

The previous chapter identified the use of municipal supportive policies to promote the social inclusion of vulnerable populations in the provision of public urban services. Now, I turn to the discussion of these policies promoting the provision of essentially private urban services in the public space, setting the scene for the cross-sector ‘exit and inclusion’ discussion in Chapter 7. This chapter analyses the livelihoods of street vendors in Santiago, and as with the previous chapter, studies the reasons, results and limitations of a supportive municipal policy approach.

In this chapter, I analyse a particular type of street vendor known as a *feriante*, working in street markets known as *ferias libres*. *Ferias libres* are temporary markets that operate on the street and are set up and dismantled within a day, moving the following day to a different municipal neighbourhood. A *feria libre* operates six days a week (Tuesday to Sunday) and may occur two or three times a week in the same location – on average, a *feriante* works in two to three different locations in one week. *Feriantes* are regulated only by local regulations contained within the Municipal Ordinance of Street Markets (OMFL). This document establishes the necessity for holding a municipal permit to work in a *feria libre*, and sets the days of each *feria*, its hours, location and the size of its stalls. Although the majority of *feriantes* do pay a municipal permit, they rarely satisfy all regulations set by the OMFL. Street vendors often expand beyond the permitted stall size, do not adhere to aesthetic requirements or do not integrate mandatory electronic scales into their businesses. *Feriantes* also fail to satisfy national VAT or income tax regulations, and do not have legal enterprise status. *Feriantes* can thus be considered to have an intermediate level of formality, satisfying some but not all local regulations applicable to *ferias libres*.

In Chapter 3, in the section ‘Street Vendors in Chile’, I presented a general outline of the main characteristics of this activity in Chile, discussing its regulatory framework, employment figures, key gender divisions, average incomes and educational levels, while Figure 3.3 presented a map indicating the four municipalities selected to conduct qualitative interviews and group discussions. The table below presents the corresponding interview demographics:

Table 5.1: *Interview Sample by Municipality, Activity, Age and Gender*

Municipality	Policy approach	Average Age	Range	Male	Female	Total
ASOF*		61	55-67	2	0	2
Macul	Supportive	47	38-58	7	2	9
Conchalí	Structuralist	50	49-54	3	3	6
Maipú	Laissez-faire	49	34-58	8	2	9
La Granja	Soft repression	50	44-54	3	4	7

*ASOF: Chilean National Confederation of Street Markets

The selected municipalities represent four policy approaches. The municipality of Macul provides strong support for *feriantes*, transferring administrative power over *ferias libres* as well as backing up street market investment with local financial resources. Conchalí municipality provides a soft type of support for *feriantes*' trade unions, such as providing a low-cost street cleaning service and chemical toilet facilities. The municipality of Maipú has a laissez-faire approach where permit control and police enforcement of regulations are effectively non-existent. La Granja municipality carries out a soft type of repression, with municipal inspectors and police tightly controlling local regulations for permit holders.

The qualitative findings in this chapter are extrapolated over the larger population of *feriantes* in Santiago de Chile using primary quantitative data collected from a stratified random survey of 402 *feriantes*, from a total of 27,978 permit holders in 35 municipalities (see the Methodology chapter). The table below presents weighted averages for the population of *feriantes* in Santiago de Chile.

Table 5.2: Socio-Demographic Characteristics of Feriantes in Greater Santiago

<i>Feriante Characteristics</i>	<i>N</i>	<i>Men</i>	<i>Women</i>
<i>Gender composition (owners)</i>	402	53.8% (-14,585)	46.2% (-12,531)
<i>Years in the market (mean)</i>	401	25.7	21.4
<i>Days spent obtaining permit (mean)</i>	389	209.0	249.9
<i>Work week (hours per week)</i>	398	46.1	45.8
<i>Less than secondary education</i>	402	58.0% (8,458)	56.8% (7,122)
<i>Secondary education</i>	402	39.3% (5,727)	38.8% (4,862)
<i>Tertiary education</i>	402	2.7% (400)	4.4% (548)
Sector			
<i>Fruit, vegetables, spices and salads</i>	387	63.0% (9,057)	48.5% (5,684)
<i>Chicken and eggs</i>	387	21.8% (3,130)	23.4% (2,739)
<i>Dairy and cleaning products</i>	387	6.5% (932)	17.5% (2,054)
<i>Fish and seafood</i>	387	3.2% (446)	4.7% (548)
<i>Other activities</i>	387	5.6% (799)	5.9% (684)
<i>Monthly turnover (mean)</i>	377	CLP 734,342 (USD 1,184.42)	CLP 757,037 (USD 1,221.03)
<i>Monthly income* (mean)</i>	383	CLP 779,026 (USD 1256.49)	CLP 824,782 (USD 1330.29)

Source: Author survey. Statistics use total weights (design, non-response and post-stratification weights). Estimated population using weighted descriptive statistics appears in parentheses.

**Includes other sources of personal income such as pension, rental income or a second job.*

In order to examine the extent to which existing informal policy theories of street vendors apply to *feriante* activities to Santiago de Chile, the first section of this chapter analyses the correlation between theories and practices. It shows that, as with waste-pickers, street vendors tend to follow a pattern of one-way movement into their informal activity. In the second section, I proceed to an in-depth discussion of the rationale behind municipal support for the provision of private retail services in public space, showing that their primary motivation is the social inclusion of vulnerable local populations. The third section analyses the impact of supportive policies on *feriantes*' performance, showing that increasing *feriantes*' individual and collective capitalisation leads to higher-quality informal employment. The final section critically examines some of the main limitations faced by municipal support strategies.

CHARACTERISATION AND MARKET DYNAMICS OF FERIANTES

As seen in Chapter 2 and Annex 7, the conflicting academic and policy debates on street vending have particularly focused on the motivations behind entering and exiting the activity, the relationship between street vending and economic cycles and the connection between the activity and the wider formal economy. This section explores the suitability of these theories in describing the current situation for *feriantes* in Santiago de Chile, concluding that additions to and integration of existing theories are needed.

Understanding *feriantes*' reasons for entry

As with the waste-picker sub-sector, the decision to become a *feriante* is often the result of both rational judgement and forced change. I will first explain the more 'necessity' reasons for entry, before moving on to 'opportunity' reasons for becoming a *feriante*. Table 5.3 provides a summary of factors that motivate entry.

As with waste-pickers, necessity factors are the more significant motivation behind entering into street markets, accounting for three out of five *feriantes*. From these, four different factors are particularly common: unemployment, vulnerability, child rearing, and permanent illness or disability. Unemployment is considered the main reason for entry by almost one in four *feriantes*. Guillermo (67), a national leader of the National Confederation of *Ferías Libres* (ASOF), discusses this:

G: This is not an entrepreneurial decision. (Someone) becomes unemployed and goes to the municipality to look for employment. As the municipality has no work to give...they have only one possibility: working in the street as a 'feriante'.

Table 5.3: *Motivations Behind Starting Work as a Feriante*

Reason for Starting Employment	Men	Women	Total
Necessity entry	56.4%	66.9%	61.2%
	8,172	8,285	16,477
<i>Unemployment</i>	22.9%	13.3%	18.5%
	3,310	1,643	4,973
<i>Financial support for child or dependant</i>	1.4%	10.5%	5.6%
	200	1,301	1,501
<i>Other economic need</i>	29.4%	38.7%	33.7%
	4,262	4,793	9,056
<i>Illness or disability</i>	2.8%	4.4%	3.5%
	400	548	947
Opportunity entry	41.7%	30.4%	36.5%
	6,060	3,767	9,827
<i>Entrepreneurial spirit</i>	17.9%	9.9%	14.2%
	2,597	1,233	3,830
<i>Family member or relative performing similar activity</i>	23.9%	20.4%	22.3%
	3,463	2,534	5,997
Other reason	1.8%	2.8%	2.3%
	286	342	608

Source: Author's survey using total weights (design, non-response and post-stratification).

Estimated population using weighted descriptive statistics shown in parentheses.

One in three *feriantes* mention their vulnerable economic situation as their main reason for entry into the activity. In my qualitative analysis, *feriantes* repeatedly mentioned lack of formal employment alternatives and the downgrading of their previous formal employment arrangements as their main motivation. Low-skilled workers find themselves with low levels of employability, and when they do find work, it is often quite precarious, and so they end up with no choice but to move into street markets. As articulated by Guillermo (67):

G: Many people start due to the lack of opportunities, a lack of employability... The majority of 'feriantes' have little education – and obviously, to access (formal) employment...you need to have studied. So, for the majority of them...('feriante' work) is their only alternative.

As described in Chapter 3, the stagnation or downgrading of formal salaries, together with the increased flexibility of contract arrangements, has forced workers to look for alternative employments where they feel more secure and make a higher income. Nahuel (58), a vendor of indigenous Mapuche cuisine, provides one example:

N: I think that we all started this activity due to an economic need. I started...when enterprises started to subcontract workers... They wanted to terminate my full-time contract and decrease my salary. I told them: 'Pay me according to my contract'. They didn't want to, so they fired me and I started work as a 'feriante'.

A fourth reason cited as necessity entry is reconciling parental or carer obligations with an income-generating activity. As with waste-pickers, this disproportionately affects women, who are eight times more likely than men to mention this as the main factor that led them to becoming a *feriante*. As illustrated by Claudia (38), a dairy vendor in Macul:

C: I started because my son got sick and I had to quit my job and start working in the 'feria'...I had to work too many hours, so the street market was the only way of getting a job close to home (with flexible hours). Then I could work in the morning and stay with (my son) in the afternoon.

Having a permanent illness or disability weighs much less on *feriantes'* reason for entry. Given the intense physical effort required during daily tasks such as unloading products and setting up and dismantling a stall, those with physical disabilities are generally excluded from this activity.

A large proportion of *feriantes* also cited opportunity reasons as a significant factor, with two out of three *feriantes* deciding to enter the activity to seize an economic opportunity. Here, the most important motivating factors for *feriantes* are the desire to start their own micro-enterprise and having a family member or a relative already working as a street vendor. The first 'entrepreneurial' explanation accounts for just over one in seven *feriantes*, with a gender bias where men are 8% more likely than women to cite this reason¹. As Claudio (54), a vendor of shoes in Maipú, describes:

C: I wanted to sell in the 'feria libre'. I had roughly the capital (that I needed), and I went to a mall to see which product had the most demand... I saw that the footwear department was always full... I started researching online for providers and quality, and saw that I could get a (competitive) price.

Having a family member or relative already in the activity accounts for almost one in five *feriantes*, as it allows people to access information regarding average profits made and the working conditions for street vendors. This lowers the amount of uncertainty and risk that act as barriers for many potential entrepreneurs entering into the activity. The experiences of Raul (58), a cheese seller, and Carolina (46), a greengrocer, both in Macul, are illustrative here:

R: (I started) due to family reasons... My father was a 'feriante' until he passed away... When I was a boy, I always helped (my father) in the 'ferias libres', so I had some experience... (Then) I started working with my own stall to generate an income.

C: My mother said to me: 'You're wasting your time working so much (as an employee) – being a 'feriante' isn't going to make you rich, but you will have a good quality of life'. And she wasn't wrong.

Feriante work in Santiago de Chile thus faces a double entry process: times of economic crisis push people into the work as formal alternatives dwindle, and during times of economic growth, more people are attracted to move into *feriante* work due to greater economic opportunities.

Too late to turn back: marginal contraction with economic expansion

I got an offer of formal employment, looking after the butcher's shop where I used to work. I was his right-hand man. He fired me, but he couldn't cope with the demand. (When he asked me to come back) I told him: I am perfectly fine and happy with what I do. I am going to die doing 'feriante' work'.

Felipe, 54 years, a 'feriante' from Maipú

Again, as with waste-picking, most *feriantes* choose to remain in this activity in the long run, as they perceive higher monetary and non-monetary returns than the type of jobs available to them in the formal economy (Table 5.4). The average *feriante* income is three times the legal minimum wage, and consequently over 96% of *feriantes* would opt to remain in street markets if offered minimum wage employment, suggesting that this is perceived as a highly desirable livelihood option. Gabriel (55), a leader of the ASOF, corroborates this:

G: For the minimum salary, no one would take (formal) employment. Because in the 'feria', nobody that works six days a week would earn so little... I would say that on average, a 'feriante' income is a little more than double (the minimum wage), and there are others who earn much more than this.

Table 5.4: *Willingness to Move From 'Feriante' to Formal Employment*

Leave/Remain	N	Men	Women	Total
1. At the minimum wage				
Would leave street vending	398	2.3%	5.0%	3.5%
		(333)	(616)	(949)
Would stay in street vending		97.7%	95.0%	96.5%
		(14,251)	(11,778)	(26,030)
2. At equivalent income				
Would leave street vending	402	17.5%	18.2%	17.8%
		(2,531)	(2,260)	(4,790)
Would stay in street vending		82.5%	81.8%	82.2%
		(11,920)	(10,135)	(22,055)

Source: Author survey. Statistics use total weights (design, non-response and post-stratification). Estimated population using weighted descriptive statistics shown in parentheses.

Alongside the economic motivations, the non-monetary benefits of work as a *feriante* also play a strong role in the decision to stay in this activity, with more than four in five *feriantes* not opting for formal employment at a similar income.

Table 5.5: *Reasons to Remain in 'Feriante' Work at Equal Income*

Reason to remain in work	Men	Women	Total
<i>Time flexibility</i>	69.3% (8,258)	75.7% (7,669)	72.2% (15,927)
<i>Independence and pride</i>	76.0% (9,057)	56.8% (5,683)	66.8% (14,741)
<i>Social contact (other 'feriantes')</i>	31.3% (3,729)	30.4% (3,081)	30.9% (6,811)
<i>Social contact (clients)</i>	35.8% (4,262)	35.8% (3,629)	35.9% (7,891)
<i>Facilitating family tasks</i>	55.0% (6,560)	69.6% (7,053)	62.2% (13,713)
<i>Other reasons</i>	12.8% (1,531)	12.8% (1,301)	12.8% (2,832)

Source: Author survey. Statistics use total weights (design, non-response and post-stratification).

Estimated population using weighted descriptive statistics shown in parentheses.

The data account for those that would not accept formal employment (n=302) divided by the total sample size (n=402). The survey asks the respondent to mark ALL reasons why they would not take on formal employment at a salary equal to their street market earnings.

Many of these factors remain the same as those cited by waste-pickers: the flexibility of work schedules, independence and pride, the facilitation of family tasks and employment security (see Table 5.5). The motivations and logic behind several of these factors (independence and pride, flexibility of schedules, facilitation of family tasks) follow the reasoning given by waste-pickers in Chapter 4, and so I will not comment on further on these, but I rather concentrate on the specificities of non-monetary street vendors benefits. Working close to home in a way that allows *feriantes* to better adapt their schedules to their family responsibilities was once again particularly significant for women, as they were 14.5% more likely than men to mention it as a positive aspect of their work.

One factor that is unique to *feriantes* is the appeal of their general working environment, particularly the rewarding social contact between *feriantes* themselves and with clients. This stands in contrast to waste-pickers and HBEs (in chapter 6), who are much more likely to work in isolation and have less of a strong community formed around their workplace. Roberta (41), a *feriante* in Maipú, reflects this in her comments:

R: I go to talk with other workers and clients, and we make jokes. That's a good side of this work – you might come to work really upset or angry, you arrive at the 'feria' and your day completely changes... The 'feria' is a great pshychologist... At the end of the day we are a big family.

Another factor that *feriantes* experience is the work security that comes with holding a municipal permit, something of a side effect of the more formalised nature of *feriante* work. When compared with the current high levels of formal work insecurity in Chile (see Chapter 3), *feriantes* with a municipal permit are guaranteed a more or less permanent space to work, which is often regarded as more stable than an 'independent worker' or temporary contract for formal work would be. Guillermo (67), a leader of ASOF:

G: In Chile, there is no such thing as permanent employment. Up until 1973 [the coup d'état], you started a job and worked in the same enterprise until you retired... Today it is the opposite... You can't have a career in an enterprise... If the 'feria' gives something, it is work security...it's hard work but it's a stable job. The 'feria' is always there, every day. You know that every day you're going to have clients.

In turn, slightly less than one in five *feriantes* would move into formal employment for their current income. Among this minority, having a less fatiguing job, access to better pension and health coverage and earning a more stable income are cited as the main appeals. *Feriante* work is undeniably tiring, particularly due to physical exertion (loading/unloading products, setting up/taking down a stall, constant standing and exposure to adverse weather), making formal work that is less tiring attractive. Tamara (49), a salad vendor in Conchalí, explains:

T: You have to sacrifice yourself in this work, every day you have to pack up (your stall), and you have to wake up early to go to buy (products)... You have to move from one place to another (following the street market), in winter it's cold, in summer it's hot... It's not like sitting at a desk.

Table 5.6: Reasons for Undertaking Formal Employment at Equal Income

Reason to change work	Men	Women	Total
<i>Opportunity to work in-doors</i>	4.5%	9.5%	6.8%
	(533)	(959)	(1,491)
<i>Better treatment of workers</i>	1.1%	3.4%	2.2%
	(133)	(342)	(475)
<i>Less tiring</i>	13.4%	14.2%	13.8%
	(1,598)	(1,438)	(3,036)
<i>Better access to pension</i>	7.3%	11.5%	9.2%
	(865)	(1,164)	(2,030)
<i>Better access to health</i>	6.7%	12.8%	9.5%
	(799)	(1,301)	(2,100)
<i>Income stability</i>	8.9%	14.2%	11.4%
	(1,065)	(1,438)	(2,504)
<i>No hassle from police</i>	1.7%	2.0%	1.8%
	(200)	(205)	(405)
<i>Other</i>	6.2%	1.4%	3.9%
	(733)	(137)	(870)

Source: Author survey. Statistics use total weights (design, non-response and post-stratification).

Estimated population using weighted descriptive statistics shown in parentheses.

Formal work is able to provide workers with improved access to health services and, particularly, to pension schemes. The survey shows that only one in four *feriantes* have access to a pension, whereas all formally contracted workers make compulsory pension contributions (ex-

cluding independent workers). Regarding health services, formal employment offers the benefit of sick leave, as Rodrigo (52), a fishmonger from Macul, articulates:

R: If one day you don't feel good, and you are sick, you don't go to work. So we don't see this money (from the missed day's work).

Unlike a formally contracted worker, a *feriante*'s income stream can be intermittent, with demand affected by changes in weather conditions, local tastes or the national economic situation. This is reflected in the experiences of Sara (45), a *feriante* leader in Conchalí:

S: There are good days, bad days, very good days and very bad days... Your income changes every day... For instance, we can't work during rain and strong wind because we only have tents... When you're employed, you can be sure that you will get a fixed amount of money, no matter what.

However, with an average of twenty-five years spent in the activity, *feriante* work becomes a long-term permanent employment solution for the large majority of those who enter into the activity, as work in *ferias libres* provides higher economic and non-economic returns when compared with prospects within the formal economy. This leads to the same 'one-way street' path observed in the waste-picker sub-sector, as commented by Guillermo (67):

G: Whether the country is in a crisis or in a time of growth, the 'feria' grows. The strange phenomenon is that it doesn't decrease in size later on.

Plate 5.1: *Accessibility at the feria, Lo Espejo.*



Source: Pablo Navarrete.

Plate 5.2: *Father and son stall, Maipú.*



Source: Pablo Navarrete.

Plate 5.3: *Four feriantes from different stalls sharing breakfast*



Source: Pablo Navarrete.

Links between street vending and the formal economy

Feriante work draws another parallel with waste-pickers in its relationship to the formal economy, existing as a combination of a vertically integrated market, and a separate informal network (Table 5.7). The division between these two connections is to a large extent determined by the types of products sold by *feriantes* – primary products tend to come to street markets through informal networks (see Plates 5.4 through 5.7), and manufactured or more elaborate goods tend to come from markets vertically integrated with the formal economy (see Plate 5.8 through 5.11). Figure 5.1 provides a summary of the structure of both markets.

Table 5.7: Integrated, Parallel and Mixed Markets

Relationship with the formal economy	Theoretical framework	N	Estimated population	Percentage
A. Forward integration (elaborate products)	Neoliberal-structuralist	154	10,408	39.3%
B. Parallel economies (primary products)	Dualist	231	15,564	58.7%
C. Mixed markets (elaborate and primary products)	None	8	542	2.0%

Source: Author survey. Statistics use total weights (design, non-response and post-stratification).

Total sample (n=393).

Plate 5.4: Fish and seafood stall (non-elaborated products), Providencia.



Source: Pablo Navarrete.

Plate 5.5: Egg stall (non-elaborated products), Independencia.



Source: Pablo Navarrete.

Plate 5.6: *Vegetable stall (non-elaborated products), Santiago.*



Source: Pablo Navarrete.

Plate 5.7: *Fruit stall (non-elaborated products), Independencia.*



Source: Pablo Navarrete.

Plate 5.8: *Grocery stall (national elaborated products), Quilicura*



Source: Pablo Navarrete.

Plate 5.9: Dairy stall (national elaborated products), Pedro Aguirre Cerda.



Source: Pablo Navarrete.

Plate 5.10: Beauty and cleaning product stall (national elaborated products), Pedro Aguirre Cerda.



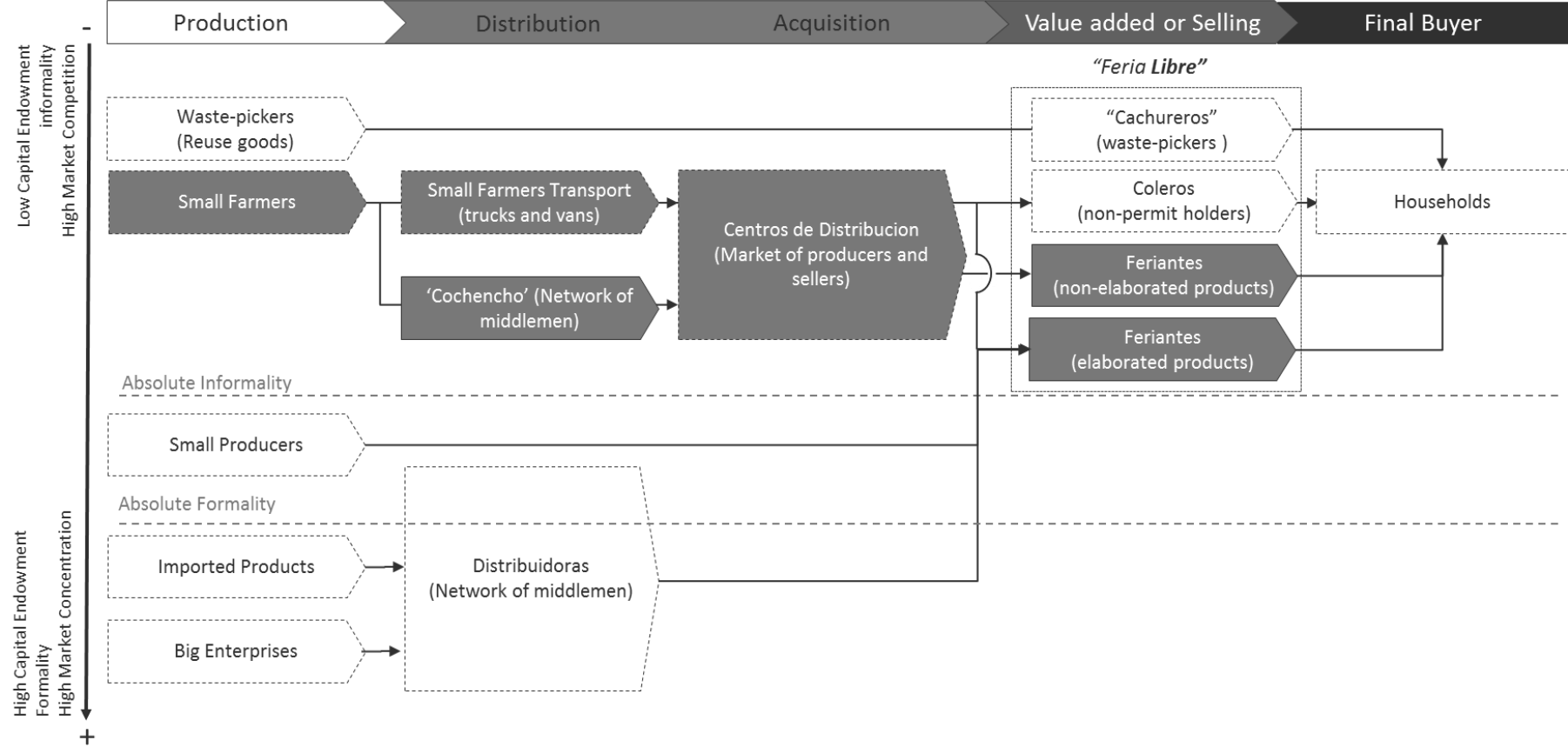
Source: Pablo Navarrete.

Plate 5.11: Electronics stall (imported elaborated products), Pedro Aguirre Cerda.



Source: Pablo Navarrete.

Figure 5.1: Structure of the ‘Ferias Libres’ Market



Source: Own elaboration

Feriantes selling elaborate products connect to the formal economy through a vertical integration with large enterprises in backward networks. ‘Elaborate products’ include goods that are manufactured, and are generally already branded – the most common examples in *ferias libres* are national and imported dairy products, cleaning and other home products, toys and mobile phone accessories. According to the survey, just under two in five *feriantes* sell these types of goods, which are produced by formal local, national and international enterprises, showing a significant level of integration with the national and international manufacturing industries. As a result of this, *feriantes* aid formal industries by reducing distribution costs, increasing the spatial availability of products, and raising the overall demand of their products, in turn increasing profitability in the formal sector. As reported by Pablo (54) and Hugo (52), two *feriantes* from La Granja:

P: I sell all my products from an enterprise that makes sweets, named Fruna. Everything that I sell, I buy from them. It is a large (national) enterprise.

H: I sell perfumes, so I get all my products from large (importing) enterprises.

Feriantes and national or international industries are connected through a network of middlemen named *distribuidoras* who buy in large quantities at wholesale prices, and sell in lower quantities at higher prices per unit to *feriantes*. Agustín (31), previously a manager for Procter and Gamble in Chile, and Eduardo (49), a *feriante* leader from La Granja, explain:

A: We sell to two type of clients: large supermarkets and small enterprises... All of our production that ends up at small enterprises is sold to four large ‘distribuidoras’, who then sell to other smaller ‘distribuidoras’... who then sell to corner stores, ‘feriantes’, and ambulant vendors.

E: I buy products from ‘distribuidoras’ near here... I buy at wholesale prices, but it is much more expensive than buying directly from the enterprise that produces or imports them.

A network can be large, with a typical product purchased through international trade with China or from a national Chilean enterprise, and travelling all the way down the network to a *feriante* in a specific municipality.

In this vertical network size, formality, and profits tend to increase upwards, and competition increases downwards. This integration is often exploitative, with larger enterprises being able to charge higher prices to those further down in the network. Since capital and logistical requirements are higher, at the top of the network there are fewer competitors and larger profits to be made. *Feriantes* face particularly intense competition between themselves due to the homogeneity across formal products, which can ultimately damage profitability. As Roberta (41), a *feriante* leader of Maipú, comments:

R: Our main competitors are our own colleagues. If you have a good business, they copy it... This happened to me... They see that you are making sales, so they know you are earning money... (My competitor) copied me, now she is selling the same accessories, which has affected my sales.

The parallel network: Articulated informality.

The largest quantity of product trade occurring in *ferias libres* (58.7%) operates in a network of near-complete informality, with the entire chain from the first producer to the final consumer being articulated through many transactions across a network of micro- and small-sized informal enterprises that can cover large geographical spaces.

Feriantes and large retail exist as two parallel chains moving food into the city of Santiago, with the former exploiting small- and medium-scale producers and the latter drawing from large-scale production. As noted by Guillermo (67), a *feriante* leader of the ASOF:

G: In Chile, small-scale agriculture is produced in spaces between one-half and two hectares... That is our chain (of providers). Supermarkets have a different chain. They are interested in volumes – they can even have their own land for agriculture... From a structural point of view, (street markets and supermarkets) have two distinct channels.

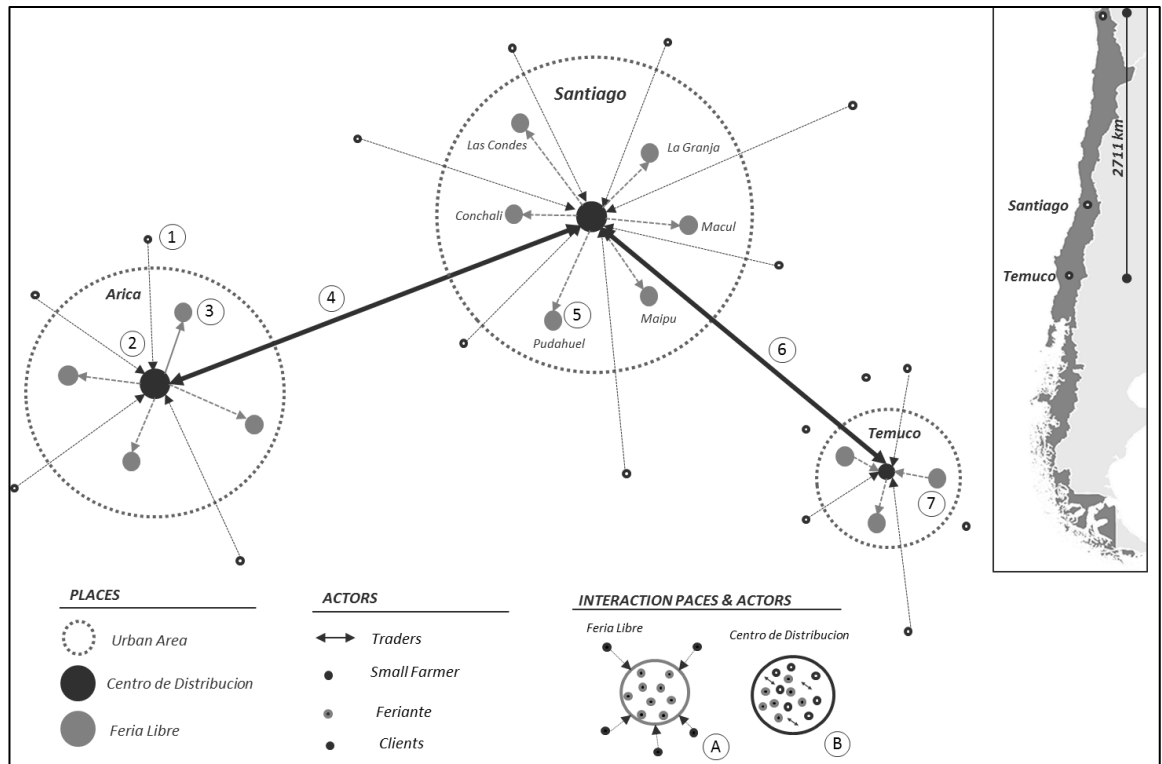
Table 5.8: *‘Feria’ Quality and Price when Compared with Supermarkets*

	Lower	Equal	Higher
<i>Quality</i>	2.8%	50.7%	46.5%
	742	13,501	12,334
<i>Price</i>	92.0%	6.0%	2.0%
	24,292	1,613	607

Source: Author survey. Statistics use total weights (design, non-response and post-stratification). ‘Feriantes’ declared prices and product quality when compared with large retail.

Feriante products tend to be recognised as being of higher, or at least equal quality, and sell at lower prices when compared with large retailers (see Table 5.8). In this manner, the trade of primary products in *ferias libres* is not only relevant for the livelihoods of street vendors themselves but also for low-income households in urban areas, as well as large populations of small farmers in rural areas.

Figure 5.2: National Grassroots Business Networks of Trade



Source: Own Elaboration.

- 1) Small tomato producers converge on the regional *centro de distribución* in Arica, where they sell their products
- 2) *Feriantes* from Arica buy tomatoes in their regional *centro de distribución* and bring them to *ferias* in different locations to sell them.
- 3) Arica's lorry traders buy tomatoes in large quantities and bring them to Santiago's *centro de distribución* (Lo Ovalledor). There, they sell tomatoes and buy products from the south of Chile to sell in Arica.
- 4) Santiago's *feriantes* buy tomatoes and sell them in *ferias* distributed across the city.
- 5) In Lo Ovalledor, lorry traders from Temuco sell products brought from the south and buy tomatoes from Santiago to sell in the Temuco *centro de distribución*.
- 6) In Temuco, *feriantes* buy tomatoes at their regional *centro de distribución* and sell them in local *ferias*.
- A) In each *feria*, neighbouring households come to purchase tomatoes.
- B) In each *centro de distribución*, there are small producers selling regional products, *feriantes* bringing products to *ferias* across the city, and traders moving products across regions.

The entire informal network of primary products is made up of several individuals who perform specialised tasks in four steps: production, distribution, acquisition/value added, and selling, allowing for the trading informal products across a large geographical space (see Figure 5.2). The production of products occurs mostly in rural areas, by small farmers who generally work with mono-productive agriculture or specialised fishermen who sell in small quantities. These isolated producers have neither the scale of production to draw the interest of large retailers, nor the local market demand to consume their entire production, particularly considering that people in their local area tend to produce similar products. In this sense, the city offers to farmers not only a market but also access to vital information about real prices and consumers' needs to adapt their production (Davila 2002; Allen et al. 2015). Ian (54), manager of a *Centro de Distribución Lo Valledor*, discusses:

I: Most small agriculture is at the mercy of God... Even though they produce in small amounts, they can't sell because everyone living nearby produces more or less the same thing... Most of (these) farmers are mono-producers who have between one and five hectares.

These small-scale producers use an informal network to sell their goods through *centros de distribución* (distribution centres)². These centres are physical spaces owned both privately and publically, distributed across the country, where on the one side local farmers and *cochenchos* (intermediaries who buy products from several producers in small villages and sell them on) offer wholesale primary products, and on the other side *feriantes* and informal traders purchase products. As commented by Tomas (48), a greengrocer *feriante* in Macul:

T: We buy at Lo Valledor. Everyone knows who they are buying from. The majority of products come directly from the countryside, most of them sold by farmers, because now middlemen are starting to go out of fashion... ('Cochenchos') were taking all the money, so now (small-scale producers) come to deliver their products.

On a national scale, *centros de distribución* connect with one another through informal trading routes: a lorry will typically come from a regional centre to sell products in Santiago, and return with a lorry loaded with other types of products to sell in the regional markets for a profit. Chile contains twenty-six *centros de distribución*, with three located in Santiago alone. This allows, for instance, a tomato produced in the far north of the country to be sold in Santiago to a trader, who will then resell it in Temuco to a local *feriante* (see Figure 5.2), as described by Ian (54), manager of Lo Valledor:

I: Regarding fruits and vegetables, Lo Valledor trades 60% of national consumption, arriving from all over Chile and delivered all over Chile. For instance, from June to September, all tomatoes come from Arica Centro [Chile's northernmost city]. These tomatoes travel to Lo Valledor brought by traders and from here are distributed to Temuco or Punta Arenas [a city in the extreme south].

Centros de distribución thus provide not only key infrastructure to build reciprocal local urban-rural linkages (Allen et al. 2015), but also create a national reciprocal network across space, which sustains the livelihood of urban and rural poor across the country.

Plate 5.12 and Plate 5.13: *Centro de Distribución Lo Valledor, Lo Espejo*

These plates, Centro de Distribución Lo Valledor, Lo Espejo, has been removed as the copyright is owned by another organisation.

Sources: Lo Valledor (2016) (left), La Tercera (2011) (right).

At a regional level, *feriantes* most commonly acquire their products in these *centros de distribución* to take them directly to one of the 425 *ferias libres* located in Santiago de Chile. The largest distribution centre in Santiago is Lo Valledor, a privatised complex that over the course of its forty-year lifespan has expanded from six to thirty-three hectares (see Plate 5.12 and 5.13). In one day of operation, Lo Valledor sees 30,000 people, 80 lorries and 10 billion pesos (USD 16 million) pass through its space. It is responsible for the distribution of 90% of fruit and vegetable products consumed in the region, trading around USD 600 million per year (Lo Valledor 2014). Ian (54), in another intervention:

I: At a regional level, you will even have a situation where farmers from Melipilla come to Santiago to sell, and a 'feriante' from Melipilla will buy from them here in Santiago only to bring the products back to Melipilla.

Although the majority of *feriantes* sell products without any type of added value, a few of them, particularly women, add value through labour by transforming products into salad, juices or prepared food. For example, Sara (45), a salad vendor in Conchalí:

S: (I sell salads) because I like this type of product, I like to prepare them and I earn more by selling a salad than if I sold it as (raw) fruit or (vegetables). The profits are better.

As with waste-pickers, the *feriante* parallel market is characterised by its small size, informality, intense competition, specialisation and heterogeneous profitability. Regarding size, as seen above, the whole network is made up of transactions between small informal enterprises that produce distribute or sell goods, and in which in some cases add value to products. Regarding informality, the entire network is devoid of formally contracted workers, pays neither VAT nor income tax, and almost all transactions are made in cash. As noted by Guillermo (67), leader of the ASOF:

G: In Lo Valledor, all the movement happens from 3 to 6 a.m. ... You can see that every transaction is with cash, no cheques, no debit cards ... In the 'feria' it is the same, except a few people have (debit card) machines.

There is intense competitions in almost all stages of the trade networks, particularly in the *centros* and street markets themselves. Ian (54), administrator of Lo Valledor, describes:

I: At Lo Valledor prices change every day, when fifty lorries arrive (loaded with goods to sell) you have one price, when sixty come you have another... When there are ninety, the excess in supply brings prices below cost, because they need to be sold (or they will go to waste).

Finally, there are significant differences in profits amongst street vendors, which are on the whole determined by the types of product sold, their quality and the internal *feria* competition. To obtain a municipal permit, *feriantes* must assign themselves a certain product category, which will determine the products that they are permitted to sell. As *feriantes* are registered for different product categories in varying numbers, each product faces a unique level of competition within the *feria libre*, and so margins of profitability vary between product types. Quality also plays an important role in determining profitability, for example in the fruit and vegetable

category, where different levels of quality command different prices. In this case, *feriantes* tend to select the quality of their products according to the purchasing power of their area and consumer taste preferences, thus fragmenting competition and profits across municipalities. A final factor determining divergent levels of profits amongst *feriantes* is the internal competition between *feriantes* and unofficial vendors (*coleros*). An increase in *coleros* (non-permit holders) leads to an increase in competition within the street market, in turn downgrading *feriante* profits. Gabriel (55), a leader of ASOF, describes how profits can vary from one *feria* to the next as a consequence:

G: The appeal of the 'feria' (for the public) is that there are one hundred or more street traders. You have differences in prices (across 'ferias'). Often this relates to the number of traders selling a particular product type. And (it also relates to) quality, because there are different types of clients, some demand high- or low-quality (products).

Compared with waste-pickers' parallel informal markets, the network of *feriantes* covers large geographical spaces, grants producers and sellers similar market power, has competitive prices, and offers a wide range of products. As will be discussed later in Chapter 7, this extended grassroots business network offers a unique opportunity for informal enterprises to access an alternative market that is fair and large in size.

The structure and life cycle of street markets

Street market vendors in Santiago de Chile can be divided into three types. First, the focus of this study, *feriantes*, have both a municipal permit to sell and a fixed position in the heart of the street market, where they are able to set up their stall. Another group is made up of *coleros*, who do not hold permits and sell similar or identical products to *feriantes*, acquiring goods through the same channels. They are located at the entrances of a *feria libre*, extending the physical space of the street market with either basic stalls or by setting up directly on the floor. Due to the similarities between *colero* and *feriante* products, *coleros* create direct competition which lowers street vendors' profits. Another much smaller group is that of *cachureros*, the waste-pickers discussed earlier in this study, who sell their reused products at street market entrances from the floor, set up on a piece of fabric. The *cachureros* are generally considered to be positive contributors to *feriante* and *colero* profits, as their products attract the public to a street market, but their reused products are not in direct competition with the profits of *feriantes* or *coleros*.

Progress and problems encountered by street market enterprises

As with other informal sectors, *feriantes* generally follow an evolutionary path of increasing capitalisation, formalisation and organisation. *Feriantes'* backgrounds of poverty mean that they face barriers regarding capital, organisation and market access.

Table 5.9: Typology of Feriante Enterprises

Features	Stage1: Subsistence	Stage2: Self-entreprises	Stage3: Small enterprises	Stage4: Social Networks
Degree of informality	Totally informal in the selling	Partially formal in selling through a municipal permit. Paying local taxes. No paying national taxes and many not accomplishing local regulations	Partially formal in selling through a municipal permit. Paying local taxes. Not paying national taxes and many not accomplishing local regulations	Formally constituted organisation with its own regulations. Selling through a municipal permit. Paying local taxes and accomplishing most of the local regulations. Almost none existance of non permit holders
Capital Endowment				
Human Capital	None or previous work experience	Previous business experience	Formal skills and/or management training. Contracting workers for selling tasks.	Formal skills in production and management training. Contracting workers for selling.
Physical Capital	Ground cloth or precarious stall. Low quantity of products of large diversity	Small stall. Large number of products, more specifically secteded to the market.	Higher quality and image of the stall. Full set of tools and equipment. Some of them owning electrical generators. Ownership of a large motorised vehicle.	Higher quality and image stalls. Some of them accessing permanent roof, drinkable water and electricity. Large motorised vehicles. Full set of tools and medium technology machinery to conserve products. Access to secure parking space
Financial Capital	Family or personal capital	Low businness saving and small amount access, high interest credit loans	Personal savings and access to low credit loans	Personal saving, existing assessts plus low credits loans negotiated collectively.
	Independent worker	Independent worker	Independent worker associated to a street market level organisation.	Legal unions or cooperatives associated at the municipal level. Some asociated to a larger national organisation of feriantes.
Organisation				
Market Access	Informal street market trader as 'colero'	Establish access to the neighbourhood market	Establish access to the neighbourhood market and attracting some clients from surrounding neighbourhoods	High local reputation of the place. Exploitation high quality reputation to attract clinets from other neighbourhoods and municipalities. Investing in publicity of their street markets.
Tax compliance	None	Local	Local	Local and National

Source: Own elaboration

In their early stages of development, *feriantes* have very low levels of capital, do not belong to an organisation and may start as unregistered *coleros* or as helpers (*ayudantes*). Roberta (41), now a *feriante* leader in Maipú, describes her beginnings:

R: I came from a managerial job at the airport, with painted nails, nice hair and everything. I felt ashamed about shouting out (to promote my products)... A neighbour gave me some fabric to set up my products on the pavement because I had nothing.

At this stage a major growth obstacle is the *feriantes*' lack of administrative skills and their immediate need to acquire on-site knowledge. *Feriantes* are unable to separate their profits and account for the money necessary to replenish stock, rather expending both on basic survival needs. Alternatively, many lack the on-site experience necessary to identify market demand, leading them to offer products in quantities and at quality levels not adapted to their local customers. Consequently, many rapidly consume their working capital or are left with unsold merchandise, finding themselves repeatedly starting from zero. Guillermo (67), a *feriante* leader with the ASOF, describes this process:

G: Becoming a proper 'feriante' takes ten years...because you need to learn how to price, how to reinvest profits, how to create growth... 'Feriantes' need to learn the tastes of their clients... It's not hard to fail, buying products that you can't sell, or fruit that rots before you sell it. Many 'feriantes' fail, but because it's on such a small scale, no one notices. They get money (from relatives) and start all over again.

Once *feriantes* have developed the skills necessary to run their enterprise more effectively, they start a gradual process of capital accumulation. This happens predominantly through a cyclical process of reinvestment of profits into products that in turn yield higher profits. This means that many *feriantes* have little physical money, rather having almost all of their wealth invested in working capital. *Feriantes* at this point face a significant risk that their product may be confiscated, meaning a loss of all accumulated capital and restarting from zero. *Feriantes* at this point also invest in an improved stall that offers protection for their goods, as well as tables and hangers to improve product visibility. Jaime (43), a vendor of phone accessories in Maipú, comments:

J: I invest everything that I earn. I keep almost nothing for myself, just enough for everyday needs... (My business) requires a lot of product diversity, so for each (type of phone) I have to get three to five different designs. I have to reach a stage of growth where my clients ask and I can say yes to 90% of their requests.

At this point, a lack of access to higher levels of capital, and in some cases not having a municipal permit, become relevant barriers to growth by eroding profits. When a *feriante* does not have access to a vehicle to transport products in large volumes from the *centro de distribución* to the *feria*, and to transport their stall from their house to the *feria*, they are obliged to pay for delivery drivers (*fleteros*), as explained by Eduardo (49), a *feriante* leader in La Granja:

E: Without a (motorised) vehicle it's difficult to work... Five to six thousand pesos [USD 8.06-9.67 USD] go every day to a 'fletero'. Let's say 5,000 – over six days, that means 30,000 pesos [USD 48.36] less per week... So (with these costs) it is difficult to grow.

In strongly repressive municipalities, not having a municipal permit means a high risk of seizure for street vendors. Furthermore, Chilean banks use a municipal permit as proof of existence for *feriante* businesses, which allows them to access credit. As Gabriel (55), a leader of the ASOF, explains:

G: A greengrocer with 500,000 pesos [USD 806.45] can fill their stall... But they need more capital, they need a vehicle... Some banks have opened credit (to 'feriantes'), but for that you need a permit. There is a whole world of people who have no access to credit and instead have to save up money.

After growing to a certain size, *feriantes* have sustainable businesses, working with local permits in established stalls and possess their own vehicles to transport their products to and from the *ferias libres*. They have accumulated working capital and, for the most profitable ones, start to informally contract labour over weekends to cope with higher demand. At this point, the limit to growth faced by *feriantes* comes from the restrictions of stall space and time schedules set by municipal permits. As *feriantes'* businesses grow, the single stall generally given to them becomes overcrowded with products, limiting profitability. As Roberta (41), a *feriante* leader in Maipú, describes:

R: I can expand my business by setting up hangers outside the stall and expanding an extra metre towards the back, but no more than that, because the municipality allocates me a space of only 3x3 metres...and don't give me the opportunity to expand. It's simple – if you have a small (space) you sell a little, if you have a large space you sell a lot.

At this point, organisation of *feriantes* remains crucial to the continued expansion of their businesses, by attracting more clients and to preserve the sustainability of the *feria* in the long run. Organisation allows *feriantes* to negotiate with local authorities to gain administrative power over street markets and pool the investment necessary to develop infrastructure (larger stalls, a permanent covering, electricity, potable water, toilets or parking space) that can boost profitability.

Organisation also protects *feriantes* from two major threats: the overflow of *coleros* that hurts *feriante* profits, and the shutting down of *ferias* due to complaints of neighbours. *Feriantes* who are organised as a group are more likely to take direct action and lobby for the municipal action necessary to reduce the influx of unofficial workers into their street markets, as well as to facilitate negotiations between members, the municipality and neighbourhood associations to reach agreements when neighbours complain. Guillermo (56), a *feriante* leader in Macul, articulates this point:

G: I know two street markets that are at risk of being shut down...because of neighbours' complaints. The 'feria' blocks the street... 'feriantes' arrive at 4 a.m. making noise... (In our organisation) we don't tolerate these kinds of things, we have rules (for the 'feria') and everyone follows them. We have internal rule and we enforce these actions... The relationship with our neighbours is what brings sustainability to this business.

As with waste-pickers, no single existing theory can describe the reality of street vending work, and an integration of theories is required. Individuals move into this field of work driven both by opportunity and out of necessity, and street vending expands both during times of economic strength and, to a lesser extent, crisis. However, once in the activity, the large majority of *feriantes* find themselves to be better off in the informal economy creating a 'one-way street' type of movement. The activity is at times integrated with the formal economy through backward networks and also operates in a separate informal parallel economy composed of a large number of grassroot enterprises.

RATIONALE OF SUPPORT POLICIES FOR STREET VENDORS

Over the fifteen years that I have been involved, we have made the 'feria' valuable, given its prestige... Twenty or twenty-five years ago, working in the street was a dishonour, and even now in the ILO, they speak about the informal economy as an 'undignified market'. For them, working in the street has no dignity, it isn't (decent) employment... I don't know if the authorities will someday change this view, but I tell you that here, in Latin America, our reality is completely different.

Guillermo, a leader of the ASOF

As a strategy to provide good quality local employment and increase the affordability of local products, some municipalities in Santiago de Chile— with Macul as the pioneer — have been incorporating supportive policies to improve *feriantes'* economic outcomes and the quality of their services, as well as reducing the negative externalities of street vending.

Accelerating *feriante* business growth: economic and social gains from supportive policies

We have been lucky that here in Macul the mayor has always helped us, but in other municipalities 'feriantes' have not been so lucky... We have had excellent results from an economic, social and administrative point of view.

Francisco, a 'feriante' leader of Macul.

Supportive municipalities justify their actions based on the belief that street markets play a relevant social role for their community. *Feriantes* generally constitute an otherwise vulnerable local population with low levels of employability, and so supportive municipalities and officers, such as Mario (55) from Macul, see in *feriante* work the potential to provide decent local employment alternatives:

M: The 'feria libre' allows us to decrease local unemployment... It is employment that can potentially generate high economic returns... You see that some make progress over the years.

Additionally, street markets are recognised to be main providers of fresh fruit, vegetables and seafood in their urban areas providing food of higher quality and at a cheaper price than formal retailers. Street markets thus also play a key role in reducing costs and improving the health of a vulnerable local population. Ignacio (35), another public officer in Macul, comments:

I: 'Ferias' contribute most strongly to the local economy... The products provided have cheaper prices, are higher quality and are fresher than in supermarkets. So people are able to eat healthy food and extend the reach of their (household) budget... This is a serious issue when our population generally has small salaries.

Supportive municipalities consider the negative community impacts of street markets – most commonly related to neighbourhood life disturbance – to be minimal when compared with the benefits of the activity, and potentially entirely surmountable with the right support strategies, as suggested by Mario (55):

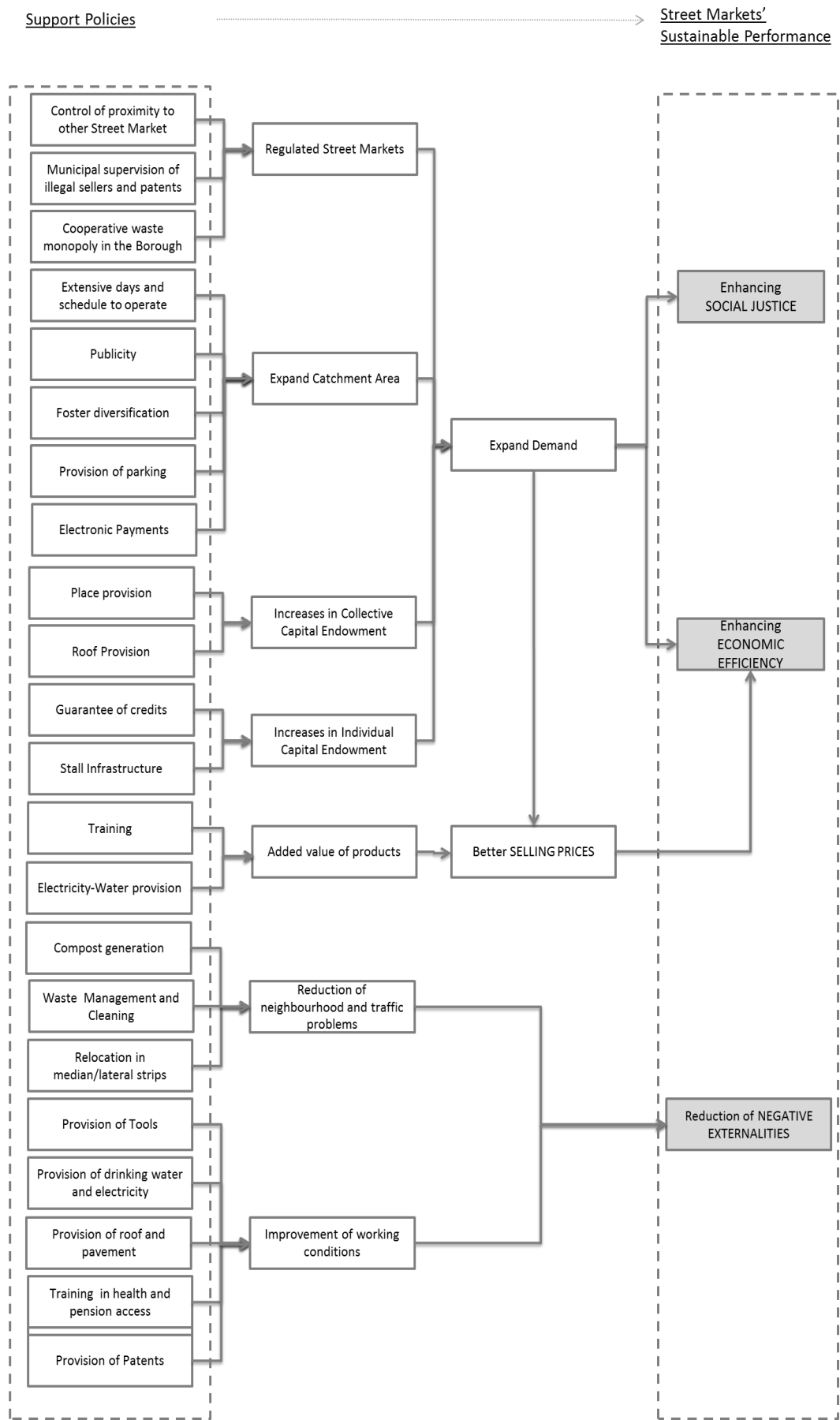
M: We are involved (in supporting 'feriantes') mainly because of the social benefits that this activity produces for our community...but also because it allows us to reduce their nuisance... We have always had small problems between neighbours and the 'ferias' located on the street...(but) our intervention brings calm to the neighbourhood... We have invested in setting them up on a large traffic island...and in exchange they keep it clean and safe, and make less noise... We minimise issues for neighbours.

As with waste-pickers, supportive municipalities sustain *ferias libres* mainly on grounds of social inclusion, considering them to be a highly competitive alternative to large-scale retail organisations with generally decent employment standards, and that municipal support can help *feriantes* to reduce the negative externalities that they may create for the surrounding community.

Unleashing street vendors' potential: Training, capitalising, organising and opening markets to street vendors

Macul municipality considers supportive policies to be essential for the modernisation and sustainability of street markets in the long run. Municipal support is seen as relevant to overcome *feriantes'* poverty barriers, enhancing investment, assisting with organisational difficulties and regulating markets that guarantee long-term profitability and sustainability of *feriante* businesses. Figure 5.3 provides a summary of policies implemented in Macul, along with their corresponding expected impacts, which are described in detail below.

Figure 5.3: Supportive Policies towards Street Markets



Training 'feriantes'

Human capital is a key component for ensuring the sustainability and capital accumulation of *feriante* businesses. As with waste-pickers, administrative skills are critical to produce a sustainably growing working capital, and vocational skills allow *feriantes* to create added value to products. Additionally, experience is relevant for understanding the market and selecting products in suitable quantities and of appropriate quality. The municipality of Macul provides training in cooperation with the ASOF and with NGOs, as described by Francisco (50), a *feriante* leader in Macul:

F: The large majority of 'feriantes' have received training in food management, business administration and IT. The municipality has helped to provide this, and has obtained additional training through other institutions. For instance, my business received spreadsheets that allow me to calculate how much I invest and how much I take in as profit.

Capitalising street markets

Plate 5.14: *Precarious stall, Lo Espejo.*



Sources: Pablo Navarrete.

Plate 5.15: *Traditional stall, La Granja.*



Sources: Pablo Navarrete.

Plate 5.16: Superior stall, Estación Central.



Macul has also directly provided physical capital at both the individual and collective levels. The majority of individual support concentrates on the provision of tools, uniforms and stall upgrades (see Plates 5.14 to 5.16). Supportive municipalities also provide technical support for *feriantes*' applications for central funds to obtain more advanced tools and machinery, with the aim of improving retail service standards, profit margins and working conditions. Carolina (38), a food and salad vendor in Macul, provides an example:

C: (The municipal department) helped me to develop my (application) using the right words...so I received a sum of capital. I bought a refrigerator, a vacuum seal machine and industrial pans to cook food in large quantities... I was selling (my salad) for 200 pesos, now I sell for 1,000.

Second, *feriante* permits in supportive municipalities tend to allow vendors a larger number of square metres to set up their stalls and permit longer opening hours as a means of enhancing potential profitability. As Guillermo (67), an ASOF leader, explains:

G: There are some municipalities that give you only 3 square metres! (Generally) you have 4x2 metres, you start at 10 a.m. and finish at 3 p.m., so you can't sell any more than your space and schedule allow... In Macul, you get 4x3 metres and operate from 9.30am to 3.30 p.m. It is a very good space and time.

At the same time, supportive municipalities – not only the municipality of Macul, but also Puente Alto, Conchalí and Ovalle – have supported the renovation of stalls by committing their own money or obtaining national funds from SERCOTEC. This is once again an attempt to increase the working conditions of *feriantes* and increase the overall attractiveness of street markets to clients. Sara (45), a salad seller in Conchalí, describes her experience:

S: We received the first prize (from a national fund) to get new stalls... The tents are made of good quality material so they don't fall apart like before. We are now covered from rain and sun... The image of the 'feria' was really improved... People from other municipalities came here, because they saw that our 'feria' was beautiful.

At a collective level, supportive municipalities in Santiago engaged in an aggressive policy of transforming their traditional street markets into ‘modernised street markets’ (*ferias modelos*). Initially the municipality of Macul, and now those of Puente Alto, San Bernardo and Ovalle, are currently co-financing with *feriantes* and the central government large investments in *feria* infrastructure. A *feria modelo* refers to a street market that is located in the public sphere, and no longer on the street itself, with a minimum of a permanent roof, electricity and potable water (see Plates 5.18 through 5.21). The most advanced *ferias modelos* include sewerage for seafood stalls, public toilets, parking and green spaces. Additionally, administration duties are commonly transferred to the union of *feriantes* in exchange for legal constitution, a regulatory act and accountability. These investments are expected to increase productivity, add value to products, improve working conditions and reduce the negative externalities of *ferias*. As articulated by Mario (55), a municipal officer in Macul:

M: Building the infrastructure was a combined effort... The municipality contributed with the cost of the ‘feria’ infrastructure...and with the (public) land, they lay a concrete slab and covered the cost of the structure and the roof... The street vendors also contributed money... (The ‘feria modelo’) has a pre-installed structure, it is permanent. So they don’t need to bring their stall or to set it up. They only need to bring their products.

Plate 5.17 and Plate 5.18: *Feria Modelo Lo Ovalle*



Sources: Riquelme (2016) (left), TripAdvisor (2015) (right).

Plate 5.19 and Plate 5.20: *Feria Modelo Quilín and Juan Pinto Duran, Macul*



Sources: SITRAFELI (2016) (left), Renteria (2011) (right).

Regulating street markets and attracting clients

In order to to guarantee sustainable profits and working condition for *feriantes*, supportive municipalities have introduced a range of regulatory measures around the activity. The first measure, pioneered in Conchalí, was to regulate the ‘space-time distance’ between *ferias libres* to minimise their competition with one another, and to guarantee that all municipal urban areas are covered, as described by Nicolas (48), a municipal officer of Conchalí:

N: Our system tries to avoid market oversaturation... Say ‘feria’ number one takes Wednesday in Vivaceta Street... If on the same day I set up another ‘feria’ close to that area, they kill each other off... Alternatively, I can’t put the same ‘feria’ in the same place for two consecutive days, because the (neighbourhood) market is saturated. So, I space them far apart.

Working alongside *feriantes*, the municipality of Macul also follows strict controls regarding the number of *coleros* working, putting them on waiting lists to access a local permit. As Ignacio (35), another public officer in Macul, explains:

I: Our local regulations have fixed a carrying capacity for each ‘feria’... Overcrowding them would impact the quality of ‘feriante’ employment and the community... To be honest, the ‘ferias’ can’t grow any more, they’re very large at the moment... To allocate new permits we have a waiting list, determined by seniority.

Macul is also supporting the efforts of *feriantes* to attract greater numbers of clients by setting up in spaces that have availability for public parking, which is directly administrated by *feriantes*. As commented by Francisco (50), a *feriante* leader in Macul:

F: ‘Ferias modelos’ have parking space...located on an island between streets. The ‘feria’ use the central island space, and then on the two street sides there are parking spaces... We administrate this and provide security for clients.

Supporting organisations

Among the three informal sub-sectors in this study, *feriantes* are the most highly organised. Most *feriantes* are involved in organisation at the level of their *feria*, and some are even organised at municipal, regional and national levels. Supportive municipalities go one step further by establishing their legal constitution as ‘social organisations’ (*organizaciones sociales*), which allows them to collectively access local and central state funding and grants them collective control over public infrastructure and space. As noted by Francisco (50):

F: The organisation has always existed, but the municipality has provided a lot of support to our collective entrepreneurship. It helped us to legally constituted, to coordinate... it has provided space for us to meet...

With this legal organisation, the municipality of Macul has slowly transferred plots of land, infrastructure and the direct administration rights over *ferias modelos* for a twenty-year period to their local *feriante* union, in exchange for full accountability for the satisfaction of

local regulations. In doing this, the municipality aims not only to empower the *feriante* trade union but also to increase levels of regulation compliance and reduce the operational costs that arise from the enforcement of local regulations. As Raul (58), a *feriante* leader in Macul, explains:

R: (Our organisation) fully administrates over four 'ferias' ... The municipality was unable to fully enforce local regulations, which endangered the relationship with the local community, with the municipality, with the police... As a legal trade union, we had to intervene... We made 'feriantes' sign a contract in front of a notary... (stating that) if they don't satisfy the internal bylaw, they are sanctioned first with a fine, second with a period of time with no assistance, and in some cases, 'feriantes' can even lose their location in the 'feria modelo'.

Feria unions also become responsible for administrative tasks such as managing parking space, security and cleaning of the *feria*, which are issues that tend to be the most common sources of conflict between markets and municipalities. Francisco (50), a *feriante* leader in Macul:

F: We contract a private street-cleaning enterprise that operates during and after market hours... We (also) set up a parking security service because...there was a lot of crime... The police and us control them all the time.

Reduction of negative externalities

Supportive municipalities also consider the reduction of negative externalities to be another major policy objective, and target this in two ways: *feriante* working conditions and neighbourhood disturbance. Working conditions are improved through the aforementioned interventions provided through *ferias modelos*, such as permanent stalls, a permanent roof or clean water facilities. For instance, a permanent stall eliminates the need to set up and pack away heavy stalls, a permanent roof protects *feriantes* from adverse weather, and clean water increases hygiene and food safety overall. Raul (58) and Francisco (50), two *feriante* leaders in Macul, comment:

R: Having a roof protects you from sun and rain... Before, we used to work in the mud.

F: There are a lot of people handling food, (for example) making salads. For them, having potable water is fundamental... You don't need to bring water in heavy containers...

Public toilets in particular can greatly improve quality of work and hygiene standards, as *feriantes* can go to a clean place and wash their hands. Moreover, and of particular note for women, changing from chemical public toilets to a clean, solid toilet, separated between men and women, means that many people would simply no longer 'hold it in' rather than use the insanitary and undignified facilities. Claudia (57), a dairy product seller in Macul, describes this:

C: Toilets changed (our working conditions) one hundred per cent. You enter a clean toilet where you can wash your hands with drinkable water...where you have toilet paper and soap. With (the old) chemical toilets, you had none of that... There are even people that don't wash their hands... I often would refuse to use a chemical toilet because it is disgusting.

Finally, the transfer of infrastructure to the control of *feriante* unions over the course of twenty years has created greater employment security for those who feared the impermanence of *ferias libres*. In the words of Tomas (44), a greengrocer in Macul:

T: 'Ferias' are always at risk of being removed... I know of some 'ferias' that were removed when the municipal administration changed... 'Ferias modelos' provide work security as we have a twenty-year legal contract. We don't have a precarious permit like everywhere else.

Supportive policies are also focused on reducing the externalities of *ferias libres* on surrounding neighbourhoods. Common negative externalities of this type include stalls blocking residential cars from leaving the area, the disturbance of early morning noise, and food waste – particularly fish – leaving foul-smelling streets, which filters into local houses. Policies to reduce these disturbances focus on the establishment (or relocation) of *ferias* on street islands, provision of cleaning services and provision of public space. As Guillermo (67) a leader of the ASOF, comments:

G: As we say: 'everyone wants a 'feria', but not in front of their house'... The neighbours were complaining (to the municipality) because of the noise and the street blockages... In Macul, the mayor suggested that we set up on a median strip down the road, and it was big – two hectares and...we paved it and made something beautiful... That solved a major problem.

As seen above, the municipality of Macul has transferred cleaning responsibilities to *feriantes* with agreed standards, and sewage has been installed in *ferias modelos* to remove fish waste from the street. According to Raul (58) a cheese vendor in Macul:

R: In Macul, we have the highest cleaning standards in all of Chile... If something is poorly done, the municipality tells us: 'There is something that was not clean', so we can fix it... These are the only 'ferias' that have sewage for the fish stalls.

As a major innovation, supportive municipalities are incorporating public space into *ferias libres*, such as green spaces and recreational areas, as part of their strategy to enhance the benefits of having a local *feria* by modifying their public image. As illustrated by the experience of Mario (55), a municipal inspector in Macul:

Mario: ('Ferias Modelos') have greatly improved the quality of life of the community... The 'feria' has, little by little, become the only (local) public space. Juan Pinto Duran street market is a pedestrian walkway, providing recreational spaces for kids and green spaces... Young people go skating or biking there, older people go for walks or to the green areas.

Finally, the provision of public lighting during night time by the *feriante* trade union transforms a potentially dark, permanent infrastructure into a lit area that brings security to locals, as Ignacio (35) another municipal officer in Macul, explains:

I: The security has improved in the two roofed areas. (The 'feria modelo') could have created a problem for neighbourhoods during the night, but everything is lit up all night and this has actually improved the security for neighbours.

The wide range of supportive initiative provided by municipalities to train, capitalise,

organise, increase markets and reduce the negative externalities of street markets serve to improve economic outcomes and working conditions. In particular, the construction of *ferias modelos* has been a significant step of investment and trust towards *feriantes*.

Incremental and iterative policy design: maximising efficiency through agreements

The current supportive process from the municipality of Macul works from the bottom up. That is to say, the initial push comes from a strong trade union of *feriantes* who find a progressive mayor, and are able to negotiate supportive interventions in exchange for better practices by *feriantes*. Guillermo (67), a leader of ASOF, expands:

G: This whole (recent) tendency to support 'ferias libres' started in Macul several years ago... (Mayor) Sergio Puyol saw our proposition to make a law regarding 'feriantes'. He said: 'this won't see the light for at least twenty years. I am going to introduce this here'... The 'feriante' president (in Macul) at the time said this would be a win-win (for the municipality, street vendors and the community).

From this point, the process follows a similar pattern to waste-pickers. The design of supportive interventions is a collective process rooted in proposals from *feriantes*, where new waves of support are traded against higher standards for consumers, and the success or failure of these actions are considered. As illustrated by Francisco (50), a *feriante* leader in Macul:

F: We presented the municipality with the idea of creating a permanent structure for the street market... We had a magnificent reception from the mayor, the best... In fact, it became the first 'feria modelo'... We played an important role in the idea, contributed some of the funds and in exchange were put in charge of the administration of security and cleaning. But the municipality contributed the architects, the infrastructure, everything else.

The familiar iterative process follows from here: after a new policy is first tested in one street market, it is either discarded, modified or rolled-out to the other street markets. Paulo (54), a *feriante* leader in Macul, contrasts the experiences of *ferias modelos* and night-time street markets:

P: We are working with the municipality to create new ferias modelos. As many as possible... Our joint vision is to extend the model of fixed, covered 'ferias' ... We have also tried other approaches, such as night-time street markets in Quilín, but they didn't work.

Finally, as with waste-pickers, supportive policies are aimed at minimising the risk of *feriantes* becoming dependent on municipalities, by strengthening *feriantes*' local trade unions and granting them regulatory power, administrative responsibility and accountability for their results. Guillermo (67), a leader of the ASOF, summarises:

G: When the municipality wants to empower organisations, they can. For instance, in the 'feria' in (Macul), nowadays we pay for and build the stalls, we maintain them, and we accept all the costs... We have security guards, we pay for chemical toilets, and we take action (against members that don't follow the rules)... The municipality has always supported us and we have created a culture of self-management.

All of these supportive steps have the social inclusion of a vulnerable local population as their primary aim, and attempt to do so by introducing them into a profitable, lively and empowering employment sector. In doing so, the municipality also supports the livelihood of their local population by increasing their access to cheaper and, often, higher-quality products.

POLICY IMPACT OF SUPPORTIVE POLICIES: AN EVALUATION

This section evaluates the impacts that supportive policies have on their objectives of improved economic, social and working condition outcomes and in reducing the negative externalities of street vending. A stratified random sample of 402 *feriantes* from a total of 27,978 municipal permit holders operating across 35 municipalities in Santiago de Chile has been used (for more detail, see Chapter 3). OLS models are once again employed to disentangle the impact of supportive policies across twelve performance indicators drawn from the literature (see Table A.7.1 in Annex 7). Four main indicators are discussed here, while additional discussion on complementary performance indicators commonly discussed in the literature can be found in Annex 7. Explanatory variables represent the diversity of policies implemented by different municipalities, controlling for socioeconomic conditions of *feriantes*, the characteristics of their micro-enterprises, street market location and the municipality in which they operate (see Tables A.7.2 and A.7.3 in Annex 7). Binary logistic regressions (BLR) and multiple linear regressions (MLR) are used depending on the type of data of the dependent variable (see also Table A.7.1 in Annex 7). I report only statistically significant results that resisted four different model specifications by adding the four dimensions of control variables (socio-demographic, micro-enterprise, spatial, municipal characteristics) and still remained significant by a factor of at least 10%, and results can thus be considered more robust. For transparency, Tables A.7.5 through A.7.7 (in Annex 7) also report all coefficients in the regression, and the way that the coefficients change as more controls are added.

Table 5.10 reports the significant results of OLS regressions for the four models with all controls. Model 1.a shows the impact of supportive policies on an economic indicator; Model 2.a, assesses the impact of policies on a social indicator; Model 3.a, reports the results of supportive policies on working condition indicators; and Model 4.a analyses the impact of municipal policies on reducing negative externalities. Qualitative analysis supports these results through quotes from interviews and group discussions, commenting on the mechanisms at play.

Table 5.10: Summary of the Impacts of Municipal Policies on the Performance of Feriantes

Respose Variable	Positively Impacting Policy	Negatively Impacting Policy	Magnitude	SE	Type of policy	Overall Impact (a)
1. Economic Efficiency						
Indicator 1.a: Earnings per hour worked	Pick up van		2,823**	-1,249	Physical Capital	B
	Truck		3,785**	-1,485	Physical Capital	B
	Warehouse storage		3,038**	-1,217	Physical Capital	A
	Chemical toilet in the street market		2,054**	-964.3	Colletive Capital	B
		Number hours permit		-69.87**	-29	Access to market	C
2. Social Equity						
Indicator 2.a: Income relative to poverty line	Number of street vendors		0.00107***	-0.000413	Regulation	A
	Truck		2.091***	-0.736	Physical Capital	B
	Warehouse storage		1.358**	-0.625	Physical Capital	A
	Fridge at the stall		2.522*	-1.284	Physical Capital	A
	Electric generator		7.663*	-4.00E+00	Physical Capital	A
	Municipal support		0.177**	-0.0705		C
	Valor patente		-5.31e-06*	-2.75E-06	Regulation	C
3. Quality of work						
Indicator 3.a: Number of hours worked in a week		Van	13.95*	-7.51E+00	Physical Capital	B
		Truck	13.54**	-6.00E+00	Physical Capital	B
		Number hours permit	1.129***	-1.19E-01	Regulation	C
4. Negative Externalities						
Indicator 4.a: Child work (b)	Number of Stalls		-0.993**	-0.463	Access to markets	A
	Refrigerated storage		-2.731***	-0.896	Physical Capital	A
	Parking in a street island		-4.261**	-1.881	Neg. Externalities	A

Notes:

a) Overall Impact A denotes municipal policies that have only a positive impact across indicators; B refers to municipal policies that have both positive and negative impacts across indicators; C denotes policies that have only negative impacts across indicators.

b) In a perceptual continous scale where 1 meas never go with my child/chidren to collect and 7 means always go to collect with my child/children

c) In a perceptual continous scale where 1means neighbours living in my same street are unhappy with my business and 7 means hneighbours living in my same street are happy with my business.

d) Declare price of products compared with large retail prices where 0 means is cheaper and 1means equal or more expensive

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$: Robust standard errors in parentheses

HBE productivity: earnings per hour worked (indicator 1.a)

Regression 1.a suggests that supportive policies can lead to higher economic performance for *feriantes*. Productivity per hour (indicator 1.a) is increased between 2,823 and 3,785 pesos (USD 4.55-6.10) from having access to large motorised vehicles, having access to a warehouse by 3,038 pesos (USD 4.90) and incorporating toilet facilities into street markets 2,054 pesos (USD 3.31). Access to large vehicles (pick-up vans or trucks), when compared with handcarts, allow *feriantes* to bring larger quantities of goods to the street market, and to bring better display equipment, thus increasing the potential for profits. Victor (34), a greengrocer in Maipú, provides an example:

V: Of course (the vehicle has an impact)... You can't make two trips to the 'feria'. You can only go once a day... Neighbours need to get out and other 'feriantes' have to set up their stalls – that's why there is a schedule. I have a van (in which) I can fit 36 banana boxes and a small stall, and that is all the stock that I have to sell... With a (large) motorised vehicle, you can bring a larger stall and more products, so you can sell more.

Having a warehouse for storage similarly allows *feriantes* to buy products in larger quantities at cheaper prices and have a larger quantity of products to sell, as emphasised by Roberta (41), a seller of fashion accessories in Maipú:

R: I had to make a warehouse at home...because in this way you can buy and store more. Sometimes I'd find good deals, but when you don't have anywhere for storage, you can't take them. So you have to buy day-by-day in small quantities, and it's more expensive.

The impact of having access to toilet facilities is a surprising outcome, but it may save time as stallholders don't have to go home or pay for access to local toilets, allowing more time to be spent at the stall.

Productivity of *feriantes* suffers a very small negative effect of 70 pesos (USD 0.11) with an expansion of permitted working hours in the *ferias libres*. Peak sales times occur during the late morning and early afternoon, and so extending beyond this period increases the total number of hours of work without creating a substantial increase in the number of sales, thus reducing productivity per hour. As Felipe (54), a dairy product vendor in Maipú, discusses:

F: (If our work schedule is extended) I think we would earn more or less the same, because 'ferias' experience just a few peak hours of selling... It happens in stages – people whose children are at school in the morning come between 11 a.m. and midday... When they are there in the afternoon, people come between 1 and 2 p.m.

Poverty Reduction: Household income per capita relative to the minimum wage (indicator 2.a)

Municipal policies can reduce poverty by facilitating access to larger motorised vehicles, boosting incomes to two times the monthly minimum wage, supporting the electrification

of stalls to 7.6 times, acquisition of freezers to 2.5 times, and adjusting the number of *feriantes* per street market by a very small 0.001 times. Since having access to a large motorised vehicle increase productivity per hour (indicator 1.a), this naturally translates into higher monthly incomes, moving people above the poverty line.

Feriantes with an electric generator have access to a whole new range of products that either require refrigeration or are processed in some way at the moment of sale (for example natural juices or meat), and are the only ones able to offer these products in the *feria*. This ties in with having access to a freezer in the stall, due to its dependency on electricity. As Guillermo (67), a *feriante* leader in Macul, provides examples:

G: There are people who sell dairy products, ice cream... We have natural juices... (These are) all things that wouldn't be possible without electricity... There is one stall that sells chicken, and another that sells hamburgers... (With) electricity they can keep their food refrigerated.

Another factor that can reduce poverty, though only on a very small scale, is a careful increase in the number of *feriantes*. It seems that, up to a certain point, a higher number of *feriantes* increases the number of clients attracted by the diverse range of products on offer, without significantly depleting *feriantes'* profits due to competition. As Raul (58), a cheese vendor in Macul, explains:

R: If you can have a hundred stalls rather than fifty, more people are attracted to the market... ('Feriantes') are going to sell more if there is diversity because there aren't fifty egg stalls or fifty clothing stalls, but only two or three. The fundamental attractions for 'ferias' are the fruit, vegetables, and to a lesser extent seafood... You will find those at every street market. Everything else adds to the diversity.

However, poverty is magnified through expensive municipal permits. An expensive permit means a direct increase in operational costs for *feriantes*, and at the lower end of *feria* earnings, this might mean sacrificing a relevant portion of their profits, bringing people closer to poverty. As Eduardo (49), a *feriante* leader in La Granja, comments:

E: We used to pay 100,000 [USD 161.29] every six months for a municipal permit, and now we have to pay 115,000 [USD 185.48]... Not everyone in my 'feria' has enough money to pay this... These people have to save up for these costs, and they can't use the money for work, to invest in products.

Working week: number of hours worked per week (indicator 3.a)

The average working week of street vendors is almost equal to the Chilean legal maximum of 45 hours. An extensive workday length seems to be promoted by the number of hours permitted by municipal permits, increasing the working week by 1.1 hours and the provision of large vehicles, which increases the working week by more than 13 hours. First, local permits fix a specific number of days to work in a week, along with the *feria's* opening and closing hours. Since attendance is often compulsory, more days or longer schedules increase the number of hours that *feriantes* spend at work. As explained by Marisol (58), a municipal officer in Maipú:

M: The largest proportion (of 'feriantes') have three locations lasting two days each, so from Tuesday to Sunday... 'Feriantes' can start setting up their stalls from 6:00 a.m. The 'feria' (is packed down) on weekdays 3:30 p.m. and weekends at 4:30... Attendance is compulsory..

Even though having a large motorised vehicle reduces the transport time for products coming to the street market, this reduction is offset by an increase in time spent preparing products, loading and unloading. Gastón (46), a vinegar seller in Maipú:

G: (I used to have a handcart) and now I have a van... I can bring a lot of products, and even the stall fits inside... I have to wake up earlier because I have to pack more onions... I don't know about the others, but I start packing down at 3 p.m. and am finished by 5 p.m.

Child labour: Children performing sales or production in 'ferias' (indicator 4.a)

Although in my survey *feriantes* declared that they only occasionally brought their children to work, the data suggest that further reductions in child labour occur when *feriantes* have a higher number of stalls, use refrigerated storage facilities and have traffic island parking. As with waste-pickers, the presence of children in street markets is generally not used as part of the production equation, but rather occurs due to a lack of alternative options for vendors to leave their children during weekends⁵. As Guillermo (67), a leader of the ASOF, comments:

G: Child labour is rare in 'ferias', and children are not used as proper workers... Often female vendors are the head of the household, and from Monday to Friday they can leave their kids in a public nursery, but nurseries don't operate on weekends, so they have to bring them to the 'feria'... But it is nothing like child exploitation, or like those children stop going to school... In fact, many go on to university.

Having more than one stall requires *feriantes* to move throughout or across street markets, reducing their free time to look after children, and thus disincentivising them from bringing children to the street market. As Hugo (52) a fruit seller in La Granja, recounts:

H: Children have fun (at the market) and they want to come with (me)...but I leave them with their mother on weekends, because I need to move around to look after my stalls.

Moreover, having street island parking for markets seems to reduce the presence of children, as teenagers (or even younger children) are no longer required to mind vehicles or to move them to free space for traffic. As commented by Claudio (54) a shoe vendor in Maipú:

C: Yes, there are children who come with their parents. Some of them have learnt how to drive. I have seen little children driving their father's pick-up to unblock a street... Or they are sent to mind the trucks (in case of thieves).

It also seems plausible that having storage facilities, particularly refrigerated facilities, can reduce child labour as it decreases the frequency with which *feriantes* need to shop for new products, thus reducing the presence of children accompanying them. As noted by Hugo (52), a fruit seller in La Granja:

H: I bring my sons (to the street market) on weekends. They want to come because they have fun... They want to go with you to get the groceries, to sell, everywhere.

The unique supportive policies aimed at *feriantes* can significantly transform productivity, social and working condition outcomes and reduce negative externalities. The most notable outcome here is that street markets can make improvements for both clients and workers by modernising, investing in capital enhancement at the individual and collective level.

FINAL BARRIERS TO STREET VENDOR GROWTH AND ALTERNATIVE MARKET SOLUTIONS

The final barriers: a spatial poverty trap, political changes and national regulations

Although some municipalities in Santiago have made many efforts to advance the livelihood of street vendors, they ultimately face three structural limitations: a spatial poverty trap that limits the municipal capacity to create decent jobs in *ferias*; the lack of political continuity within a municipality that compromises the stability of *feriante* employment; and restrictions of national regulations that prevent *feriantes* from exploiting potentially profitable new products.

Spatial poverty trap: The limited municipal carrying capacity for decent jobs

As with waste-pickers, supportive municipalities have limited capacity to create decent jobs within their own administrative area. Municipalities remain ultimately restricted by the total demand of clients within their administrative municipal area. My survey shows that 90.3% of street market clients live within the same municipal area, and many live in the immediate vicinity, as Marisol (58) a municipal officer in Maipú, comments:

M: Yes, within a municipal area people do move around looking for the closest and cheapest 'feria'. But clients mostly (come) from the surrounding areas... I calculate that the market must be mostly within around eight blocks.

The purchasing power of the local population thus determines a limited number of well-paid *feriante* jobs that remain sustainable in a municipality.

Due to this local determinant of *feriante* income, those in higher- and lower-income urban areas have different career prospects. This is influenced by two interacting factors: the number of street vendors (supply), and the purchasing power of clients (demand). Given the high socio-economic spatial segregation of Santiago de Chile, certain municipalities contain homogeneously low-income or high-income inhabitants (OECD 2013). There is thus a resultant 'congestion' effect on supply in low-income municipalities, while the few *feriantes* in wealthier municipalities enjoy large profits. With poorer municipalities facing pressure from their vulnerable local population to offer employment solutions, many mayors expand the number of municipal permits for *feriantes*, and/or relax municipal controls over *coleros*, thus increasing competition and

reducing profits for each *feriante*. As Guillermo (67), a national *feriante* leader, and Felipe (49), in a focus group in Maipú, comment:

G: The problem is that mayors have expanded the problem (of congested markets)... 'Feriante' permits are supposed to achieve social outcomes, so mayors (tend to) fill the streets with 'feriantes'... For instance, in Lo Espejo, in the Feria Fernandez Albano, there are 1,200 'feriantes' and around 6,000 or 7,000 'coleros'.

F: The 'feria' has a total inflow of money... (Clients) bring a certain quantity of cash with them...and that amount is distributed (amongst the 'feriantes' and 'coleros')... Let's say five million pesos [USD 8064.64] a day is brought by clients...and that amount is distributed (amongst the workers). So, if there were five 'feriantes', each earning one million pesos [1612.90 USD], and you bring five more 'feriantes', now this money is distributed between ten people, with each getting 500,000 [USD 332.58].

Regarding demand, clients with higher purchasing power create the potential for a higher carrying capacity. However, lower demand for permits from a generally non-vulnerable local community and a higher resistance from municipalities to expand the number of *feriantes*, means that only a few *feriantes* enjoy the full profitability of these areas. For instance, in La Pintana, the poorest municipality of Santiago de Chile, the average purchasing power of an inhabitant is seven times lower than in Vitacura, the richest municipal area, yet La Pintana has twenty-five times more *feriantes* per inhabitant. As observed by Guillermo (67):

G: (In higher-income neighbourhoods) you can sell one million (pesos' worth) on Saturday and (again) on Sunday, so you are making 300,000 [USD 483.87] (profit) each day. That is a different business, much more profitable than in poor neighbourhoods. That is why (informally buying) a stall costs 14 million (USD 22,580)

Therefore, *feriantes* in low-income areas face a spatial poverty trap, from the combination of being located in an area of high competition and low purchasing power, while space with the potential for good-quality *feriante* employment remains unexploited in wealthier municipalities.

Dependency on stable politics: An uncertain future for feriantes

The sustainability of *ferias libres*, and thus their prospects for growth, is limited by the willingness (or lack thereof) of the mayor to extend their municipal permits. According to the Chilean law 18.659 of Municipal Organic Constitution of 1988 (Articles 36 and 63), the municipal permits provided to *feriantes* for the use of public spaces are declared as 'precarious' – essentially meaning that the municipality (represented by the mayor) can unilaterally end their existence (as well as create them) at any moment, without giving a reason and without compensation. This means that continuity of *feriante* enterprises is always in the hands of the mayor. As commented by Lucia (49), a public officer in La Granja:

L: The municipal permits are closed at the moment... Generating or removing permits is completely the mayor's decision... We aren't giving out more permits because we are in a crisis.

In the short term, *feriantes'* enterprises are affected by a change of position within the

municipality – for instance, as the result of complaints from neighbours – which can lead to a decision to close street markets. In the words of Paulo (54), a plastic bag seller in Macul:

P: 'Ferias' are at risk. We have been lucky here in Macul because the mayor has always had a positive view of 'ferias libres'... I know others that have been removed, shut down... It is simply a matter of a neighbourhood association getting together to collect signatures, and they remove it.

In the long term, the future of street markets can also be at the mercy of the results of local elections. As Dávila (2009) identifies, in the Latin American context, devolution has seen great autonomy given to municipalities to determine policies, but their continuity over time ultimately depends on the continuity of mayors. This means then that prior-made agreements and the continuity of supportive municipal policies are always under threat. Paulo (54) and Raul (58), in a focus group with *feriantes* in Macul, express their concerns:

P: We have a direct relationship with the mayor. We sit face to face and talk. We have three years until this all this ends, because the mayor has been in power for 24 years and he hasn't put himself forward for the next elections... We don't know what is going to happen in the future... It all depends on who gets elected.
R: People have big concerns about this.

National and regional regulations: Restrictions to market expansion

A final aspect of municipal policies that limits their efforts to foster growth in *feriante* businesses is national and regional regulation which forbids the trade of certain products in the street, particularly food cooked on-site and food which requires refrigeration. As Nicolas (48), a municipal officer of Conchalí, notes:

N: Even though there has never been any sanitary or hygiene research on the topic, 'feriante' permits don't allow the sale of cooked food... (For instance,) everything that is fried can't be sold in the street. The health authority doesn't give permission. If a stall starts selling these things, we have to shut down their business.

In turn, this prevents *feriantes* from moving into retail markets that face minimal competition within the *ferias*, from exploiting the value-added potential of cooking or processing fruit and vegetables, and from enhancing the appeal of street markets by bringing more diversity to the type of products offered. As Paulina (44), a clothing seller in La Granja, comments:

P: If street markets are (more diversified), everyone wins because more people will come... We can't earn more than 25% or 30% profit (selling branded products)...but you could by (selling) prepared juices or cooked food, because you use a small quantity of fruit and vegetables...but this is not allowed.

Overcoming municipal barriers: Creating more sustainable and secure *feriante* jobs

In order to overcome the barriers described above and increase the sustainability and security of *feriante* employment, municipal officers and *feriantes* themselves have three pro-

posals: reinforcing national organisations, planning for street markets and changes in national regulation.

National organisation to strike deals for support

Nowadays, unlike the waste-picking sub-sector, *feriantes* are well organised at a national level, being able to successfully lobby municipalities and regional and national public institutions to gain support from the public sector. The key here has been a change of mentality regarding organisation, moving from a union-type structure to more of an enterprise-styled organisation. Under this mindset, rather than battling against authorities, organisations are able to negotiate and lobby them to introduce state support to enhance the competitiveness, profitability and working conditions for *feriantes*. In the words of Guillermo (67), a leader of the ASOF:

G: For many years, 'feriantes' thought that fighting authorities, not negotiating with them, was the way to get things done... So we started changing this logic. We have to work with the municipality and compete with retail, but also the municipality needs to accept that we are not a problem, that we are part of the solution, that we can be good collaborators and together solve many (social) problems.

At a local level, a strong national organisation has helped *feriantes* to settle deals and solve conflict with municipalities that threatens the continuity of *ferias libres*. It also further supports *feriantes'* self-organisation and increases their competitiveness, as articulated by Nicolas (48), a municipal officer in Conchalí:

N: 'Feriantes' are organised at the national level in the ASOF... It is a new organisation with a bright future. They were even able to negotiate with Macul, La Florida and Puente Alto, for the creation of 'ferias modelos'... They do training for food management, product displays, 'feriante' uniforms, so they can sell more and become more competitive.

At the regional level, this national organisation has been able to negotiate with authorities to redefine infrastructure projects focused on the continuity of *ferias libres*. The most notable of these is the ASOF negotiation with 'Transantiago', a Santiago-based transport plan that threatened to eliminate several *ferias libres*. As Guillermo (67) notes:

G: If 'feriantes' are going to be removed, then they will riot in the streets. Transantiago (the rapid bus service in Santiago) could have turned the city into a battlefield... Everyone saw that their 'ferias' were going to be removed... We got a meeting with the Transantiago general manager and...he did want to find a solution. So I told him: "There are around 30,000 'feriantes' in Santiago... (We can) stop 5,000 vehicles on the main avenue."... So from then on, we met every Monday to solve problems in each municipality... They changed three main routes and 28 secondary routes, and we change three 'ferias'...

At the national level, the organisation has been able to secure national funding for the *ferias modelos* programme of 1,028 million pesos (USD 1,658,064) per year, and more recently has been lobbying to implement a national law for *ferias libres*. As Gabriel (55), a leader of the ASOF, explains:

G: In 2008, we started a program of street market modernisation with (President) Bachelet that is generating results. 'Feriantes' had to contribute 25% of the funds, and the rest came from the

(state) fund... In this new government, we organised with the president for this to become a permanent financing scheme of 1,000 million pesos (per year)

Planning for sustaining street markets

In order to sustainably expand the amount of good quality employment in *ferias libres*, the spatial poverty trap of a high concentration of low-income clients and a large number of *feriantes* in low-income municipalities must be broken. Supportive municipal officers and *feriantes* have agreed on two complementary solutions: incorporating street markets as part of regional planning schemes, and managing the size of street markets. Including *ferias libres* as part of the regional planning system is seen as a means to allow the expansion of street markets into higher-income municipalities, thus unlocking these profitable areas to sustain the growth of regional employment. It has been proposed that the incorporation of *ferias libres* into new developments and into unexploited existing developments could be made compulsory. As Nicolas (48), a public officer of Conchalí, and Guillermo (67), a leader of the ASOF, discuss:

N: ...There are places where there are no 'ferias' ...only supermarkets... Or in Vitacura [a high-income area] there is only one... They need to be incorporated into the planning system. It is the only way to incorporate 'ferias' into all areas of the city, and not just in poor ones.

G: Between 1992 and 2001, Santiago grew by one million inhabitants...(and) between 2002 and 2012 at least 600,000 more... The planning system doesn't account for 'ferias' (so) the city grew without street markets... We can have regional and national plans that leave space for street markets – smaller 'ferias' with better infrastructure.

Second, street vendors suggest that *ferias* should have a limited size that represents the real demand from clients, where new permits should be given on the basis of real increases in demand, as well as being a method of replacing *feriantes* that have moved out of the market. In the long run, this would protect *feriantes* from the negative effects of the oversupply of local permits. Gabriel (55), a leader of the ASOF:

G: Every municipality should say: "This 'feria' is going to have 220 stalls, this one 150 and this other one 300". And then the mayor (should) not give any more permits – only to replace people that leave, or if there is increased demand. So, 'ferias' will always have a size appropriate for (local) demand. If the mayor wants to create new permits, an economic feasibility study should be conducted to show that there is a demand. This should be part of the planning (system)... Otherwise you are sending new and old permit holders into bankruptcy.

A national feriante law

Alongside this, the ASOF is promoting 'The National Law of *Ferias Libres*' to overcome the restrictions imposed by regional and national regulatory frameworks. The main concept behind this is to establish a common regulatory framework that guarantees the sustainability and security of *feriante* jobs, protecting them from unilateral state action (by local, regional and national governments) in exchange for street vendors' higher levels of collaboration and autonomy over *ferias*. The law proposes a change from precarious municipal permits to standard contracts

that guarantee the right to work in the public sphere for extended periods of time, as Guillermo (67) comments:

G: The 'ferias libres' law would eliminate the temporary nature of the municipal permit and will allow us to work in the street through an administrative contract...which will have a minimum duration of twenty years.

To enhance the sustainability of profits over time, ASOF further propose that a contract should be signed with the municipality that establishes the total number of stalls per *feria*, and fixes a minimum distance from new street markets of 1,000 metres. This is reflected in the following observation by Gabriel (55), a leader of the ASOF:

G: With the national law, the municipality will not be able to arbitrarily increase the number of 'feriantes'... It also...respects the commercial market of each 'feria', and not pushing them into a destructive type of competition... This only applies to the new markets.

The law also proposes the creation of a permanent national source of funding for the creation of *ferias modelos* across the country. Further comments from Gabriel (55):

G: Also, the current modernisation programme, managed by SERCOTED, will be transformed into a source of permanent funding protected by the new law.

Finally, in exchange for this support to *feriantes*, national law empowers the municipality and local *feriante* organisations to sanction *feriantes* who do not follow their common agreements. These agreements make it compulsory for any permit holder to join their local trade union, fixes a democratic election mechanism, and transfers administrative and sanctioning power over members to the trade union. This union power is then balanced by municipalities having the power to dissolve both permits and whole *ferias libres* if *feriantes* do not fulfil the terms of contracted agreements. In the words of Guillermo (67), a leader of the ASOF:

G: The responsibility (under this law) would not be individual but collective, because the contract is signed at the 'feria' level... But 'feria' trade unions will also be empowered...because currently their leader does not have the power to create order. This will bring higher levels of organisation and discipline to 'ferias', and a better relationship with their local community.

Against all predictions, the ASOF project has been welcomed with support from *feriantes*, municipalities and the central government, and the process of transition began in 2015. This is typified by Guillermo's (67) statement that:

G: Now the law has started through the legislative process. It is still in the Ministry of Economy. Then it will be delivered to the president to be signed, and from there to the parliament.

CONCLUSIONS

This chapter has aimed to form a clearer understanding of the effects of supportive municipal policies towards *feriantes*. As with the previous chapter, I first focused on understanding the life cycle of *feriantes*, contrasting this with existing theories, and finally advocating for an integration of these theories to fully understand the complexity of the informal entrepreneurship that occurs in street markets. *Feriantes'* entry into the activity is driven by a combination of mo-

tivating factors, both drawn from necessity and opportunity, with this employment becoming long term through choice, thus creating a one-way informality. Existing theories also have varying levels of relevance regarding the informal-formal linkages between the formal and informal economies. A minority of *feriantes* connect vertically with the formal economy in a backward network, contributing to the extension of larger enterprises' market reach into poor and middle-class neighbourhoods. However, the majority of *feriantes* operate in a parallel grassroots business network, bringing together thousand of informal entrepreneurs across the country and sustaining both the livelihood of households in urban areas and small-scale enterprises in rural areas. In this sense, positive rural-urban linkages (Allen et al. 2015), allow for the establishment of a reciprocal network that reinforces the economic progress of poor rural and urban populations across national space.

In contrast with waste-pickers, *feriantes* operate with quite high levels of organisation, and so supportive policies tend to be implemented in close tandem with *feriante* cooperatives or organisations. As with other informal sub-sectors, most *feriantes* come from a background of poverty that hinders their ability to progress in their business, and so the supportive policies implemented focus first and foremost on providing employment to a vulnerable population, with a secondary aim of sustaining the purchasing power of their local populations. Supportive municipalities design these policies through a bottom-up process of direct collaboration and negotiation with street vendors, and the risk of dependency is minimised by fostering the already-established *feriantes* organisations and their capacity to self-govern, administrate and invest into street markets.

The large majority of supportive municipalities evaluated currently in place have a positive impact on the economic, social and working conditions of street vendors, while reducing the negative externalities commonly mentioned in the literature. This strongly supports the case for a more positive involvement of municipal support as a key player to obtain more socially desirable outcomes from street vending activities.

As with waste-pickers, although there is still considerable scope to improve both economic and working condition outcomes for *feriantes*, structural limits do exist that municipal policies alone cannot solve, including spatial poverty traps, precarious conditions of municipal permits and upper government-level regulations. Overcoming this ultimate barrier to facilitate the full development of street market work will require an increase in *feriantes*' organisation, modifications to the current system of municipal and regional planning and the implementation of national law, which are all routes into which *feriantes* have started to make headway.

Notes to Chapter Five

1. One factor related to the observed gender bias in entrepreneurial spirit is the facts that, in the patriarchal society that exists in Chile, most single parent households are female-headed. In such type of households, women simply cannot afford the uncertainty over economic returns and the risk of entrepreneurial failure, as this would mean not only risking the continuity of their enterprise but also their own and their family's livelihoods. They are therefore more risk adverse.
2. *Centros de distribución* are exchange hubs where farmers, fishermen, intermediaries and *feriantes* gather to sell and purchase wholesale primary products. There is a cost to entry for middlemen that depends of the type of vehicle required and the product to be sold, and for *feriantes* that depends only on they type of vehicle required.
3. *Coleros*, literally 'the last ones', are street vendors without a permit who gather at street market entrances. While in some *ferias libres* they are almost non-existent, in others can be close as many or more in number than *feriantes*.
4. It is worth noting that uncontrolled expansions of the number of *feriantes* are likely to result in high competition to levels that outweigh the gains obtained by increasing the diversity of products, thus complementing *feriante* profits (see section on Final Barriers of Street Vendors).
5. Regression point estimates, though not at a statistically significant level, indicate a positive association between the provision of childcare facilities and a reduction in child labour. In contrast, street vendor income is weakly and positively associated with child labour. Interviews further confirm this hypothesis.

CHAPTER 6 : HOME-BASED ENTERPRISES

As discussed in Chapters Four and Five, social inclusion has been articulated as the main argument to justify municipal support for informal entrepreneurs in their provision of public and private urban services in public space. In this chapter, I will analyse the support of private urban services provided in private spaces, setting the final empirical block for the cross-sector ‘exit and inclusion’ discussion in the next chapter. This chapter focuses on home-based enterprises, once again studying the various aspects of a supportive municipal policy approach.

Home-based enterprises constitute the most formalised economic activity of the three sub-sectors analysed in this study. They generally pay the necessary local permits and may be registered for tax payments; however HBEs rarely satisfy all Chilean planning regulations regarding infrastructure, extensions, electricity, and as many as 73% of HBEs fail to pay VAT, thus earning undeclared profits. In Chapter 3, the section ‘Home-based enterprises in Chile’ presented a general outline of the activity throughout Chile and Santiago, addressing its regulatory framework, employment figures, key gender divisions, average incomes and education levels, and Figure 3.4 presented a map indicating the location of the four municipalities selected for the collection of qualitative data. The table below presents their corresponding interviewee demographics:

Table 6.1: *Interview Sample by Municipality, Activity, Age and Gender.*

Municipality	Policy approach	Average Age	Range	Male	Female	Total
CONUPIA*		52	52	1	0	1
Santiago	Supportive	45	34-56	2	6	8
Lo Prado	Supportive/Structuralist	56	41-61	4	5	9
La Granja	Laissez-faire	49	44-52	0	5	5
Las Condes	Soft Repression	48	34-62	2	5	7

*CONUPIA: National Confederation of Small Industry and Handcraft

The four selected municipalities represent a variety of policy approaches. HBE development is strongly supported within the municipality of Santiago, with the Entrepreneurial Development Unit of Santiago (EDUS) having been created as a special municipal division created to assist HBE growth. The municipality of Lo Prado, through its Department for Industrial Development (DIDL), provides partial support for the development of HBEs, offering a soft type of support aimed primarily at increasing productivity, to help HBEs become part of the formal economy. HBEs in La Granja operate in laissez-faire environment, being subject to almost no municipal controls. Las Condes applies a combination of soft repression policies with soft support for the ‘upper crust’ of HBEs¹.

As in the previous chapters, qualitative findings are presented along with quantitative data collected in a stratified survey across the 35 municipalities of Santiago de Chile, which is used to generalise qualitative findings over the larger population of HBEs in the region. Table 6.2 below outlines the corresponding socio-economic data of the HBEs in this study:

Table 6.2: Socio-Demographic Characteristics of HBEs in Greater Santiago

<i>HBEs Characteristics</i>	<i>N</i>	<i>Men</i>	<i>Women</i>
<i>Gender composition (owners)</i>	406	35.8% (11,093)	64.2% (19,913)
<i>HBEs with non-Chilean owners</i>	406	2.5% (271)	1.9% (381)
<i>Years in the market (mean)</i>	406	10.2	6.9
<i>Number of HBEs previously owned (mean)</i>	405	0.6	0.4
<i>Days to obtain an HBE permit (mean)</i>	405	93.8	72.4
<i>Working week (hours per week)</i>	400	72.4	73.8
<i>Lower than secondary education</i>	406	32.7% (3,629)	36.1% (7,179)
<i>Secondary education</i>	406	48.9% (5,427)	52.6% (10,466)
<i>Tertiary education</i>	406	18.4% (2,037)	11.4% (2,268)
Sector			
<i>Retail</i>	406	11.4% (1,668)	8.4% (1,269)
<i>Manufacturing</i>	406	64.4% (7,144.5)	75.7% (15,064)
<i>Service Sector</i>	406	24.2% (2,679)	16.0% (5,859)
<i>Monthly turnover of HBE (mean)</i>	383	CLP 595,911 (USD 961.15)	CLP 378,850 (USD 611.05)
<i>HBE's monthly income* (mean)</i>	383	CLP 655,503 (USD 1057.26)	CLP 447,697 (USD 722.09)

Source: Author survey. Statistics use total weights (design, non-response and post-stratification weights). Estimated population using weighted descriptive statistics appears in parentheses.

**Includes other sources of personal income such as pension, rental income or second job.*

Given the gravity of previous theoretical development in HBE research, the first section of this chapter examines the correspondence between existing theories and the realities of HBEs in Santiago de Chile, showing an alignment with waste-pickers' and street vendors' 'one-way road' movement into informal entrepreneurship and a large variety of formal-informal linkages. The second section explores the arguments used by municipalities in support of HBE development, arguing that, once again, social inclusion remains their core discourse of public engagement. The third section analyses the impacts of these supportive policies in place on the performance of HBEs, concluding that the most effective policies hinge on increasing HBEs'

access to markets in which to trade their products, as well as increasing their access to capital. The fourth section focuses on some of the main limitations that municipalities face in their support of HBE development.

CHARACTERISATION AND MARKET DYNAMICS OF HOME-BASED ENTERPRISES

Chapter 2 presented the contrasting points of view regarding the motivations behind starting and continuing to run HBEs, alongside the response of HBEs to economic crises and the interrelation between the activity and the formal economy. The qualitative and quantitative analysis in this section concludes that, as with waste-picking and street vendors, no single existing theory can fully explain the dynamics of HBEs in Santiago de Chile, suggesting the need for a more ‘hybrid’ approach.

Exploring reasons behind entry into home-based enterprises

In this section, my analysis shows that for some people, starting an HBE is more of a conscious decision to seize an economic opportunity, whilst others are more motivated to start an HBE out of necessity when faced with few employment alternatives². Again, as with waste-pickers and street vendors, HBEs cannot be precisely grouped into ‘opportunity’ and ‘necessity’ entrants, and so my survey results reflect broad motivations for entering into the activity.

Table 6.3: *Motivations Behind Establishing a Home-Based Enterprise*

<i>Reason for starting HBE</i>	<i>Men</i>	<i>Women</i>	<i>Total</i>
‘Necessity’ entry	44.9%	66.5%	58.8%
	(4,953)	(13,239)	(18,192)
<i>Unemployment</i>	16.2%	18.2%	17.4%
	(1,785)	(3,615)	(54,00)
<i>Failure of previous HBE</i>	3.5%	2.4%	2.8%
	(386)	(469)	(855)
<i>Other economic need</i>	23.5%	39.2%	33.6%
	(2,589)	(7,809)	(10,398)
<i>Illness or disability</i>	1.8%	6.8%	5.0%
	(193)	(1,346)	(1,539)
‘Opportunity’ entry	55.1%	31.9%	40.2%
	(6,081)	(6,346)	(12,427)
<i>Entrepreneurial spirit</i>	39.7%	27.0%	31.5%
	(4,378)	(5,383)	(9,761)
<i>Family member or relative doing similar activity</i>	15.4%	4.8%	8.6%
	(1,703)	(963)	(2,666)
Other reason	0.00%	1.7%	1.2%
	(0)	(329)	(329)

Source: Author’s survey using total weights (design, non-response and post-stratification). Estimated population using weighted descriptive statistics shown in parentheses.

Around three out of five HBEs emerged from a background where entrepreneurs had few alternative job prospects (see Table 6.3). Four main motivations for establishing an HBE can be discerned from this group: exclusion, unemployment, unsatisfactory wage or pension and gendered labour division. As with waste-pickers, a person's inability to fully incorporate into labour markets as a result of their vulnerable conditions provides a motivating factor. This exclusion occurs for two main reasons: being close to the pension age and having a permanent illness. Irrespective of experience or skill level, workers close to the pension age are systematically excluded from the Chilean labour market, as they are considered too old to work and as having outdated skills. Raul (73), a manufacturer of iron handicrafts from Las Condes, provides a typical case:

R: I am an industrial engineer.... (I worked for) 23 years outside Chile... I came back when I was 55... It was impossible to find a job (after working as an engineer in Spain, France, Germany, Venezuela and Bolivia)... I dyed my hair. I looked like I was 40 but I still couldn't find a job.

People who have a permanent illness or disability are also excluded from the formal labour market, as they are perceived as requiring larger periods of sick leave, and thus turn to HBEs out of necessity as an alternative source of income. This motivation for establishing an HBE accounts for 5.0% of the responses in the survey. As the experiences of Carmen (56), from Santiago, illustrate:

C: I know how to do a lot of things, I've done many job training sessions but I have a (permanent) problem in my right hand and a neurological problem... I could be earning more in another job, but (my HBE) is the only type of work where people don't see all my problems.

Again like waste-pickers and street vendors, factors of unemployment or a lack of employability constitute a second group of entrepreneurs driven by necessity – this group accounts for 17.5% of survey responses. As Mariana (41), from Lo Prado, comments:

M: I had a good job before this (HBE). I worked there for ten years. So, when they fired me I started looking for a job but couldn't find one... Life took me along a different path... I had learnt how to make chocolates... I found a niche in chocolates and now it captivates me.

The third group of 'necessity' entrepreneurs – and the largest, at 33.6% – cites the need to generate a survival-level income as the main motivation for starting an HBE. This is often as a means of complementing an unsatisfactory working wage, as Elisabeth (58), a garment producer in Las Condes, and Claudia (36), a producer of flavoured sea salt in Santiago, comment:

E: My husband passed away... I used to (formally) work with clothing fabric...(but) I needed to keep up with household costs and it wasn't enough. So I decided to set up my own atelier for clothing manufacture...

C: I studied art and it was very difficult to generate a constant, adequate flow of income. So, I started little by little to elaborate on my own products and now I live off them.

Similarly, low levels of skill and education can see workers locked in petty jobs on temporary contracts, forcing them to look for a more stable source of income. Augusto (55) from Lo Prado, owner of a corner store, illustrates this:

A: I was (formally) hired temporarily to collect beans in Quilicura [a village close to Santiago] and was paid 1,500 [USD 2.41] per sack (of 50 kilograms). It was very hard to fill one sack. So... I said (to a friend): 'Look, we need something more stable, I know how to make tables and you can make bread...we have a neighbour who rents out his oven' ... He told me: 'let's buy what we can'. I bought everything and we started our HBE.

Raul (52), a leader of The National Federation of Micro, Small and Medium-Sized Enterprise Trade Union (CONUPIA), comments on how a poor pension can also be a motivating factor:

R: (When formal workers move onto a pension) their salaries are immediately reduced to less than one-third... So, this person, with the small amount of capital that they have, will...buy an oven, a small lathe or a sewing machine and start production at home.

The incorporation of women into the labour market appears as a relevant factor behind the emergence and over-representation of women in informal HBEs (see Table 6.3). Entrepreneurial beginnings of 'necessity' are cited 20% more often by women than men. As with waste-pickers, a common factor amongst these women is the effect of gender-stereotyped roles that force women to become housewives and assume child-rearing duties alongside the generation of an income, leaving them in a position that places huge demands on their time (see Chant 2014, p.298; Gough 1993; 2016). As Claudia (61), owner of a hairdresser salon in Lo Prado, stated:

C: I worked in a friend's hairdressing salon... My daughters were getting older and they needed my help...with their homework. My husband told me: 'you have to take care of our children'. So, I began operating a hairdressing salon at home.

At the same time, and particularly relevant for single female parents, many women see in HBEs the opportunity to use a single space for both work and family (see also Car et al. 2000; Chant 2014, p.298; Chant & McIlwaine 2009; 2016; ILO 202; Tipple 2004, p.374; WIEGO 2014b). As expressed by Ana (41), now an owner of a dog grooming shop in Lo Prado:

A: I started making chocolates... I was on my own and I had the problem of saying: 'Oh Lord, I need money, I need money for my children and I can't leave them alone'. That gave the courage and the strength (to start an HBE)

Nevertheless, in contrast with waste-pickers and more similarly to street vendors, two out of five HBE owners in my survey cited entrepreneurial motivations behind starting their business. Here, four categories can be identified: small-scale, young educated, relatives and family entrepreneurs. A large group of people (31.5% of my sample) are those who wish to start a business but have low capital availability, and so initially sell on a small scale, scaling up over time with regard to the volume and diversity of their products. As the majority of these entrepreneurs come from low-income backgrounds and have low-level qualifications, their

enterprises operate from their homes – be they rented or owned – allowing them to save on fixed costs. Ana (48), the owner of a small fast-food shop in La Granja, discusses:

A: (I started my HBE) because there is this one family shop that always has a lot of leftover cheese corners. So, I started to take all of these cheese corners...to make empanadas at home, and then everything started. I'm talking about twelve years ago... Today, I sell Italian, Peruvian and Chilean food.

Young entrepreneurs, typically with a bachelor's degree in IT programming or design, constitute another much smaller group. This type of entrepreneur aims to establish an enterprise based on their professional expertise and concentrate their efforts on high-quality products or services, sometimes making use of digital technologies. Tomas (49), chief of the Enterprise Development Unit of Santiago Municipality (EDUS), explains:

T: There is a minority of young people. They think: 'I don't want to work for an enterprise. I have an idea, I've started to develop it, I have some money that my family lent me'... They sometimes use technology such as iPhone applications and GPS... These are HBEs of a much higher status.

As in previous sub-sectors, many individuals establish an HBE when they have a family member who is currently performing a similar activity, a motivation that was mentioned in 8.6% of cases (see Plate 6.1). This allows them to acquire first-hand knowledge of the particular skills required, the potential market demand and the potential profitability of the enterprise, thus reducing their risk of failure. Ana (48), from La Granja, describes this process:

A: I told my husband: 'quit your job and come to work in our business'... I took him out of (formal) work... He used to come home with 400,000 pesos [USD 645.16], but now he makes 800,000 [USD 1,290.32] and we have good working (conditions).

Plate 6.1: Three generations of home-based entrepreneurs, corner shop in Lo Espejo.



Source: Pablo Navarrete.

A final motivation behind starting an HBE relates to a family-driven decision, where somebody sees in HBEs an opportunity to conduct their work in a way that allows them more

family time. This was the reasoning for Maria (52) from La Granja and Gabriel (50), an advertisement producer in Las Condes:

M: I have my hairdressing salon at home because I have kids and, honestly, I don't want to leave them alone... I used to work outside (the home, in a formal job) and I left (one of my children) alone too much. He was alone until age fifteen.

G: God gave me a gift – he gave me twins... I said: 'I have to enjoy my children from the moment they are born'. So, I quit my job and started my own marketing company at home.

Qualitative and quantitative data both support the idea that people enter into HBEs simultaneously out of necessity (as proposed by dualist and structuralist literature) and by choice (as voluntarist and neoliberal arguments suggest). There is however a clear gender division: women are more than men likely to cite necessity as a factor (see Table 6.3). Economic cycles should thus relate to the expansion of HBEs in two ways. First, as dualist theory suggests, unemployment increases during times of economic crisis, as it leads to exclusion from the formal labour market and an increase in HBEs started out of necessity. Second, as structuralist, neoliberal and voluntarist theories suggest, economic expansion increases the demand for goods and services, which enhances the economic prospects of starting a business, leading to an increase in the amount of opportunistic entry into HBEs.

Home-based enterprises: a long-term prospect

As with other informal sub-sectors, the majority of HBE owners choose to remain in this informal activity in the long term, perceiving higher benefits than in formal employment relative to their skill level. In my survey, only 92.6% of HBE owners declared that they would not undertake formal employment for the minimum wage given the opportunity. This figure increases to only 75.2% when asked if they would move to formal work for their current HBE income.

Table 6.4: *Willingness to Move From HBEs to Formal Employment*

Exit/ Remain	N	Men	Women	Total
1. At the minimum wage				
Exit HBE	404	6.1% (677)	8.1% (1,598)	7.4% (2,276)
Stay in HBE		93.9% (10,355)	91.9% (18,241)	92.6% (28,586)
2. At HBE-equivalent income				
Exit HBE	402	24.4% (2,677)	25.0% (4,934)	24.8% (7,611)
Stay in HBE		75.6% (8,288)	75.0% (14,830)	75.2% (23,119)

Source: Author survey. Statistics use total weights (design, non-response and post-stratification). Estimated population using weighted descriptive statistics shown in parentheses.

Table 6.5: Reasons to Not Undertake Comparably Remunerated Formal Employment

Reason to remain in HBEs	Men	Women	Total
Flexibility of time	47.1% (5,160)	50.3% (9,934)	49.1% (15,094)
More free time	23.4% (2,570)	28.1% (5,547)	26.4% (8,117)
Independence and pride	50.7% (5,557)	39.7% (7,854)	43.6% (13,411)
Social contact	20.8% (2,281)	25.5% (5,030)	23.8% (7,311)
Facilitating family tasks	42.0% (4,601)	53.5% (10,577)	49.4% (15,178)
Other reasons	9.2% (1,009)	13.2% (2,613)	11.8% (3,622)

Source: Author survey. Statistics use total weights (design, non-response and post-stratification).

Estimated population using weighted descriptive statistics shown in parentheses.

The data account for to those that would not accept formal employment (n=302) divided by the total sample size (n=402). The survey asks the respondent to mark ALL reasons why they would not take on formal employment at a income equal to their HBE earnings.

The larger group – those who would continue to work in their HBEs rather than change to the formal market – tend to cite higher incomes and better employment conditions as their main motivating factors. Considering that 88.6% of HBE owners in Santiago de Chile have only reached a secondary level of education, most of them would receive an income around the minimum wage if they were working in the formal economy. Similarly to waste-pickers and street vendors, as many as 92.6% of HBE workers would not undertake formal employment for this type of wage, as they receive higher economic returns in their informal enterprises. These results are reinforced by the data in Table 6.6, showing that HBE owners earn on average almost double the minimum wage. As illustrated by Gabriela (48) and Maria (52), both owners of hairdressing salons from La Granja:

G: Yes, I earn much more with my business than what I was earning in Paris [a large retail chain].

M: Yes, you earn more. And much more! ...Also it is more calm, if you want to open you do, if you don't want to open you don't.

Although the economic returns of HBEs do come into consideration for their owners, non-monetary benefits seem to play a much more relevant role in their decision to continue in these businesses. The fact that around three out of four of those surveyed would not move to comparably remunerated formal work reveals the high value placed on other aspects of working in an HBE. Non-monetary factors account for the facilitation of family tasks (49.5%), independence and pride (43.6%), flexibility of schedules (49.1%) and an increase in free time (26.4%). As with the previous chapter, I will not discuss these factors in depth, as the logic and reasoning behind them remain consistent across sub-sectors, but I will focus on the particularities of non-monetary benefits for HBEs. First, since HBEs concentrate living and working space in a single

location, they provide a unique opportunity to reduce workday lengths. This is particularly relevant as the majority of these entrepreneurs live far from employment hubs. As noted by Susana (48), Augusto (55), and Barbara (52), in a focus group in Lo Prado:

A: (In a formal job) you need to take public transport and you waste too much time... (In an HBE) you wake up and you have your work right there where you are.

S: No, I would never take the underground... (In formal employment) you would spend two hours to get there and two hours to come home at least.

A: It would have to be a really (well-paid) job (to justify it).

HBEs also allow parents to accommodate work and family tasks in one single space, which seems particularly relevant for women, and they are around 11% more inclined than men to mention family advantages as a factor for staying in work as a home-based entrepreneur. Furthermore, formal employment in the form of ‘*trabajador independiente*’³ allows employers to impose schedules that run beyond the legal workday length. Gabriela (48), owner of hairdressing salons in La Granja, faced this situation:

G: I had a job offer but I rejected it... You work from Monday to Sunday...and the schedule was from 8:00am to 8:00pm. That’s twelve hours – all day long! ...So I said no...and it paid 1,600,000 [USD 2580.60] – which would have been a lot for me.

Table 6.6: *Reasons to Undertake Formal Employment at Equal Income*

<i>Reasons to exit HBEs</i>	<i>Men</i>	<i>Women</i>	<i>Total</i>
<i>Better treatment of workers</i>	0.6% (65)	1.7% (326)	1.3% (391)
<i>Fewer working hours</i>	10.5% (1,146)	13.6% (2,687)	12.5% (3,833)
<i>Less tiring</i>	17.8% (1,948)	15.8% (3,128)	16.5% (5,076)
<i>Better access to pensions</i>	9.5% (1,036)	10.6% (2,089)	10.2% (3,125)
<i>Better access to health</i>	11.3% (1,241)	12.4% (2,450)	12.0% (3,691)
<i>Stable income</i>	19.1% (2093)	19.0% (3,748)	19.0% (5841)
<i>Avoid police controls</i>	1.2% (132)	0.8% (166)	1.0% (298)
<i>Other reasons</i>	3.0% (330)	0.9% (169)	1.6% (499)

Source: Author survey. Statistics use total weights (design, non-response and post-stratification).

Estimated population using weighted descriptive statistics shown in parentheses

The data account for those that would take on formal employment (n=100) divided by the total sample (n=402). The survey question asks the respondent to mark ALL reasons why they would take on formal employment.

Another group tends to be comprised of the fewer than one in ten whose HBE incomes

are lower than the current minimum wage. As Daniela (47), an artisan from Santiago, comments:

D: I would like to work again as a wage earner... I wanted to dedicate myself 100% to craft production, but it is difficult and I have had rather bad economic results.

Non-monetary benefits are much more common motivating factors for undertaking formal employment. Among those that would move to the formal economy for their current income, as with waste-pickers, a more stable source of income ranks as the most appealing advantage of formal employment, with 19.0% of interviewees mentioning it as a key reason. This seems particularly relevant for low-skilled workers who produce goods and suffer from restricted demand or a lack of access to selling spaces. As stated by Maria (45), a handicraft producer in Santiago:

M: There are moments when I would change (to a formal job), mainly to have a stable income... I've spent this year dealing with paperwork to acquire these (handicraft fair) spaces (from the municipality)... I will take whatever job is offered to me... It's been a desperate period. You see your production piling up.

For some workers, accessing a better healthcare system is another advantage of formal employment, although at 12.0% this represents a relatively small group, including Susana (48), owner of a hairdresser salon in Lo Prado:

S: I'd take (formal employment) only for the health insurance... Only because of that, for everything else I'd never take it in my life.

The ability to make pension contributions accounts for 10.2% of those willing to move to a formal job. This seems particularly relevant for highly skilled labourers who were previously making large contributions to their private pension scheme. As noted by Raul (73), an iron product artisan in Las Condes:

R: I was always an 'on-site' engineer... I've been doing these (iron) handicrafts now for 18 years...and yes (I would move to formal employment)...(because) I miss my pension contributions, my eight hours of work, my holidays, having a rest on weekends.

A final advantage of formal work is the prospect of working fewer hours, accounting for 12.5% of this group. It is particularly true for those in the retail and food sectors that have long opening hours. As Ana (48), owner of a fast-food restaurant in La Granja, notes:

A: If you want to have a rest, you can't... I work seven days a week... From Monday to Wednesday, we open at 11am and we close at 8pm. However, from Thursday to Sunday we open at 10am and we don't close until (the last client is gone)... Sometimes you close (as late as) 3 a.m.

These data indicate that, for the large majority of HBE owners, their informal self-employment represents a permanent job prospect. While formal employment can be an attrac-

tive option for a smaller number of workers with low-productivity enterprises, the large majority considers that informal enterprises allow them access to higher incomes and better working conditions. Regarding economic cycles, although there is a significant movement of people into HBEs out of necessity in periods of economic crisis, and a opportunity movement into HBEs in times of economic expansion, the activity only marginally contracts in periods of economic growth when formal employment becomes more widely available. This aligns with the conclusions drawn for waste-pickers and street vendors – that the permanence of HBEs over time in Santiago de Chile is not the result of a shortage in the amount of formal employment available, but rather the uncompetitive low quality of entry-level formal employment.

Table 6.7: Integrated View: HBEs as a One-Way Street

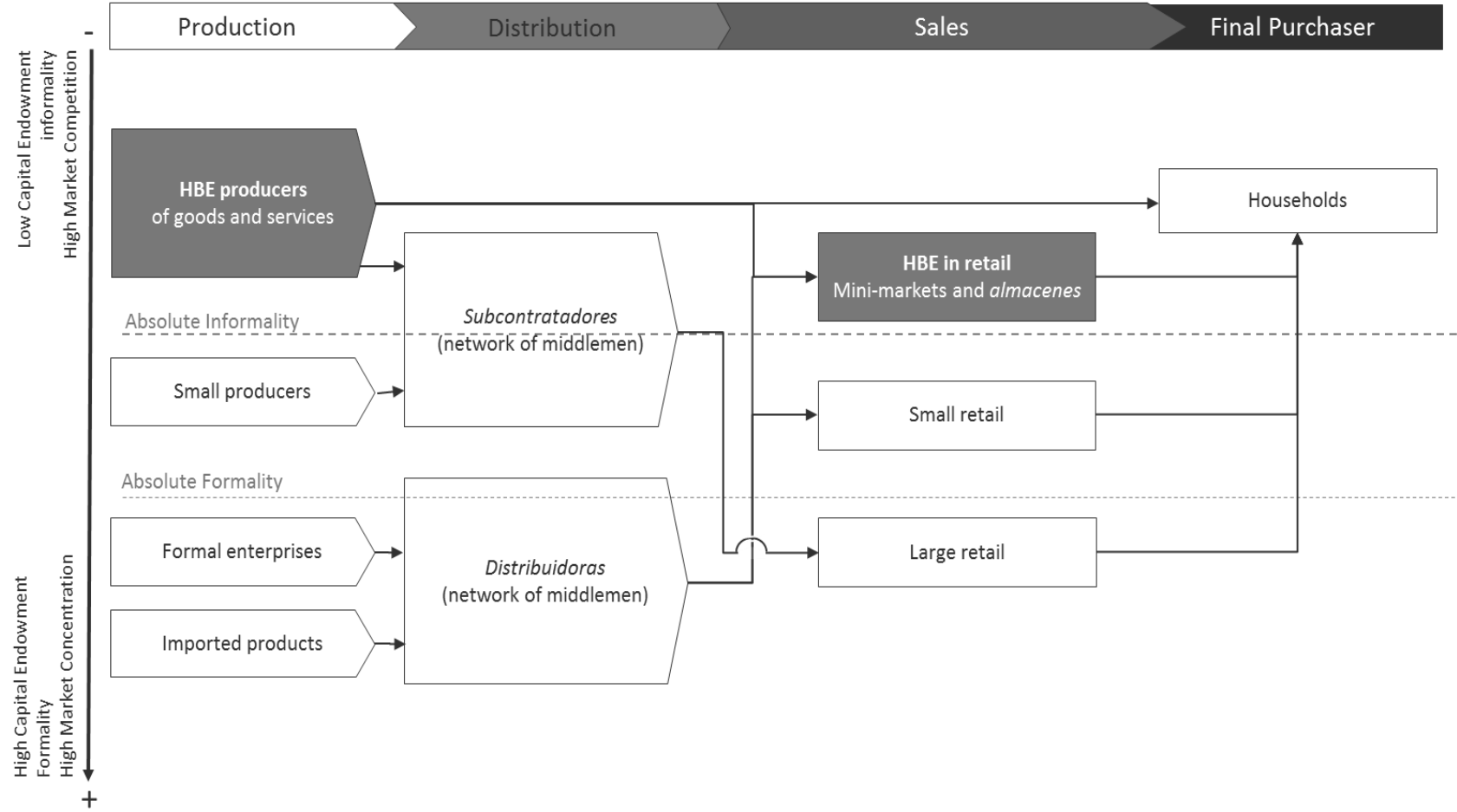
<i>Category</i>	<i>Entry</i>	<i>No Exit</i>
<i>Reaction of HBEs to economic cycles</i>	<p>a. <i>Counter-cyclical (dualist)</i></p> <p>b. <i>Pro-cyclical</i></p> <p><i>(structuralist and neoliberal)</i></p>	<i>Marginal contraction of opportunity and necessity HBEs with economic expansion (no school of thought).</i>
<i>Underpinning drivers</i>	<p>a. <i>Entrepreneurs out of necessity</i></p> <p>b. <i>Opportunity entrepreneurs</i></p>	<i>HBEs provide better working conditions than formal jobs at the lower end of the labour market</i>
<i>Accounts for</i>	<p>a. <i>58.78% of HBEs*</i></p> <p>c. <i>40.15% of HBEs*</i></p>	<p><i>92.63% (at minimum salary)</i></p> <p><i>75.23%* (at HBE-equivalent income)</i></p>

Source: Own elaboration.

Integration, parallel economies and mixed markets: re-understanding the relationship between HBEs and the formal economy

HBEs maintain a complex relationship with the formal economy that cannot be reduced to one single existing theory (see Figure 6.1). To fully understand this relationship within Santiago de Chile, we need to distinguish at least three different levels of interaction: vertical integration, parallel economies and mixed markets (see Table 6.8 and Figure 6.1).

Figure 6.1: Structure of the Home-Based Enterprise Market



Source: Own elaboration.

Table 6.8: Integrated, parallel and mixed markets

Relationship with the formal economy	Theoretical framework	N	Estimated population	Percentage
A. Backward and/or forward integration	Neoliberal-structuralist	196	14,833	49.1%
A.1 Only forward connection (producers)		13	13,897	3.1%
A.2 Only backward connection (sellers)		183	13,897	46.0%
B. Parallel economies	Dualist	75	5,816	19.3%
Sellers		35	2,803	9.3%
Producers		40	3,013	10.0%
C. Mixed markets	None	125	9,546	31.6%
Sellers		95	7,432	24.6%
Producers		30	2,114	7.0%

Source: Author survey. Statistics use total weights (design, non-response and post-stratification). Total sample (n=396).

Table 6.9: Types of HBEs activities

HBEs Activities	Male	Female	Total
<i>Cornershops and minimarkets</i>	5,531 50.1%	13,273 66.7%	7,742 60.8%
<i>Car repairs</i>	1,340 12.2%	241 1.2%	1,581 5.1%
<i>Beauty salons</i>	451 4.1%	1,290 6.5%	1,741 5.6%
<i>Cyber cafes</i>	65 0.6%	502 2.5%	567 1.8%
<i>Prepared food and restaurants</i>	1,066 9.7%	1,609 8.1%	2,675 8.6%
<i>Tailors and clothing manufacturing</i>	201 1.8%	1015 5.1%	1,216 3.9%
<i>Handicrafts</i>	273 2.5%	393 2.0%	666 2.2%
<i>Furniture makers</i>	253 2.3%	240 1.2%	493 1.6%
<i>Other</i>	1,981 17.3%	2,428 9.4%	4,409 12.3%

Source: Author survey. Statistics use total weights (design, non-response and post-stratification). Estimated population using weighted descriptive statistics shown in parentheses. Total sample (n=396).

Vertical integration in backward and/or forward networks

Using Thomas' (1995b) distinction of formal-informal linkages, we can identify that HBEs can be vertically integrated with the formal economy through subcontracting production (forward networks) or by using HBEs to increase the sales of formal products (backward

networks). Following from the quantitative analysis drawn from my survey, this vertical integration of HBEs with the formal economy accounts for almost half of cases in Santiago de Chile.

‘Forward networks’ refers to HBEs that sell products or services to enterprises in the formal economy (see Figure 6.2, A.1). In the case of HBEs in Santiago, these are quite rare (3.1%), showing the low level of integration that manufacturing and service industries have with this informal sector. In these few cases, an HBE with a specialisation in the production of a particular good or service generates demand from medium-sized or large formal enterprises (Tipple 2005, p.620; see also Chant & McIlwaine 2009, Ruthven 2010). Small home-based workers can sell directly to formal enterprises, or through *subcontratadores* (subcontractors) who allocate orders, gather products and deliver them to the larger formal enterprise. This category concentrates HBEs operating in clothing manufacture, egg production and as electricians. These enterprises receive orders from formal enterprises and are paid according to the hours of service provided or on a piece rate basis. This is the situation for Mariela (56), a producer of porcelain figures in Lo Prado:

M: (Now), I sell to a big distributor in Maipú. It is a big shop... (My products) are distributed as far as Puerto Montt [913 kilometres south of Santiago].

In this forward network, size, formality, and profits increase upwards, while competition increases downwards. This follows a similar logic to the relationship between waste-pickers and forward networks: the requirements of middlemen and enterprises for storage, distributional logistics and a space for sales, along with the possibility of being subject to controls from public officers, higher in the network lead to a growth in size and formality. The largest of these enterprises can employ thousands of employees, while the HBEs at the bottom of this network use only family members (paid and unpaid) or informal contract labour – the average size of production-based HBEs in Santiago is 5.9 workers while Wal-Mart Chile has 47,369 formal employees (Wal-Mart 2015). As summarised by Camila (49), a public officer from La Granja:

C: (In La Granja) there are some HBEs that sell to the large retail companies. For instance, Claudia sells to Fallabella [one of the largest retail stores in Chile] ... These (HBEs) obtain the fabric and sew everything together...and then (Falabella) add the labels.

As with waste-pickers and *feriantes*, the lowest end of the network faces high levels of competition, since establishing an HBE can be done with low skill levels and minimal capital investment, whereas higher levels require a combination of skills, business connections and capital. Once again, whereas large formal enterprises at the top of these networks are able to fix prices, determine conditions of payment and transfer risk to those below them, and these pervasive effect filter down through subcontractors and distributors to HBEs. In the words of Raul (52), a leader of CONUPIA:

R: For instance, HBEs who sell quail eggs to supermarkets... The amount paid by supermarkets is very low...and they take 90 days or more to pay, and only pay for what has been sold. Sometimes the demand decreases. If one HBE was selling 4,000 eggs per month, and then the supermarket tells them that next month they will buy 2,000... They will have to kill the quails and make pâté out of them because they are too expensive to keep.

‘Backward networks’ refers to the practice of HBEs selling formal products to households (see Figure 6.2, A.2). These are generally products that originate from large national or international enterprises. In Santiago de Chile, backward networks are the most common way that HBEs connect with the formal economy (46% of businesses surveyed), and allow formal products to expand their market coverage, particularly into poor neighbourhoods (Ezeadichie 2012, p.52; Gough et al. 2013, p.261; Tipple 2005 p.374). These products connect with HBEs through a network of middlemen called *distribuidoras*, who have the capacity to buy in larger quantities at wholesale prices, which they sell on in smaller amounts. As reported by Raul (52) and Carmen (56), a producer of beauty products in Santiago:

R: Some products for sale in corner stores are mass produced ... Normally they are bought from ‘distribuidoras’ in small quantities... Meiggs [a commercial neighbourhood] is a place of mass distribution that specialises in micro-enterprises.

C: I buy (material for production) from chemical stores or from large pharmaceutical companies.

As with forward networks, size, formality and profits tend to increase upwards, and competition increases downwards. The HBEs at the lower end of these forward networks are generally located in low-income neighbourhoods that receive little attention from authorities, and are most commonly *almacenes* (corner stores) or minimarkets. These enterprises employ an average of 3.6 workers, with less than one in ten being formally contracted, as highlighted in the case of Paula (44), owner of a corner store in La Granja:

P: I work with one lady, but without a contract...and on Sundays I hire (four) more people (without contracts).

As with backward networks, the low barriers to entry lead to increased competition amongst these HBEs. Augusto (55), owner of a corner store in Lo Prado, has faced high competition:

P: (Your profits) depend on the market in your neighbourhood, and your prices (depend on it, too). In my case, I have a lot of competition...so you have to lower prices

The people’s market: parallel economies

HBEs also produce and sell goods through an informal network that is almost entirely segregated from the formal market (see Figure 6.2, B.1 & B.2). This is a less common situation, with enterprises operating within a parallel market structure representing approximately only one in five HBEs. These businesses tend to produce, store and sell from home, with their market reach generally not extending beyond their immediate neighbourhood. Less frequently, they sell

in *ferias libres* as *coleros* (street vendors)³, gaining them access to surrounding neighbourhood markets. Mariana (41), a chocolate maker from Lo Prado, describes her sales process:

M: I do not have a shop to sell from, (but) I work a lot in street markets... I can sell one million, two million [USD 1,612-3,225] (per month). The other days at home I am working on production.

Alternatively, HBEs can sell their products through their established social networks. This normally starts by selling directly to family members, friends and previous co-workers, but over time networks can grow through word of mouth, expanding their reputation beyond their immediate neighbourhood and extending their market reach. The most successful HBEs go on to become *picadas* – places with a reputation for competitive prices and high-quality products, attracting clients from other municipalities. Susana (48), a hairdresser from Lo Prado, and Raul (52), a national leader of CONUPIA, describe this process:

S: At the start, my clients were my husband's and my father's co-workers... But word of mouth is essential (to get clients)... Your old clients bring you new ones. I have people coming from San Joaquín [16 kilometers south].

C: When (an HBE) has unique products and becomes the king of 'x'...(people say): look, over there is the 'picada' of sandwiches... You will even take your car and drive twenty blocks to eat a sandwich because it's so good.

HBEs also use the internet as a means of channelling their products into the market. They exploit a combination of blogs, websites, Facebook pages and e-commerce, using them to publicise their products, contact clients and receive payments. With an online presence, HBEs are able to penetrate markets far beyond their immediate neighbourhood or social network, sometimes enabling sales at a national level. Nicole (50), a jewellery maker in Las Condes, illustrates:

N: There are people that have bought from my website... They buy without knowing me, pay the deposit and I send the jewellery to the north (of Chile).

These parallel markets of HBEs are characterised by their informality, small size, intense competition and varying profitability. Informality is the common denominator across the whole network. Ana (48), owner of a fast-food restaurant, describes how both the production and sales aspects of her business are completely separated from the formal economy:

A: I have a person (in the street market) that provides me with everything... In Lo Ovalledor [a large informal market] I get all the fish, all from small producers... We prepare 70 lunches (per day). People call us or they come to our (home-based) restaurant.

HBEs can also be the producers, distributors and sellers of their own products (Figure 6.2, B.1), or the distributors and sellers of other informal products (Figure 6.2, B.2), and due to the near-complete absence of middlemen, these enterprises tend to be small; typically containing fewer than three workers per enterprise. The small-scale, localised nature of these businesses means that barriers to entry are greatly minimised, and so HBEs operating in parallel markets also face high levels of competition.

There are various levels of profitability across HBEs in parallel markets, and two factors can explain the most salient discrepancies: product characteristics and access to markets. First, HBE activities vary enormously in type (see Table 6.8), as do products in quality, with more exclusive products returning higher profits as they face lower competition and can be sold at higher prices. Claudia (36) produces flavoured sea salt in Santiago, a relatively unique product:

C: I don't have too much competition. There are only two businesses that compete with me (nationwide)... Others are starting to appear little by little – I have seen them on Facebook...but that's nothing. I have my public, my clients.

Second, the method of selling plays a relevant role, as HBEs that are able to efficiently exploit their reputation and social network, and that have ready internet access, can overcome the restricted demand and purchasing power of their localised neighbourhoods. Rosa (34), a balloon decorator from Santiago, explains her tactics for growing her business market:

R: (I have built my clients through) word of mouth, social networks and product fairs... I sit for hours posting on free advertising websites... There is nowhere that I wouldn't post advertisements... Clients call me thinking that my business has twenty shops... They call me a lot.

HBEs operating in mixed markets

Finally, almost one in three HBEs in Santiago de Chile operate in a mixed market, where they buy and sell products in both the formal and informal economies as a strategy for diversifying market access. Two categories can be distinguished from the qualitative data: HBEs as producers and as vendors. Among those involved in production, 7.0% deliver their products to both formal and informal markets (see Figure 6.2, C.1). Most of these enterprises prefer working with the informal market, as they are generally paid a higher price per unit, are subject to better payment conditions and are paid instantly. As identified by Raul (73), an iron artisan in Las Condes:

R: Now my products are at Homy [the largest home decoration store in Chile] ... I am selling there through a subcontractor...and I also sell in the street market. Let's say If I sell for 5 pesos to them, in the 'feria' I sell at 10 pesos. But (Homy)...sell for 30 pesos – three times higher than my price (in the market)!... But for every 50 products I make, I only sell five in the street market.

Although selling in informal markets is convenient, for many of these HBEs it is impossible to sell their entire stock through this route. Rather, they will sell as much as possible in the informal market, with their remaining products sold on to a subcontractor, obtaining a much lower profit per unit in the process. Echoing Raul's sentiment, Daniela (47), a cloth artisan in Santiago, recounts:

D: (Selling to subcontractors) is terrible, because they want you to give your products away almost for free, they take so much time to make payment and so often they don't even pay at all. They know that you have to come back home with money... I prefer to sell in the street markets, but you can't always sell everything.

Regarding HBEs as vendors, 24.6% of enterprises purchase products from both the informal and formal economies, based on prices and availability of goods. Most of these enterprises prefer to buy from the informal market, as they have higher negotiating power than in the formal market, allowing them to obtain a lower price – since HBE vendors buy in small quantities, they do not have access to wholesale prices in the formal market. Augusto (55), owner of a corner store, explains:

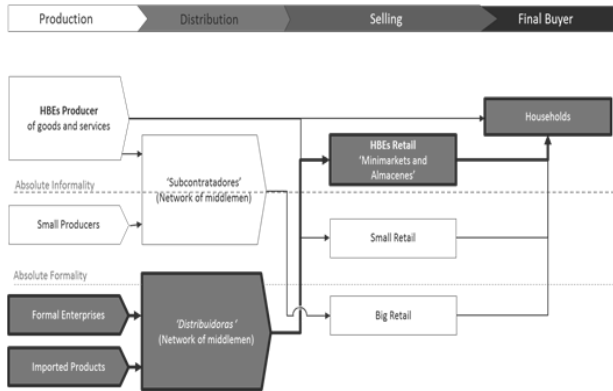
A: I could buy (formal products) cheaper but I don't have the investment capital (to buy) the quantity (required). I'll give you an example... If I buy a bag of 50 candies direct from the producer I pay 100, but if I buy it from a distributor I pay 500... In the supermarket I pay 1,000.

Within the informal economy, transactions are made one-to-one with the producer in street markets or at distribution centres (large markets for informal products) in small quantities. This guarantees a high level of market competition and a more balanced negotiating dynamic between sellers and producers, and means that purchases in smaller quantities can have a larger bargaining margin. In this sense, the informal economy is able to provide competitive prices for most raw and basic products. For more elaborate goods, informal products are simply not available, and thus formal products become the sole option, as in the case of Paula (44), owner of a corner store in La Granja:

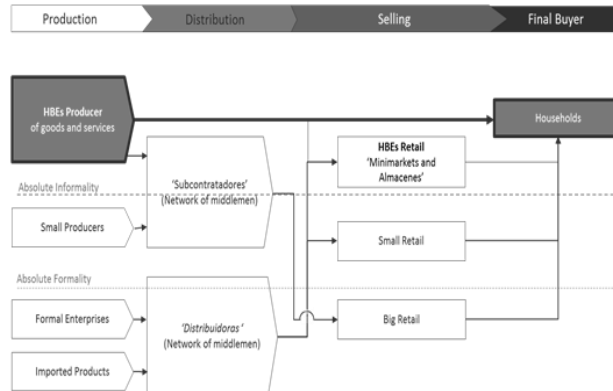
P: I buy the fruits, vegetables and eggs in the street market and the pastries from a lady who brings them here... They are cheaper (than in the supermarkets)... All of the household supplies – detergent, preserved food, sweets – all of that comes from 'distribuidoras'.

Figure 6.2: Three Types of Home-Based Enterprise Market Integration

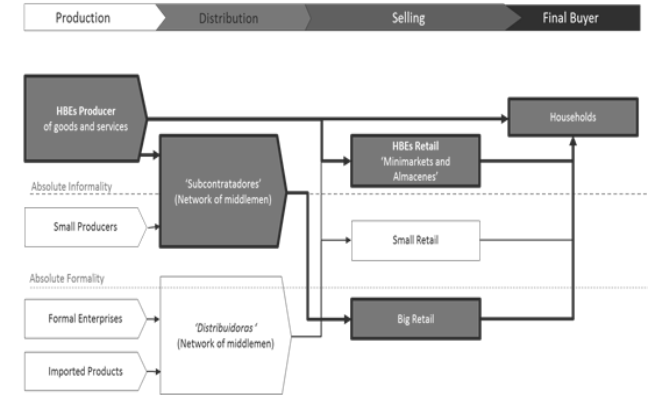
A.1 Only Backward Integration



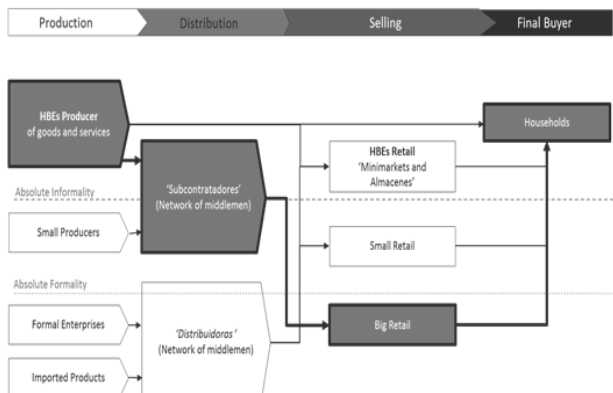
B.1 Parallel Economies (producers)



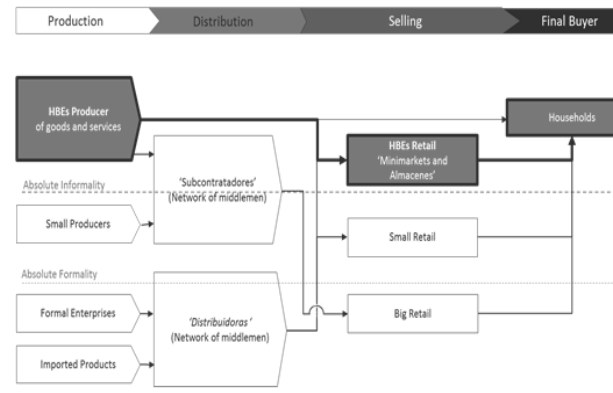
C.1 Producers Mixed Markets



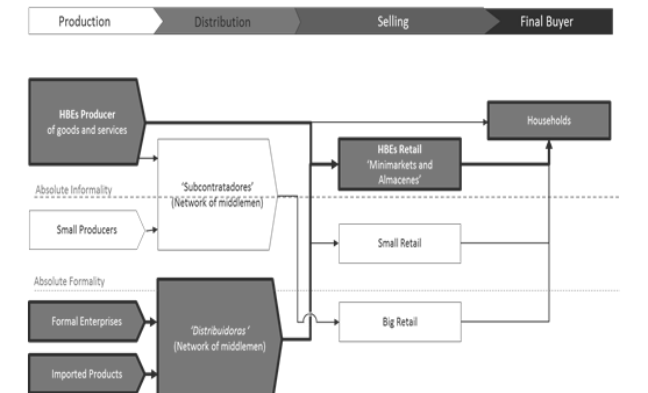
A.2 Only Forward Integration



B.2 Parallel Economies (sellers)



C.2 Sellers Mixed Markets



Source: Own elaboration.

This threefold relationship between HBEs and the informal economy connects with existing theories in varying ways. The largest group – those that connect to formal enterprises in backward and/or forward networks – is in line with structuralist and neoliberal theories. As dualist theory proposes, a small number of HBEs in Santiago have no connection with the formal economy. Finally, there remains a large group of HBEs that operate using a mixture of both formal and informal markets simultaneously. This latter group does not currently fit into any specific theoretical framework.

The life cycle: progress and inhibitions to growth encountered by HBEs

Similarly to waste-pickers and street vendors, my qualitative analysis identifies four different ‘idealised’ stages in the evolution of an HBE: subsistence, self-enterprise, small enterprise and clusters/cooperatives. In spite of the diversity of HBE activities – involving manufacture, service and retail – all of them follow similar career trajectories. As noted by Raul (52), national leader of CONUPIA:

R: The Estación Central cooperative has a history together... Initially, they were small artisans selling (their products) almost as ambulant vendors. Then, they set up a point of sale... Now, they are a cooperative with a large market and quality products... They set up a shopping mall... (which) attracts hundreds of people.

By the same token, they also face four poverty barriers that make the process of scaling-up occur at an extremely slow pace: lack of legal recognition, low levels of capital endowments, lack of organisation, and reduced access to markets.

Subsistence HBEs

HBEs in a subsistence stage work informally with precarious levels of capital, organisation and market access, and consequently face low profits. These enterprises operate in total informality, paying no local or national taxes. Since these HBEs face difficulty in navigating the expensive and time-consuming pathway towards obtaining a local permit, and they frequently remain in informality. As explained by Daniela (47) a clothing artisan in Santiago Centro:

D: (Obtaining a municipal permit) has been so much paperwork, they send us from here to there... (Becoming formal) was a bad economic decision... They think that you like to be illegal, that you have time to wait for fifteen days... They could have told us (that the process was so long) and not make us invest so much time and money to do all this paperwork.

Table 6.10: Typologies of Home-Based Enterprises (Service, Retail and Manufacture)

<i>Features</i>	<i>Stage 1: Subsistence</i>	<i>Stage 2: Solo enterprises</i>	<i>Stage 3: Small enterprises</i>	<i>Stage 4: Socially integrated</i>
Degree of informality	<i>Totally informal in production and selling</i>	<i>Partially formal production or vending; paying local taxes; largely underpaying national taxes and not satisfying planning regulations</i>	<i>Partially formal production or vending; paying local taxes; largely underpaying national taxes; satisfying most planning regulations</i>	<i>Formal in the production and vending of services; paying local and national taxes; satisfying most planning regulations</i>
Capital endowment				
<i>Human capital</i>	<i>None or previous work experience</i>	<i>Previous business experience or informal training</i>	<i>Formal skills and/or management training</i>	<i>Formal production skills and management training; contracting other workers for production, sales and/or accounting</i>
<i>Physical capital</i>	<i>No division between business and living space; adapted home space to provide services; few tools and simple machinery.</i>	<i>No or minimal separation between business and living space; several simple tools and some more complex machinery</i>	<i>Separated business and living spaces; full set of tools and access to the most critical more complex machinery</i>	<i>Totally separate business and living space; additional location for production, sales or storage; full set of tools and more complex machinery</i>
<i>Financial capital</i>	<i>Family or personal capital</i>	<i>Small business savings and access to low-level, high-interest credit loans</i>	<i>Business savings and access to medium-interest credit loans</i>	<i>Business savings and access to low-interest business loans</i>
Organisation	<i>Independent informal worker</i>	<i>Independent worker</i>	<i>Legal enterprise</i>	<i>Legal enterprises; some association with a local informal organisation</i>
Market access	<i>Direct personal social network or street vending</i>	<i>Restricted personal network and high competition for neighbourhood market</i>	<i>High exploitation of direct and indirect personal social network through mouth of word; exploitation of internet; competition for municipal market; some sales to subcontractors</i>	<i>Strong local reputation for products or area; exploitation of indirect social network built through brand reputation; selling to small, medium or large enterprises; competition at municipal and regional market</i>
Tax compliance	<i>None</i>	<i>Local</i>	<i>Local and partial national</i>	<i>Local and national</i>
Limitation to growth	<i>Cost of legality and human capital</i>	<i>Market access and human capital</i>	<i>Production capacity (space and subsidiaries)</i>	<i>Low level of organisation (pooling capital and powers of negotiation)</i>

Source: Own elaboration

These HBEs generally have no formal training, but rather only prior work experience. Since many HBE owners choose their primary activity based on their own skill set (37.3%), these businesses can find themselves locked into nationally declining or highly competitive sectors. A lack of administrative training represents another constraint, as HBEs often under-price their products (e.g. not fully including labour and/or input costs) and do not separate household from business expenses, risking an erosion of their working capital⁴. Raul (52), a national leader of CONUPIA, and Ana (41) owner of a dog grooming shop in Lo Prado, describe these challenges:

R: (An HBE) normally consumes its own working capital two or three times over its lifetime. This is one of the main reasons that the most precarious HBEs fail: they consume themselves. They start a corner store and eat the products (from the shop), regardless of whether they sell or not.

A: Sometimes a client pays 40,000 [USD 64.52] in cash and you (decide to buy) shoes for your children, food...and you ask: 'What did I with the money?'. Then you struggle to buy your inputs.

Since subsistence HBEs typically have no division between living and production space and do not have the recognisable exterior appearance of a business, they can also be difficult to identify for clients (see Plate 6.2). Moreover, they have almost no machinery and produce only with rudimentary tools, leading to very low productivity. Augusto (55), now the owner of a corner store, explains his origins:

A: You won't believe it, (I started) selling soil...that I brought from San Pablo (Street). I used to take a small bucket, a hand-pushed cart and my sisters' stockings, and I would sift earth... I was bringing it home to sell it.

Aligned with Gough and Kellet's (2001) findings for HBEs in Colombia, and also with the other informal sub-sectors in this study, the initial start-up capital of an HBE comes only from their limited personal savings and/or credits from family members in similar conditions of poverty, and HBE owners have minimal access to micro-credit. Since subsistence HBEs are not organised and buy in small quantities, they pay high prices for their inputs. Moreover, their market is mostly restricted to their personal network due to a lack of visible street signage, even if opportunities can and do arrive periodically, as explained by Antonia (41), owner of a dog grooming shop:

A: Six or seven years ago...at my son's school, they needed chocolates for Father's Day. That was my opportunity... After that, I made plaster figures to be painted... For a long time I was selling in the same school. Then I started to extend my network, from teacher to teacher, and to other schools nearby. Later on I moved into dog grooming.

HBE exterior publicity

Plate 6.2: *A garment producer, Ñuñoa.*



Plate 6.3: *Corner store, Quita Normal.*



Plate 6.4: *Corner store, Santiago.*



Source: Pablo Navarrete.

Due to these barriers to growth, the process of a subsistence HBE to capitalise and build a market for its products can take several years.

Self-enterprise HBEs

At the next stage of development, self-enterprise, the most significant developments arise from obtaining local permits and the accumulation of human capital. In this second stage, sometimes after years of activity, an HBE obtains a municipal permit to operate. This does not necessarily mean that an HBE fully satisfies local and national regulations, however it does permit enterprises to open their shops up to the street, granting them full access to their neighbourhood market and passers-by, and also reduces the many risks faced by subsistence HBEs such as municipal fines and closure. As Maria (52), a hairdresser in La Granja, comments:

M: Getting a local permit brought me more security, and made my work more relaxed... Being confident that...(the municipality) will not fine you, will not close you down. Otherwise, you have to pay attention and close (your shop) if the (municipal) inspector passes by.

The municipal permit also acts as a certificate of seniority and stability, and is a widely accepted document for access to microcredits – although generally at high interest rates – allowing for faster capitalisation. As Ana (48), owner of a fast-food restaurant in La Granja, states::

A: I have ideas for growing (my business)...(but) I wasted ten years because I didn't have any documentation... Ten years of experience that could have helped me to go to a bank and say: 'Here, you have my documents. I need ten million pesos [USD 16,129]'. But I have only had (the municipal permit) for two years... (The bank) says: 'Your HBE has only existed for two years, maybe you're going to go bankrupt'.

At this self-enterprise stage, HBEs owners have accumulated business experience and, through their own mistakes, learnt how to improve administration and consolidate profits. They start to divide their household and business expenses, and fully incorporate production costs into the price of their products (e.g. costs of inputs, labour, and a profit margin), allowing them to obtain a more stable source of revenue that enhances their saving and investment capacities. As Susana (48), a hairdresser from Lo Prado, illustrates:

S: For years I wasn't breaking even, never!... But I thought that I was making money... With experience, you realise: 'I'm doing badly, I don't make enough'. You calculate all your inputs, the time that you spend, how much you want to make (before deciding on prices).

Self-enterprise HBEs have not yet fully separated their living and production spaces, and with their limited savings they buy the most basic tools one by one and have perhaps a few machines, keeping them at a low level of productivity, as described by Nicol (54), a jewellery maker in Las Condes:

N: I started at the most basic level, (producing) in the living room...making the simplest jewellery, and I started to sell some... With the profits that I made, I started to buy tools... Tools are very expensive, but I continued selling stock and buying (tools), selling and buying. Now I make more refined and expensive jewellery.

The major poverty barriers that place inhibitions on growth of HBEs operating as self-

enterprises are their low skill level and lack of a market. At this level, being trapped in a declining or highly competitive sector starts to become a significant barrier to capitalise on their growing production capacity. Even when HBE owners might have identified a market niche to avoid low demand, they often lack the skills required to produce the specific higher-quality good or service. Augusto (55), owner of a corner store in Lo Prado, and Tomas (49), a public officer for EDUS, illustrate this:

A: (My competitors are) the corner stores in the area... Sometimes you set a price to make a profit, and your clients say: 'but Don Cornelio sells this for 10 pesos [USD 0.02] cheaper'. I tell them to go there...but you can't play too much, otherwise they won't come back.

T: The majority of micro-entrepreneurs start with what they have, their infrastructure, their capital, their experience... There is a lot of competition in particular activities...but few people have the skills to produce (more profitable) things... They don't start the other way around...from a market analysis, identifying the demand and (then) acquiring knowledge.

Small enterprise HBEs

At the next step of the ideal life cycle, the small enterprise, an HBE has obtained a higher level of human capital – generally through municipal training or self-funded courses – reducing pressure from competition and raising the standard of their products. Formal training in production allows an HBE to move into more profitable activities and increase the quality of their product or service, allowing them to build a reputation that expands their market demand. With managerial training, an HBE can also at last absorb their full production costs into their prices, including the less tangible inputs of electricity, water and rent. Mariela (56), a producer of porcelain figurines, describes her development:

M: I started selling Tupperware, clothes... I made sales, but I thought that porcelain figurines would do better, so I took courses in miniature porcelain figurines and management... Now, I know that I need to keep some savings, because at some point I'm going to run out of inputs.

As a result of increased demand and controlled expenditure, HBEs increase their profits and savings and can boost their investments to keep up with a slowly expanding market. It is in this stage that HBEs incrementally expand their workspace or truly separate their production and living spaces, although any house extensions are rarely formalised (see Plates 6.5 and 6.6) (for a further discussion on the contribution of HBEs to the consolidation of self-help housing, see Gough & Kellett 2001). Moreover, an increase in demand means that more workers are hired, both formally and informally, and an HBE makes the shift from being one independent worker to becoming an enterprise with legal status. Susana (48), a hairdresser from Lo Prado, describes her business growth:

S: I started working in a corner of my living room, one square metre. Then a space of two square metres, and then I built an extension of two by four (metres)...because more people started coming and you want to keep growing. So, I needed another hairdresser... I have a neighbour that comes to help me.

Plate 6.5: Shop extension over house parking space, Cerrillos.



Plate 6.6: Ground floor corner store, and first floor living space. Cerrillos.



Source: Pablo Navarrete.

An HBE at this point struggles to expand its productive capacity due to capital barriers. A house is one of major assets of a home-based entrepreneur allowing them to significantly reduce the permanent cost of running their business (Chen & Sinha 2016). However, the close link between a small house size and HBE owners' background of poverty means that their productive expansion meets a swift end as their small houses quickly become saturated by the increasing demand for space to produce, store and/or sell (see Plates 6.7 through 6.9). Alternative solutions, such as buying or renting another space, are a high-risk option for many, as any large permanent costs could easily offset their profits, jeopardising the survival of the enterprise. At this point, many of these HBEs are not willing to make this 'big leap' and reach a limit to their growth, ultimately rejecting orders. As illustrated by Elisabeth (58), a garment producer in Las Condes:

E: People say: 'I have the capacity to produce 100 but I sell only ten' ... I could produce 100 but I only have space for ten... My workshop was too small... I have to reject orders because, where can I put 500 T-shirts? ... I need to expand somewhere else, but our household can't pay the rental costs.

Congested house space: no more space to growth

Plate 6.7: *Corner store, ground and first floor commercial space, third floor living space. El Bosque. (left image)*

Plate 6.8: *Drinks store, ground floor commercial space, first floor living space. (central image)*

Plate 6.9: *Corner store. Two-floor commercial space extension. Quilicura. (right image)*



Sources: Pablo Navarrete.

Socially integrated (medium-sized HBEs and cooperatives)

At the final stage, HBEs have built significant levels of capital and have a well-established market. They become almost completely formal, paying most applicable national and local taxes, and satisfying the majority of planning regulations. The formality of tax payment means that HBEs can generate invoices, which are fundamental to extend their market by selling to larger enterprises. By satisfying the full set of ministry and planning regulations, they are not at risk of fines or closure as they become more visible to local and regional authorities. Additionally, by moving from a worker to an enterprise tax scheme, their net payment of taxes is significantly reduced⁵. As Elisabeth (58) mentioned in another intervention:

E: Becoming formal has been really helpful, because I have receipts and invoices and I pay taxes as (an enterprise)... I can produce for enterprises; I can produce at that level... Inspectors come to perform audits once or twice a year, but when they come I have all the receipts and accounting books updated.

HBEs at this stage can expand their production capacity due to their higher financial capital availability. Their near-complete incorporation into the formal market and structured accounting system qualify them for enterprise bank credits, accessing better credit interest rates and increasing their saving capacity. These financial benefits allow HBEs to expand their production capacity by acquiring a higher quality and quantity of machinery with which they can produce and sell medium- to high-standard products. In order to overcome their space limitations, HBEs rent or buy a small location to produce, store and/or sell, or opt to subcontract other producers, which seems to be the case for furniture makers, as Camila (35), a public officer in La Granja, highlights:

C: The furniture makers are quite advanced... They have access to (enterprise) credits, some specialised machinery... They produce here (in La Granja) and sell (in Franklin, downtown).

At this point, some HBEs choose to follow an alternative growth path by clustering together, normally in cooperatives or associations, to pool capital, access large amounts of credit and attract the public by becoming a 'network' of enterprises. Tomas (49), chief of the EDUS, comments:

T: Some HBEs say: 'We need space, there are thirty of us and we can't do it individually'... They understand...that they're in a trap, that they need to pool capital and they need a legal figure, so they constitute a cooperative... (For example) the Cooperative Alameda-Maipú...received a credit of 5,300 million pesos [USD 8.54 million] and they've built a common shopping space.

The preceding sections have shown that, like waste-pickers and street vendors, no existing theory can fully describe the complexity of HBEs, but that a hybrid of theories is needed. Dualist and structuralist perspectives account for HBEs that arise out of necessity, as well as the expansion of HBE activity in times of economic crisis, whereas voluntarist and neoliberal arguments describe workers that opt out of the formal market when driven by economic opportu-

nities, as well as the expansion of HBEs during periods of economic growth. Since remaining in this informal activity is largely a choice decision for most existing HBEs, this activity has the dynamic of a 'one-way street', only marginally contracting during times of economic expansion. Second, as structuralists and neoliberals suggest, HBEs connect with the formal economy in both backward and forward networks, but also, as dualists propose, a smaller group of HBEs is trading within an almost entirely informal network. Another large group of HBEs operate in a mixed market, combining both of these approaches. Moreover, HBEs pass through different stages of evolution where progression occurs at a very slow pace, mostly due to poverty barriers faced by entrepreneurs.

RATIONALE OF SUPPORT POLICIES FOR HOME-BASED ENTERPRISES

Since the National Congress of Chile passed a law accepting the existence of HBEs in any residential area in 2001, some municipalities in Santiago de Chile, such as Santiago Centro or Lo Prado, have been slowly incorporating a variety of supportive policies towards HBEs aimed at helping people to overcome the aforementioned poverty barriers. The main objective of these local policies is to improve social conditions in their local area. Enhancing the economic efficiency of HBEs – in terms of knowledge, capitalisation, organisation and access to markets – is regarded as the main policy tool to achieve this aim.

Accelerating the growth of home-based enterprises: economic and social gains from supportive policies

A: I am going to tell you my dream... I want to develop my enterprise, but I don't want things given to me. The state asks: 'What would you like to do?' ... We will give you a state credit...and you are going to pay it back monthly as it is due. We are going to work beside you, and we'll tell you why you have failed: you did this wrong, let's try this instead'... I mean, guiding you, because to become a big enterprise you need state support... Instead, when you start from the bottom, from poverty, the state crushes you... They destroy your enterprise.

Ana (48), Owner of a fast-food shop, La Granja

As seen in Chapter 2, in the section 'Debates on Home-Based Enterprises', HBEs provide a large source of employment and income for the most marginalised people in society, although many of these businesses are small and have low profitability. Supportive municipalities argue that low skill levels, low market penetration and low productivity are not structural conditions, but can rather be overcome through supportive policy packages. For these municipalities, working to develop HBEs means advancing their vulnerable and poor local populations socially and economically. As explained by Tomas (49), chief of the EDUS:

T: We deal with the most marginal entrepreneurs in our community... This municipality believes that we can achieve social inclusion and economic development... We understand that these people have made an effort by investing (in their enterprises), so we need to make an effort to support them in the creation of new work.

Supportive municipalities emphasise social inclusion as the key goal of their active support for the activity. In particular, the municipality of Santiago argues that, with the support of public policies, HBEs have the potential to be a large source of decent employment for the most marginalised local population. Along with this, the development of HBEs is also seen as a tool for increasing local economic activity and, in the long run, enhancing local tax revenue, although these elements play a secondary objective, as revealed by the emphasis placed by Alberto (41) a public officer at the EDUS:

A: We can increase the efficiency, expand the production and in turn improve the quantity and quality of employment, but we need aggressive policies of support... We focus on increasing the efficiency of home-based enterprises...because they have a large impact on employment and income for individuals and the municipality.

Through their repeated interaction with micro-entrepreneurs, supportive municipalities have recognised the slow evolutionary path of HBEs described in the previous section, and perceive a variety of poverty barriers as its main cause. These municipalities then argue that policies targeted at increasing the productivity of HBEs can radically accelerate the process of scaling up, moving them from subsistence entrepreneurs to socially-integrated businesses, sometimes as part of a cooperative. As Nicolas (56), a public officer at the DIDLP, and Tomas (49), head of the EUDES, explain:

N: For many municipalities, giving a 'permiso social' [local HBE permit] to one person in a precarious condition is a dead end for the entrepreneur... We are convinced that it is rather a starting point, that with municipal support, they can become proper enterprises in the near future... These guys are climbing a ladder, where they can acquire capital and knowledge, and (increasingly) understand the market.

T: The municipality can play a role in the evolution (of HBEs)... For instance, reducing the cost of credits or improving the technology of microenterprises would help them to grow... These are the kinds of policies that we try to implement... We promote the association of enterprises...that can purchase together, attract clients (to a neighbourhood) or make larger investments.

In line with the discussion of other sub-sectors in this study, the main tool for achieving social objectives is increasing the productivity of HBEs, leading to improvements of incomes and working conditions for their marginalised owners, with supportive policies adapted to the poverty barriers of HBEs at specific stages (see Table 6.9). Carlos (50), head of the DIDLP, describes their strategy:

C: This municipality is different from others. This entrepreneurship unit, although it has social objectives, doesn't support HBEs with social aid. It aims to increase their productive value... We have information and with (our knowledge), we can help HBEs to read markets...(to identify) which markets are expanding and which are declining, provide training to keep skills updated in growing sectors or help movement into expanding markets... More advanced HBEs need different types of support, like technology or financial resources for expansion... Those that are at the final stage, we help to create networks, for instance the cluster of car repair businesses in Neptuno Street.

For supportive municipalities like Lo Prado, formalisation will occur naturally as HBEs grow, and acts as a trade-off to access further municipal support. From a municipal perspective,

formalisation is a rational choice weighting the costs of legality (payments and time spent on paperwork) against the costs of policing (fines and decommissions). At a subsistence level, the cost of legality is higher than policing costs, but as an HBE expands and becomes more visible to inspectors and police controls, legalising eventually becomes the rational choice. When a municipality fosters HBE growth along with lowering these different costs of legality, most HBEs rapidly follow the path towards formalisation. In the words of Carlos (50), head of the DIDLP:

C: If the benefit of formalising is higher than the cost, you will formalise... If you are making less money than the cost of the local permit, the cost of time to do the paperwork...you won't formalise... We settled at a low threshold for the first step of formalisation... The (cheapest) permit costs 2,000 [USD 3.23] per month, and we guarantee that if the police come to check the business, there won't be any problems. But it is a limited permit that only lets you sell a few things. There are other (more expensive) permits that allow you to sell more diverse types of goods.

Although the municipality of Lo Prado support HBEs regardless of whether they do or do not have a local permit, they are required to start the process of formalisation to receive their initial help, and eventually to fully formalise to access continued support. In this way, supportive municipalities hope to bring informal enterprises under the rule of law through a new approach – providing positive incentives to formalise – rather than the more common municipal technique of increasing the cost of informality through repression. Nicolas (56), a public officer at the DIDLP, explains:

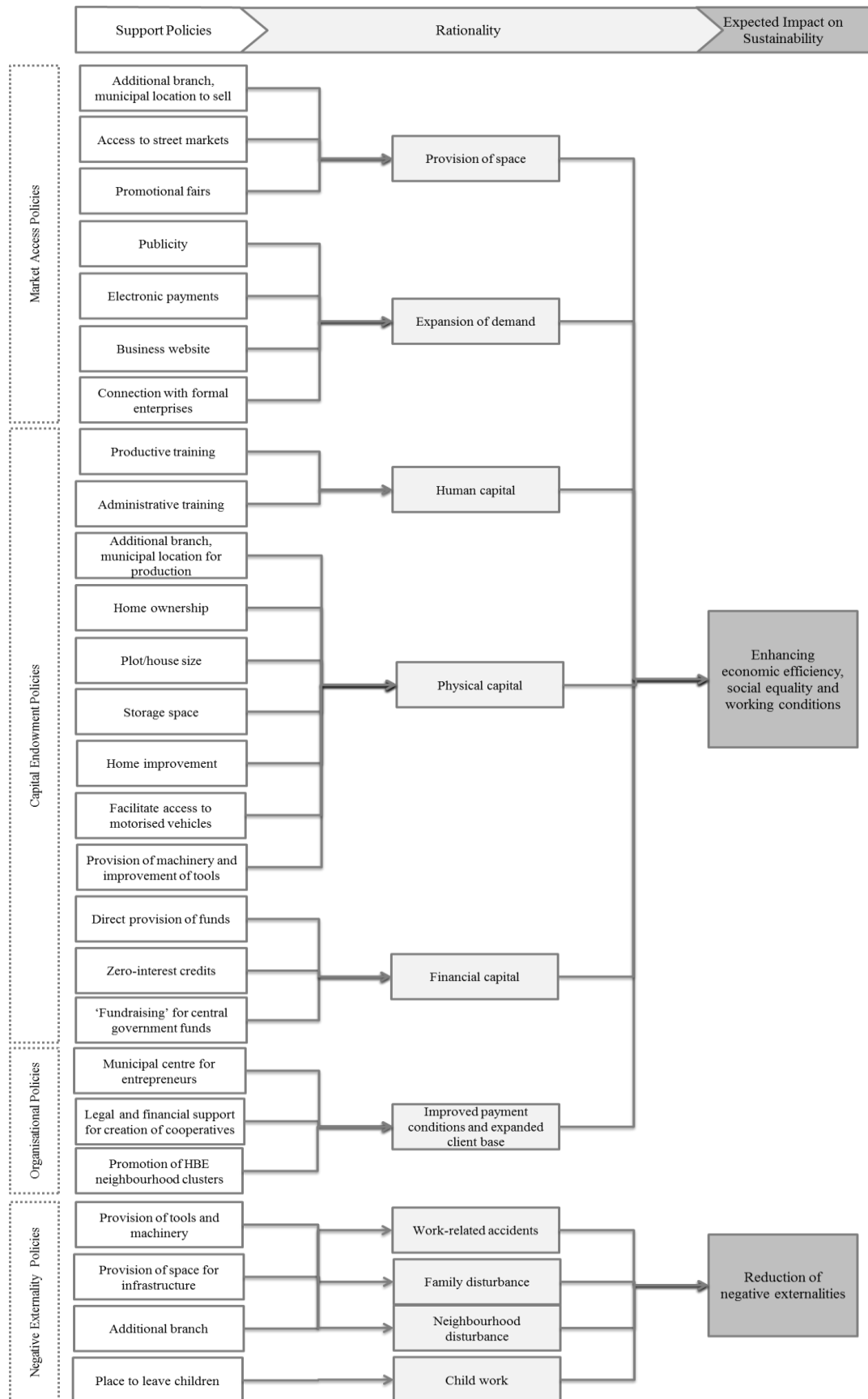
N: We think that formalisation occurs when you give them opportunities... Informal entrepreneurs (have) a profitable enterprise (but) are still not ready to formalise. So, we provide a range of support to help them to improve their returns and formalise... We provide benefits to both formal and informal (businesses), but formalising in the short to medium term....is a key requirement for accessing further support.

This supportive approach fundamentally assumes the value of using ‘carrot’ rather than ‘stick’ policies to promote formalisation, and recognises that there is no inherent structural issue within HBEs that leads to a lack of productivity.

Supportive policies: capital, organisation and market access

In practice, supportive municipalities implement a variety of policies that can be classified in three categories: capital endowment, market access and organisation. This section provides a detailed account of the types of supportive policies implemented in Santiago Centro and Lo Prado, along with their corresponding expected impacts, with a graphic summary provided in Figure 6.3.

Figure 6.3: Supportive Policies Towards Home-Based Enterprises



Source: Own elaboration

Capital endowment policies: increasing human, physical and financial capital

Supportive municipalities help HBE owners to increase their capital endowments in three areas: human, physical and financial capital. As explained above, a low level of human capital becomes a major poverty barrier as HBEs become locked in saturated markets, unable to upgrade their production techniques and/or finding their existing capital eroding. Municipalities such as Santiago Centro and Lo Prado have introduced basic productive skills training programmes to help HBEs overcome these prohibitive issues. Thomas (55), a public officer in Santiago, explains:

T: I tell them that if they want to to earn around (USD) \$700 profit you need to sell around \$3000. So, they start considering markets they can do this in... Also, this unit establishes partnerships with universities, institutes, NGOs to provide training programmes...in marketing, e-marketing, technical skills that help them to make this move.

Moreover, administrative training has been provided to help HBEs with separating household and business expenses, managing income streams, and coping with the new tax and legal responsibilities that come with the increasing formalisation of their businesses. Nicolas (56), a public officer at the DIDLP, expands:

N: (We) help them to obtain a municipal permit, show them how to register in the SII [National Tax Service], how to deal with SEREMI [Regional Ministry Secretary] permits... All of the legal aspects that help them move towards formality... We also provide courses of business management (and) pricing.

Like supportive waste-picker and street vendor municipalities, Santiago Centro and Lo Prado also aid in the acquisition of physical capital. Alongside financial support for the purchase of necessary inputs and raw materials to create a good or service, Santiago and Lo Prado also provide small funds of between 250,000 (USD 403.20) and 500,000 (USD 806.50) pesos for the purchase of tools and machinery. These are assigned on a competitive basis to the most promising HBE initiatives. Claudia (61), a hairdresser in Lo Prado, received this funding:

C: With the 500,000 pesos...I bought the Climason [upright hairdryer], the vaporiser, some specialised scissors, the heated table... I got many things that have helped me to improve my hair salon.

Santiago Centro municipality also provides a limited number of larger funds to help to assist with expanding and improving infrastructure and the working space of HBEs. Seventy funds of up to two million pesos (USD 3,225.80) are provided to the most successful HBEs that face an urgent demand for more space, so long as they follow a path of steady growth towards formalisation. Nevertheless, as Tomas (49), chief of the EDUS, recognises, these funds run short of the demand that they face:

T: 'Impulsa Santiago' gives on average 1 to 1.2 million pesos [USD 1,612.90-1,935.50]. But this is small compared with demand. In total, we distribute 70 million per year... People often propose house extensions or renovations to increase selling space or expand their production capacity.

Supportive municipalities are also helping HBEs with applications for national funds

and the issuing of zero-interest credits. FOSIS (Solidarity and Social Investment Fund) is a competitive central state fund which grants up to 250,000 pesos (USD 403.23) per enterprise with the aim of increasing HBEs' physical and human capital. Moreover, SERCOTEC (Technical Cooperation Service) and CORFO (Corporation for Production Development) provide competition-based investment funds of up to 30 million pesos (USD 48,387.10). Since applications for these funds are complex for those with low education levels, and the evaluation process is based on quality of projects, Santiago Centro and Lo Prado provide technical assistance for the preparation of HBE applications. Alberto (41), a public officer at the EDUS, expands:

T: We have four people who work with obtaining (central government) resources for HBEs. Like fundraising, but by public institutions... We have had good results... In the last three months we have obtained around 130 million [USD 209,677.41].

Santiago Centro municipality has created an innovative 'zero-interest credits' programme. In Chile, the high interest rate of most microcredits – ranging from 29 to 40% – restricts credit options to only a small percentage of very highly profitable HBEs. To facilitate access to credit, Santiago Centro has created a programme that subsidises the total interest cost from credits, while the remaining capital cost is repaid by the HBE owner. As noted by Tomas (49), chief of the EDUS:

T: One of the barriers to growth (for HBEs) is the cost of access to (financial) capital... We think that a policy that reduces the cost of access to finance can boost micro-enterprise productivity, having an impact in job creation and incomes... We say: 'You need five million pesos [USD 8,064.52], so go to the bank'... Instead of giving them (capital)...we cover the interest rate cost, which is one million... What do we get from this? For every million (that we spend), HBEs invests five million in their enterprises.

Market access policies

Supportive municipalities attempt to help HBEs to grow beyond their dependency on a low-income, localised market by facilitating access to e-markets, product fairs, street markets and commercialisation hubs. The municipality of Santiago Centro provides training in the use of social network platforms, e-commerce, website design and internet payment methods to expand the spatial market of HBEs. Moreover, Lo Prado municipality has created an e-platform – with high search engine visibility – that contains all the relevant contact information of HBEs, making HBE-based products and services easy to locate. This was very positive for Mariela (56), a producer of porcelain figurines in Lo Prado, and Rosa (34), a balloon decorator in Santiago Centro:

M: In the municipality there is a website...where they show our work... I have had people coming from other municipalities... I have got a lot of people.

R: The recent training in website design was a good contribution... I have built my client base thanks to (online) social networks and the internet...on Google, Facebook.

These two municipalities promote also HBE participation in product fairs, with two objectives: primarily, to promote products from HBEs to new clients, and secondarily, to boost HBE profits over periods of high demand, such as the Christmas period or Chilean Independence Day. As articulated by Tomas (55), head of the EDUS:

T: (This) is less strategic but helps them to expand their sales and to find new clients... (During) fairs for 'El Dieciocho' [Chilean Independence Day] or Christmas...we call the HBEs to display and sell their products. Same for the sales nights.

Plate 6.10: Micro-Entrepreneur Fairs in Lo Prado

This plate, "Micro-Entrepreneur Fairs in Lo Prado", has been removed as the copyright is owned by another organization.

Source: Fair of Lo Prado, 2015

On a more regular basis, the municipality of Lo Prado grants HBEs with vending permits for street markets, giving them the same rights as a *feriante* (see Chapter 5); HBEs then have access to a selling point with a location that rotates around various municipal neighbourhoods. As affirmed by Nicolas (56), a public officer at the DIDLP:

N: HBEs working in production can get permits to sell in the street market... They can sell more, they can develop their ideas, their products.

Lo Prado has also built a 'productive centre' (a commercial building that gathers HBEs together) that, for a low monthly rental cost, provides 200 micro-enterprises with a brand office to work and sell. To access this centre, HBEs must have a valid local permit and complete an application. When a space becomes available, HBEs are selected on a first-come, first-served basis. As described by Carlos (55), Chief of the DIDLP:

A: The Neptuno hub...is a production, commercial and service centre... (There are) commercial activities...(such as) hairdressers, small restaurants...and production activities such as leather production, a lot of furniture manufacturing... (It is a) municipal property rented through a (low-cost) usage permit...in a strategic location in front of an underground station.

Collective organisation

In Chile and across the world, HBEs constitute one of the least organised informal sub-sectors (Chen & Sinha 2016; WIEGO 2014b). The isolation of housing space and the diversity of activities undertaken by HBEs makes it difficult for these entrepreneurs to meet and identify common problems, and thus form professional connections. In my survey, only 7.6% of HBEs belong to a union. This lack of organisation ultimately limits an HBE's capacity to pool investment and negotiate with large producers/sellers. In response to this, Santiago Centro and Lo

Prado municipalities have created 'entrepreneur centres' where business leaders can meet, discuss issues, organise and receive support. Furthermore, these municipalities promote networking between HBEs working in similar activities at a neighbourhood level, in order to create localised clusters of specialised businesses to attract clients from outside their immediate neighbourhood and to allow producers to jointly negotiate with large enterprises. As stated by Carlos (50), head of the DIDLP:

C: In Neptuno Street, we are trying to make a cluster of mechanics that is becoming a mini '10 de Julio' [a street specialising in car services] ... It is very important (for local development) because it generates employment, attracts money from other municipalities and keeps money inside the municipality... But we also want to create several specialised neighbourhoods that can attract people and provide services for those outside of the (municipal) area.

Additionally, Santiago Centro promotes the creation of HBE cooperatives, allowing businesses to expand their capacity to invest in infrastructure, attract clients and negotiate prices. According to Tomas (49), chief of the EDUS:

T: We understand that associations are part of the HBE growth equation. This is why we foster cooperatives... We have a group of consolidated HBEs in the graphic design industry in San Francisco Street... (who) have a technical-economic problem... Their land price is increasing and this is reducing their profitability... They are a group of 30, and...they need to act collectively, so they constitute a cooperative to invest together... We are going to support them with their business plan, with infrastructure, marketing, because it means they can develop over the next twenty years... (and) because it will generate fifty to seventy jobs...

Incremental and iterative policy design: maximising efficiency through agreements

The design and implementation of supportive policies for HBEs occurs in an incremental way, as with those of the other two sub-sectors, where policies are adapted to concerns raised by HBE owners. Santiago Centro and Lo Prado have migrated from administrating national social aid programmes for HBEs through municipal departments, to designing a strategy of social development by concentrating local human and economic resources available to HBEs in specialised economic development units. As explained by Tomas (49), head of the EDUS:

T: We understand this as a space for social development... We have created the Entrepreneur Development Unit that concentrates all of our entrepreneurship services. It has 23 employees, six of whom are economists... We have a clear political leadership and the technical capacities to smooth the process of micro-enterprise growth.

The creation of supportive policies is guided by the constant feedback that administrative and in-the-field officers receive from HBE owners, helping them to evaluate results and modify policies accordingly. As Alberto (41), a public officer at the EDUS, expressed:

A: I think that our municipality is in a constant stage of understanding and exploration of what works and what the problems are... We have people working in the field, in different neighborhoods working with HBEs... We have a constant dialogue that helps us to make decisions about incorporating new programmes, or refocusing resources when things don't work.

POLICY IMPACT OF SUPPORTIVE POLICIES: EVALUATION

As described in Chapter 3, a stratified random sample of 406 HBEs was selected from a total of 30,039 HBEs registered across 35 municipalities in Santiago de Chile. As with waste-pickers and street vendors, OLS models were built to disentangle the impacts of existing policies on twelve HBE performance indicators – based on economic factors, social factors, working conditions and negative externalities – drawn from the literature (Table A.8.1 in Annex 8). In this section, four main indicators are discussed, whereas further discussion on complementary performance indicators can be found in Annex 8. Explanatory variables are represented by twenty policy variables currently implemented in Santiago de Chile (the main ones having been presented in the previous section), controlled by fifteen control variables representing four elements: socio-demographic (six control variables), enterprise characteristics (three control variables), spatial proximity (three control variables) and municipal characteristics (three control variables) (see Table A.8.2 in Annex 8). Linear multiple regression models are applied for continuous response variables, while binary response variables are analysed through logistic binary regressions following Equation 1. This section only reports variables that are statistically significant by a factor of at least 10% when accounting for all control variables.

The results of regression models are summarised in Table 6.11. Models 1.a reports the impact of policies on economic outcomes; Model 2.a reports the impact of policies on social outcomes; Models 3.b assesses the impact of policies on outcomes for working conditions; and Models 4.a analyses the impact of policies on the reduction of negative externalities for HBEs. For transparency, full models are presented in Tables A.8.4 through A.8.6 in Annex 8. As with Chapter 4 and 5, qualitative analyses is used to complement the quantitative analysis through quotes taken from group discussions and interviews.

Table 6.11: Summary of the Impacts of Municipal Policies on the Performance of Home-Based Enterprises

Respose Variable	Positively Impacting Policy	Negatively Impacting Policy	Magnitude	SE	Type of policy	Overall Impact (a)	
1. Economic Efficiency							
Indicator 1.a: Earnings per hour worked	Branch office		2,473**	-1,192	Access to markets	A	
	Advanced machinery		861.0*	-492.9	Physical Capital	A	
	Diversity of accepted payments		459.6***	-111.1	Access to markets	B	
		Private parking		-1,183***	-435.8	Physical Capital	C
2. Social Equity							
Indicator 2.a: Income relative to poverty line	Branch office		3.336**	-1.33	Access to markets	A	
	Diversity of accepted payments		0.407*	-0.209	Access to markets	B	
		Contacting clients		-2.310**	-0.993	Access to markets	C
3. Quality of work							
Indicator 3.a: Number of hours worked in a week	Branch office		-10.74**	-4.37E+00	Access to markets	A	
		Access to credit		6.561**	-2.95E+00	Financial Capital	B
		Tranning support		7.285**	-3.58E+00	Human Capital	B
		Contacting clients		15.38*	-9.12E+00	Access to markets	C
		Non motorised		13.11*	-6.85E+00	Physical Capital	B
4. Negative Externalities							
Indicator 4.a: Child work (b)	Other type of storage Space		-2.755***	-0.925	Physical Capital	A	
	Contacting providers		-2.191**	-0.914	Access to markets		
		Harrasment policy		0.162**	-0.0781	Regulation	B
		Precarious selling space		1.265**	-0.635	Physical Capital	B

Notes:

a) Overall Impact A denotes municipal policies that have only a positive impact across indicators; B refers to municipal policies that have both positive and negative impacts across indicators; C denotes policies that have only negative impacts across indicators.

b) Where 1 signifies 'I never go with my child/children to collect waste' and 6 signifies 'I always go with my child/children to collect waste'

c) Where 1 signifies 'I always clean up after collecting/sorting waste' and 6 signifies 'I never clean up after collecting/sorting waste'

c) Level of formality is measured as the number of legal regulations that they accomplish with a maximum of five

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$: Robust standard errors in parentheses

HBE productivity: earnings per hour worked (indicator 1.a)

The data suggest that higher levels of municipal policy support lead to an increase in indicator 1.a. The provision of advanced machinery increases earnings by CLP 861 (USD 1.69) per hour, the creation of branch offices by CLP 2,473 (USD 4.84) per hour, and promoting a diversity of payments methods by CLP 459 (USD 0.90) per hour.

Providing more advanced machinery increases the production capacity of a business and allows them to incorporate new varieties of products to be offered. Moreover, some small machinery can expand the market of HBEs by allowing them to deliver home services. As noted by Silvia (40), a chiropodist in Santiago:

S: I received a Seed Capital [local investment programme] ... With that I bought input and machinery that has helped me to earn more... Everyone used to ask me if I do epilation, and I had to say no, because I didn't have a wax pot. I bought a large and small pot... With the small one, I can take it with me and do services at home. So, that is a big change.

The promotion of branch offices in a new location allows HBEs to source new consumers outside their neighbourhoods, thus expanding their sales. This corroborates the research of Esson et al. (2016) in Ghana showing that, when given the possibility, many entrepreneurs prefer to set up their businesses in more central and wealthy locations. As described by Ana (40), owner of a dog grooming shop in Lo Prado:

A: I set up another branch employing three people. I have it in Independencia municipality... (I earn more) because I can work with a different class of clients, I'm expanding my client base.

By expanding from cash to other payment methods, particularly electronic payments (debit or credit cards) customers are able to make purchases beyond their immediate cash availability in an HBE. However, the high commissions taken by banking services can compromise the higher productivity, and stops this technology from spreading across a larger number of HBEs. Claudia (36), a sea salt producer in Santiago Centro, explains:

C: (I accept debit card payments) and it is great... Everybody carries debit and credit cards to make payments – otherwise, they have to go to withdraw money and you never see them again... But you have to pay (for the service), and it's expensive... The VAT, because I have to file a receipt, plus the 3% (in bank fees), and 22% when it's with a credit card... You're selling your soul to the devil.

On the contrary, the existence of a private parking space for clients reduces the productivity of HBEs by CLP 1,183 (USD 2.32). In the small plots where these enterprises operate, a parking area is not necessarily the most suitable use of this space as it takes up space for the more profitable activities of production or selling. As Gabriela (48), a hairdresser from La Granja, illustrates:

G: I used to have a parking space that clients could use... I have people that come from other (municipalities)... But the majority of people come from the neighbouring area. Let's say that the neighbours make up 80% and the rest come from other places. So, this space is more useful as part of my shop, and people can park on the street.

Poverty reduction: Household income per capita relative to the minimum wage (indicator 2.a)

The data analysis suggests that similar policies that enhance HBE productivity (indicator 1.a) can also effectively reduce poverty⁶. Providing branch offices increases household incomes by over three times the monthly minimum wage, and diversifying payment methods sees an increase by two-fifths of the minimum wage, being effective means of moving families out of poverty. The previously established increases in productivity from these types of supportive policies will naturally deliver significant reductions in poverty levels, with the same mechanisms at play as for indicator 1.a.

In contrast, the data show that a municipality providing support for client contact seems to result in an increase in poverty levels. Although this relationship is statistically significant, it must be carefully interpreted, particularly as the qualitative data do not provide further evidence for a plausible mechanism explaining the observed negative results. This quantitative methodology does not allow for the elimination of the issue of reverse causality: it is quite possible that the less productive enterprises and more vulnerable households self-select for client contact programmes, thus explaining the observed poverty outcomes.

Working week: Number of hours worked per week (indicator 3.a)

An extensive working week can be reduced by 1.76 hours per week through the creation of other workplace branches. By geographically separating their work and home spaces, it becomes easier for home-based owners to put a definite endtime to their workday, rather than continuing to work for every new client request. Ana (41), a dog groomer, and Susana (48), a hairdresser, both from Lo Prado, illustrate this through contrasting personal experiences:

A: I have my business close to home... I finish at the shop and then I go to my home so I can disconnect myself. The freedom that you have as a micro-entrepreneur is that you work when you want. I earn enough, so to me it is not a priority...to open every day.

S: In the past ten years I have been working all the time from morning until evening. Clients knock on the door and say: 'Hello!', even at midnight. On New Year's Eve I was finishing at five past midnight.

However, policies that facilitate access to credits extend the working week by 6.6 hours, those that offer training support by 7.3 hours, creating client contacts by 15.4 hours and the use of non-motorised vehicles by 13.1 hours. Although access to credits allows HBEs to enhance their capital endowments, owners can face long workdays due to the necessity of repaying the

credit, particularly for high-interest loans. As Raul (52), a national leader of CONUPIA, explains:

R: The impact of a credit is not always positive...because if the interest rate is too high, often the micro-enterprises need to start working more just to pay the interest. If I receive one million [USD 1,612.90] and I have to pay back two million [USD 3,225.80], I end up working more just to pay back the interest.

Training programmes, particularly those in administrative or IT skills, create an extra activity that requires dedicated time. The process of building clients, designing online advertising or keeping accounting records in turn increases workday length, as discovered by Rosa (34), a balloon decorator:

R: (Due to) the website design course...I save the cost of paying someone to make my website... Now I don't need anyone. I upload the picture, I enlarge, I reduce. However, I spend hours making them how I want.

Although HBEs save on transport time by combining their work and home spaces, they still travel to purchase products (Gough et al. 2016, p.185). In this sense, the use of non-motorised vehicles increases workday length, as transport times become longer when compared to public transport. Non-motorised transport is not preferable due to its efficiency, but rather due to being a means by which poor households can save on transport costs and carry large loads not accepted on public transport (Dávila & Daste 2012, p.7). Rodrigo (55), now the owner of a corner of a corner store, describes:

R: I used to sell soil... I used to take a small bucket, a hand-pushed cart and my sisters' stockings...and I would sift earth... It was far, but I didn't take a bus, because I didn't have the means to pay for it.

Finally, the positive association between the municipality facilitating client contacts and an extensive HBE workday length needs to be interpreted carefully, as again qualitative data do not provide evidence for a plausible mechanism explaining these results. Once, it is quite possible that the more vulnerable households that tend to work more hours to sustain their families self-select into the programme.

Child Labour: Perception of Children Performing Sales or Production in an HBE (indicator 4.a)

Child labour reduces with an enterprise being more visible, the integration of specialised storage spaces and the promotion of a more stable network of suppliers. In Santiago de Chile, it seems that the majority of child labour does not factor in as a fundamental part of the HBE workplace, but rather is the result of a parent trying to keep their children occupied while they work by delegating soft tasks such as shop minding, moving products or going out to buy inputs. For Mariela (56), a porcelain figurine maker of Lo Prado, this has in fact had a rather positive impact:

M: This is a beautiful job... My son grew up making (porcelain) leaves and flowers, and my daughter did, too. When they had finished their homework, they became bored, so they came to the

table (to make porcelain figures) and we talked for hours. This work is very gratifying because I didn't miss out on seeing them grow up. We grew close, working together.

A specialised storage space in the shop or atelier reduces child labour simply because products are already located in the workplace, and so parents do not need to send children out to collect them. As explained by Maria (52), a hairdresser from La Granja:

M: I started working in my living room... Everyone got involved ... (My children) were helping me with small things, bringing things that I needed – shampoo, a hairdryer... You can't give them your time...so you have to give them something to do... (Now) I have my salon (with everything inside), so my kids can stay at home, watching TV, playing.

Similarly, child labour is reduced through policies that help HBEs to build a network of providers that deliver products on a regular basis, as this reduces the need of a parent to send children away or to accompany parents with purchases. Raul (52), a leader of CONUPIA, comments:

R: There is child labour...in the purchasing of products and distribution, in a few cases...because the child is like an obligatory helper... When you need something but you cannot leave the shop... But, I don't know of any cases where children work and stop going to school.

Along similar lines, the lack of a specialised vending space means that the home living area is mixed with the business, thus increasing the presence of children at work. Susana (48), a hairdresser in Lo Prado, gives an example:

S: Our work is personalised – you have to stay with the clients. So I am in my shop and I look through the window to my son, doing his homework.

Harassment from police or municipal inspectors can result in increased levels of child labour, as HBEs attempt to become less visible and tend not to expand into specialised spaces to avoid the risk of controls and fines. This results in a closer environment between family and work activities, thus creating more opportunities for child labour. In the words of Ana (48), a fast-food restaurant owner in La Granja:

A: I'm not growing (my business) any more because it's too risky... I've gone fifty thousand times to get a local permit, but they don't want to give me one... They came to inspect me and made me close... I go to Santiago Centro and I see that the shops are all dirty, and mine looks like a mirror...(but) they are open and I'm not... So, I have to keep working inside my home, in secret. I was thinking about expanding and baking bread, but I wouldn't go through that process again.

A combination of supportive policies is required to increase the productivity and working condition of HBEs. The most important municipal policies seem to be those aimed at increasing HBEs' access to markets and then their capitalisation, allowing for broadening the potential client base for entrepreneurs through new branch offices and diversifying payment alternatives, to then augment their capacity to meet demand through more advanced tools and machinery, and a larger production space.

FINAL BARRIERS TO HOME-BASED ENTERPRISE DEVELOPMENT AND THE ROAD AHEAD

The final barriers: spatial poverty traps, gender inequality, and exploitative formal-informal integration

Area-restricted markets

As with the other two sub-sectors, the success and profitability of HBEs is, to a large extent, determined not only by the policy environment in which they operate, but also by the socio-economic characteristics associated with their spatial location. Indeed, as many as 85.4% of HBE products and services are sold to clients within their municipal area. Since housing prices positively correlate with a better business location, and most self-entrepreneurs come from a background of poverty, their houses and thus their businesses are located in low-income municipalities. This limits the profitability of HBEs in two ways. First, since there is more pressure to generate a survival-level income in poorer neighbourhoods, HBEs face high competition. Raul (52), a leader of CONUPIA, and Susana (48), owner of hairdressing salon, explain:

R: Micro-enterprises are normally limited to the market of their own neighbourhood... The problem in the (low-income neighbourhoods) is that the market starts to subdivide (over time)... If five micro-entrepreneurs appear, the market divides into fifths.

S: I always have competition and it affects me a lot, because people prefer lower prices. I charge 3,000 pesos [USD 4.84]...she charged 1,000 [USD 1.61]... There is a big difference... I used to work with my sister, and we went broke, and I stayed here alone.

The second problem that emerges is the low purchasing power of the surrounding neighbourhoods of HBEs, meaning that HBEs must set their prices lower than what they could potentially achieve in higher-income neighbourhoods. As Ana (41), owner of a dog grooming shop, explains:

A: (I have to set my prices) depending on the (income of the) market area... In my case I don't have too much competition. I made sure that no hairdressers were close by... Even though I am well trained, I can't ask for 15,000 or 20,000 pesos [USD 24.90-32.26], since that's what they charge in Las Condes [a wealthy area] for the same job. Here, no one will pay that much.

This concentration of HBEs in poor areas of high competition and low demand ultimately has negative consequences on their profits. For instance, the poorest municipality of Santiago de Chile, La Pintana, concentrates three times more HBEs than the richest, Las Condes, but the average income is six times lower. This further triangulates with the regression results, where municipal inhabitant income per capita stands out as a significant determinant of an HBE's productivity (see indicator 1, Table A.8.4 in Annex 8). Therefore, the impact of support-

ive municipal policies is limited by their jurisdictional area of administration, and is not able to help HBEs in exploiting more profitable extra-municipal markets.

The triple burden of gender in entrepreneurship

Supportive municipal policies appear to do little to solve gender income inequalities that exist among HBEs. Men earn almost double the amount that women do in HBEs, and current local policies fail to address three structural sources of gender inequality. First, following from conventional understandings of the ‘feminisation of poverty’ (Chant, 2014), poverty disproportionately affects women, meaning that women face higher poverty constraints – lower levels of human capital, capitalisation, market access and organisation – inhibiting their enterprise development when compared with their male counterparts. As noted by Tomas (49), chief of the EDUS:

T: A male entrepreneur normally has the capital. For instance, in housing and property... In Chile, financial capital...is basically all in the hands of men... It's unbelievable that today the evaluation for any kind of support for micro-enterprises is the same for male and female entrepreneurs. It shouldn't be the same, they don't face the same constraints.

Second, traditional gender roles see that women are disproportionately assigned the task of child-rearing, thus having less and lower-quality time to develop productive activities when compared with men, in turn resulting in less productivity per hour and lower monthly incomes. As Mariana (41), a chocolatier, comments:

M: It is very difficult to make my own timetable, because my son gets home from school and says: 'Ah! I'm hungry'. The other day, my daughter came and told me: 'I got four (out of seven on a test) because you didn't study with me, you were making chocolates'... The dishes then pile up... This is a big disadvantage for me. Either I make chocolates or I take care of the house.

Third, gender role stereotypes once again mean that women tend to be concentrated in less productive activities within less productive sectors, while the more productive activities contain a higher percentage of men. For instance, the manufacturing sector contains 11.3% more women than men. However, the services sector concentrates 8.1% more men than women, and within the service sector, women are more highly concentrated in hairdressing (one man for three women) rather than vehicle repair (twelve men for each woman). As Raul (52), a leader of CONUPIA, explains:

R: (An HBE's sector) is mainly based on the person's skill set... This is why women are concentrated mainly in food and garment production... These are the two big activities that women do at home.

Current supportive municipal policies thus do little to correct the observed gender inequality among HBE owners. This is partially the result of minimal integration of a gendered policy approach to supportive municipal policy, but more fundamentally, it appears to be grounded in a structural problem rooted in gendered role stereotypes and the historical exclusion of women from capital that may prove difficult to transform from the local level.

Exploitation through vertical integration with the formal economy

The vertical integration of the formal over the informal economy seems to be outside the sphere of influence of local supportive policies. As described earlier (see section ‘Vertical integration in backwards and/or forwards networks’), for the relatively small group of HBEs that engage in forward connections with the formal economy, large formal enterprises enjoy unequal power to set price standards and payment conditions over the smaller businesses. Similarly, informal enterprises engaged in backward networks face high competition from large retail enterprises that, given the large scale of their purchases, are able to buy and sell products at lower prices. As a result, these HBEs have a very limited space-time market, capturing profits based on proximity to consumers, or by being open at times when large retail stores are closed. As large retail expands into new spaces, with stores extending their opening times, the market of HBEs is rapidly shrinking. As illustrated by Raul (52), a national leader of CONUPIA:

R: It is horrible for corner stores when a supermarket opens a branch in their neighbourhood. And this is becoming more common. They can't compete because of the volumes (of purchase)... (HBEs) sell in poorer urban areas at higher prices than supermarkets.

In both cases, municipal policy is ill suited to support the growth of HBEs that are vertically integrated with the formal economy. In the case of forward integration, the municipal level does not have the power to change contract regulations or intervene in private negotiations, thus having little margin for manoeuvring. For backward integration, municipalities in Chile cannot pass planning regulation to restrict the establishment of large-scale retail or to regulate its operating hours.

Overcoming barriers to the growth of HBEs

Overcoming area-restricted markets

Two alternative policies could be introduced to break the spatial trap of HBEs in low demand/high competition poor neighbourhoods, though both of these alternatives lie beyond the scope of municipal policy. First, national and regional policies promoting mixed-income housing developments have potential to be part of the solution, as they bring poor households into

upper income areas and vice versa, facilitating the access of businesses of the poor to better-off clients. This is articulated by Nicolas (56), a DIDLP public officer:

N: I think one of the problems is that this city is too socially segregated... In the poor neighbourhoods there are too many micro-enterprises but too few clients... We need a different pattern of city, of housing development – more mixed... Micro-enterprises would have less competition and/or would have access to people with higher purchasing power.

Alternatively, regional policies could promote the clustering of HBEs into specialised marketplaces that attract better-off clients. Creating a cluster of HBEs in a shopping centre, where HBE producers or traders sell directly to their clients on a regional scale, seems to be a plausible solution. As seen in the first section, producers selling directly into the informal market obtain higher prices per unit sold than those selling goods into the formal market, however they risk facing a lower demand for their products. Clusters of HBEs in a geographical area can create a regional reputation for quality products, in turn attracting clients and compensating for the lower demand of selling in the informal market while maintaining higher profits per unit sold. This is the case for furniture and garment producers in Barrio Franklin and Estación Central. Raul (52), a national leader of CONUPIA, comments:

R: At a regional level, you could organise all micro-entrepreneurs from the food or clothing sectors... (For example), there is this cooperative (of) clothing producers that...searched for a market together, buy inputs in large volumes, get credits together. They even built a five-storey building, El Mall Chileno...that attracts people to the area.

Although this has shown to be an effective alternative, the lack of involvement of national or regional government in promoting these types of spaces, compounded by traditionally negative attitudes towards the UIE, means that these spaces are often at risk of closure. Indeed, on October 21, 2015, following the expiration of the rental contract on the property in Barrio Franklin where the ‘Mall del Mueble’ operated, its 220 furniture sellers were removed by special police forces to make way for a new Wal-Mart supermarket (see Plates 6.11 through 6.14).

Plate 6.11 and Plate 6.12: *El Mall del Mueble, Barrio Franklin*

These plates, “El Mall del Mueble, Barrio Franklin”, have been removed as the copyright is owned by another organisation.

Sources: Morales 2015 (left), Perez 2012 (right).

Plate Plate 6.13 and Plate 6.14: Removal of the Mall del Mueble, Barrio Franklin.

These plates, "Removal of the Mall del Mueble, Barrio Franklin, Barrio Franklin", have been removed as the copyright is owned by another organisation.

Sources: Publimetro, 2015 (left), Vargas & Perez, 2015 (right)

Overcoming gender barriers

Government intervention can arguably improve some of the aforementioned gender equality problems faced by HBEs by introducing a gendered support policy agenda that compensates for the inequality amongst the workforce. At the local level, policies that incorporate gender quotas could boost women's access to funds, capital and market, thus facilitating a break in the productivity and income gender gap. As suggested by Tomas (49), chief of the EDUS:

T: To facilitate the economic empowerment of women, we must incorporate a gender perspective in the provision of services to micro-enterprise development ...in the provision of public funds, in facilitating access to credits and incorporating quotas in the assigning of projects.

At the national level, governments can focus on more aggressive policies of economic incentives and skills training programmes to allow women to move from less profitable activities into more profitable, currently male-dominated sectors. Raul (52) a national leader of CONUPIA, describes this:

R: National (training) programmes for micro-entrepreneurs are very limited... The SENCE [National Service of Training and Employment] is designed for employed workers... We argued that micro-entrepreneurs are also workers, but they don't agree, they consider them to be businesspeople...and they don't have the right (to receive training). This is particularly relevant for moving women into more profitable markets.

Nevertheless, it seems that the type of cultural transformation necessary to create a more equal allocation of family tasks between men and women is unlikely to happen in the near future. These gendered familial roles are deeply rooted in Chilean culture, and in both policymakers and micro-entrepreneurs themselves. This is evident in comments from Raul (52), a national leader of CONUPIA, and Gabriela (48), owner of a hairdressing salon in La Granja:

R: We need to help (women) to solve the problem of taking care of children... Women could work outside the home...(but) working from home has other benefits: they are at home, they can take care of the children, take care of their husband.

G: (I have an HBE) because I am a mother, so I have to take care of my children and the house... Here in the (low-income neighbourhood) we are all housewives. We do the groceries in the morning, and cook for lunch.

Fighting exploitation from vertical integration

Like waste-pickers and street vendors, HBEs can potentially escape the pervasive vertical integration with formal enterprises by using alternative markets. Three strategies provide potential solutions: purchasing from the informal market, collective purchases from the formal market and national regulations for subcontracting. First, HBEs involved in backward connections with the formal economy can opt out of purchasing formal products entirely and start buying from within the informal sector. This is the case for many corner stores or food producers, who buy more elaborate products from small, unknown brands whenever possible, and less elaborate products from informal producers. This means that HBEs could have a more equal negotiating power with producers and, in most cases, command better prices. As illustrated by Claudia (36) a seller of flavoured sea salt in Santiago, and Paula (44), owner of a corner store in La Granja:

C: I buy from a family of workers of Cahuis, who traditionally (produce sea salt)... I try to maintain the principles of fair trade... I buy as much as possible directly from producer or otherwise in La Vega [distribution centre for informal products]... I get much better prices.

P: I buy everything that I can in Lo Ovalledor [distribution centre for informal products]... Fruit, eggs, cheese...because you buy directly from the producers so it is cheaper... I even buy (unbranded) toilet paper.

Alternatively, HBEs could use combined purchasing power as a means of buying in larger quantities from formal producers, increasing their negotiating power and obtaining better prices, as with the aforementioned case of the association in *El Mall Chileno*. Nevertheless, at current HBE organisational levels, there is still a long way to go before these kind of collective purchases become the norm rather than the exception. As Alberto (41), a public officer at the EDUS, mentioned:

T: We haven't yet promoted collective purchases for obtaining better prices. It's rare, but it exists. For example, this cluster of printing micro-enterprises are collectively buying ink, so they get better prices.

The exploitation of HBEs involved in forward networks could be improved through HBEs becoming organised by activity, or through national laws that regulate subcontracting arrangements. HBE organisations, such as CONUPIA, see in collective organisation a way to negotiate better prices and payment conditions with large enterprises. Once again, at current organisational levels, much development is required before this becomes a realistic option. As Raul (55) cautions:

R: For us, the golden rule is becoming organised. I mean if (HBEs) reach a level of structure, organise themselves in cooperatives, of course they could negotiate... If all the quail egg producers gathered together they could negotiate prices with supermarkets... But with the current level of disorganisation, it is the supermarket that fixes prices and payment conditions.

A more realistic option seems to be the implementation of regulations for subcontracting that advocate for fair pricing, stable demand and payments within a short period of time. Regarding the third point, the congressional proposal to fix a maximum time period of thirty days between the provision of products/services and payment for small providers seems to be a step in the right direction. This proposal would speed up the cash flow of payments and reduce the reliance of HBEs on credits to cover operational costs. Similar mechanisms need to be designed to secure demand and guarantee fair prices, so that HBEs can provide better working conditions. An extract of the law reform proposal, written by the deputy Juan Pablo Letelier (2012), illustrates this:

A widely used mechanism of (large) enterprises is the payment of providers over periods that can be upwards of 120 days... Who is affected? The answer is clear: the smaller entrepreneur... To survive, an entrepreneur needs to acquire credits or pay factoring costs, delaying investments and paying interest costs... Establishing a maximum payment time of thirty days suppresses the potential for 'agreements between parties' with the objective being to prevent the abusive practices of large enterprises over their providers...

Although supportive municipal policies possess significant scope for improving the productivity, incomes and working conditions of workers in HBEs, municipal policies still face significant structural barriers to the sustained growth of these enterprises. The potential solutions for these barriers – socially-mixed housing and business clusters, gendered policy approaches, skills training, collective organisation, favouring purchases in the informal industry and national subcontracting regulation – exist on a spectrum between municipal and national policy.

CONCLUSIONS

This chapter has aimed to provide a better understanding of the role of municipal policies in improving HBE performance outcomes. By analysing the life cycle of HBEs in Santiago, it is clear that an integrated or hybrid view must be adopted to fully understand the complexity of the activity. In this regard, HBEs share similarities with waste-picking and street vendors, in that many socially vulnerable people move into the activity out of necessity. However, a significant number of HBEs are established by choice, being seen as an opportunity to improve working conditions. A flow of 'necessity' workers tends to occur in times of economic crisis, and 'voluntary' workers during strong economic periods. Once entered into the activity, those in the HBE sector almost always remain through choice due to their higher monetary and non-monetary returns, matching neoliberal and voluntarist conceptions. These factors together create an expanding HBE sector, i.e. a one-way street towards informality, even if the breaking of poverty barriers along the way can sometimes lead to formalisation. Similarly, no one theory

accounts for the various ways that HBEs interact with the formal economy, particularly those that exist in mixed markets, moving between the formal and informal economies in their work.

Supportive policies aimed at HBEs attempt to solve the multidimensional poverty barriers faced by home-based entrepreneurs by promote the social integration of vulnerable social groups through increasing performance in the sub-sector. They seem to achieve this by enhancing various economic, social and working conditions, and reducing the outcomes of negative externalities. These results provide evidence for the idea that government support is necessary to help HBEs to reach their maximum potential, and that this constitutes a socially desirable development policy. Of particular relevance are policies that aim to expand the market access of HBEs, coupled with measures that increase their production capacity. This further indicates that there is no single policy that can solve the multidimensional poverty constraints faced by home-based entrepreneurs in developing their enterprises.

Notes to Chapter Six

1. HBEs are often subject to the controls of municipal officers and face penalties when they do not meet standards set by local or national regulations. However, the municipality also provides soft support for HBEs producing what they consider to be ‘quality or innovative products’ – generally granted to professionals with start-up businesses. Support for this ‘upper crust’ of HBEs is provided through access to two annual fairs and a one-time grant of CLP 250,000 (USD 403).
2. The survey asks a designed question to explore motivations behind starting an HBE. The interviewees are asked to select the main motivation to start an HBE from seven different categories. To present the results, these seven categories are presented individually and then split into categories of ‘obligatory’ or ‘necessity’ motivations.
3. *Trabajadores independientes* literally means independent workers. They are freelance workers that are formally contracted by hours per month, or to deliver a service independent of any employer. They are subject to a 10% tax payment, but access to health and pension depends solely on their own voluntary contributions to the system (although since 2015, contribution to the system is compulsory). Employers have no legal responsibility over *trabajadores independientes*.
4. Working capital or *capital de trabajo* is referred to by interviewees as the inputs and products that they sell. Normally, HBEs do not accumulate capital in the form of cash but rather invest profits in new inputs and products allowing them to sell more. The problem of declining working capital appears when HBEs consume their products for household needs or spend their profits, leaving nothing to cover the replacement costs of inputs or products, thus declining the profitability of their businesses.
5. In the Chilean tax system, enterprises are permitted a VAT discount on input costs and do not pay income taxes when generating less than USD 80,000. In contrast, independent workers must pay income taxes as well as VAT on inputs.
6. Poverty reduction is measured as the total monthly income generated by the owner of the HBE from all types of sources (e.g. pension, property letting, employment) divided by the number of members of the household, which is then compared with the Chilean individual poverty line

established by the Ministry of Social Development for 2015. This should not be taken as an indicator of the poverty rate of families that own an HBE in Greater Santiago, as it does not include the income of other household members, but rather as the maximum poverty rate of families owning an HBE, as it underestimate households' income.

CHAPTER 7 : EXIT AND INCLUSION: LEARNING FROM THE INFORMAL ECONOMY IN SANTIAGO DE CHILE

Having covered the empirical findings regarding the rationality, impact and limitations of supportive municipal initiatives in each of the three informal sub-sectors, in this chapter I aim to ascertain whether there is a common rhetoric of supportive municipal approaches and, if so, how we can theoretically frame these progressive social transformations. Acknowledging that support to informal enterprises occurs across a variety of sub-sectors, including those that provide both public and private urban services, in both public and private spaces, this chapter brings together cross-sector findings, contextualising progressive local initiatives within the global scholarly and policy debate. The main theoretical conclusions of this study are provided here, contributing a deeper knowledge of informal entrepreneurship and the implications of emerging supportive policy approaches.

The first section examines the correlation between policy theories and the realities of informal entrepreneurs, showing that in a context of low-quality formal jobs, informality becomes a ‘one-way road’. Attention is also given to formal-informal linkages and the relevance of parallel informal-informal networks of informal enterprises (as per dualist perspectives) – often described as a fairer alternative to trade informal enterprises products. In the second section, I draw out a cross-sector rationale of support under a framing of the ‘right to succeed’, and describe how this extends beyond the co-production theoretical framework. In the third section, I discuss the main barriers to this progressive policy approach, arguing for the need of higher level government involvement to unlock the full potential of informal enterprises.

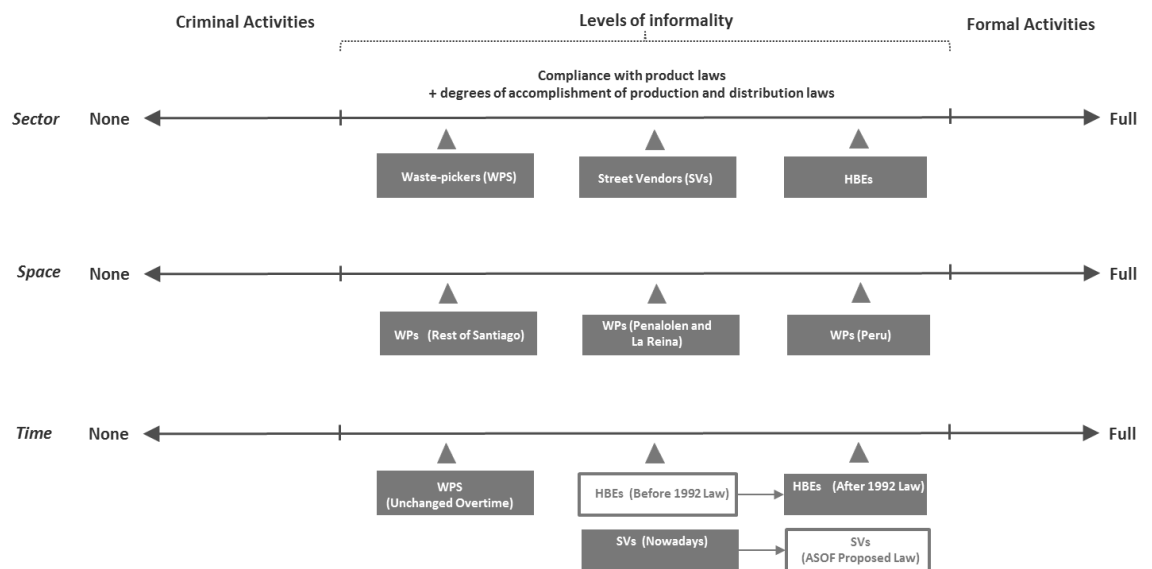
RETHINKING INFORMALITY: TOWARDS AN INTEGRATED VIEW OF INFORMAL ENTERPRISES

The rule of law: A variegated geography of informality

This study of three informal sub-sectors has shown a variegated sector-space-time geography of informality. Although the informal economy has sometimes been conceptualised and treated as a single unit, particularly in quantitative studies (Bosh et al 2004; Fajnzylber et al. 2011; Fiess et al. 2010; Maloney 2004; OECD 2009b; Perry et al. 2007; Schneider et al 2010; Vuletin 2008), Chapters 4 through 6 have shown the diversity of practices, dynamics and policies applied within Santiago de Chile alone, a single city in a single country. This necessarily calls for studies that acknowledge the variegated geography of informality accounting for sub-sector-, place- and time-specific dynamics (see Figure 7.1).

Regarding sector specificity, building on previous studies (Allen et al. 2005; Chen 2008; Chen et al. 2016; Portes et al. 1989; Williams et al. 2016), the three empirical cases suggest that we should move away from informal-formal dualism, and even from any concept of concrete boundaries, to understand the various degrees/levels of informality that coexist across sub-sectors. Centeno and Portes' (2006), classification of economic activities as being criminal/informal/formal provides a useful starting point for analysing varying levels of informality, in spite of its 'boxed' conception (see also Portes et al. 1989)¹. Fernández-Kelly and Shefner (2006, p.4) expanded upon this, arguing that these types of enterprises do not have clear boundaries, but rather a porous membrane where frontiers are unclear, blurred and transgress. The findings presented here are in line with these ideas, suggesting that informal enterprises in different sub-sectors exist in transition in a continuous space between completely informal and formal activity (see Table 3.1). For instance, waste-pickers are the least formalised of the sub-sectors, being legally unrecognised by both national and local authorities, not paying any types of taxes, and not adhering to working codes or planning regulations. Street vendors exist between informality and formality, as they are locally recognised, locally regulated and pay local taxes, but are not recognised at the national level. HBEs are more closely aligned with formal activity, recently achieving both national and local recognition, paying local taxes and sometimes paying national taxes, although they do not necessarily comply with planning regulations or product-specific regulatory codes.

Figure 7.1: *Variiegated Time-Space-Sector Geography of Informality*



Source: Own elaboration.

Informality also varies across space, existing in a geographically specific context. Previous chapters demonstrated that regulations can be highly variable, even across small geographical

areas. At the local level, for instance, waste-picker organisations in Peñalolén and La Reina have obtained recognition and legal authorisation to operate, moving them closer to formality, while in most municipalities waste-pickers have been largely ignored or – as is the case in Santiago Centro – actively repressed, lacking any kind of legal recognition. Levels of informality also vary internationally. For instance, the lack of legal recognition of waste-pickers in Chile contrasts with the experiences of those in Peru, where waste-pickers achieved legal recognition in 2010, and municipalities were forced to include them into their SWM systems (WIEGO 2015).

Finally, informality is time-variant. As presented in Chapter 3 (see section ‘Home-Based Enterprises in Chile’) a law targeting HBEs granted these micro-enterprises legal national recognition only in 2001, moving them away from a sort of ‘halfway’ informality, closer towards formality. Street vendors, with the promotion of the national *ferias libres* law, are fighting to obtain national legal recognition, thus hoping to move in this same direction. Waste-pickers, however, have not come close to a change in their national legal recognition over more than forty years of existence, with only a few cooperatives achieving recognition at the local level. This variegated sector-space-time geography of the informal economy has significant implications for determining appropriate policy responses, as the best solutions are not going to be identical in different fields of works, in different locations or at different moments in time.

The informal economy: A source of resistance or exclusion?

The analysis of these three sub-sectors shows that the origins of these businesses are essentially multifactorial, involving both choice and constraint (see Table 7.1). Two different motivations have been repeatedly discussed by academics and form much of the UIE debate: ‘opportunity’ versus ‘necessity’ entry (Maloney 2004; Portes et al. 1989; Reynolds et al.; 2002; De Soto 1989). However, the detailed analysis here shows that no sub-sectors can be described in their full complexity by one standalone theory, but rather an integration of theories is required. In my analysis, I have seen that even a single entrepreneur can be motivated by factors of both choice and restraint, and so the results presented in Table 7.1 provide an indicator of the balance or weighting of these two factors in the entry decisions of informal workers across sectors.

For most workers within the UIE, reasons of ‘necessity’ seem to be the most powerful motivator behind informal entrepreneurship. This is most significant for waste-pickers, cited in more than four in every five cases. There is a wide variety in these reasons of ‘necessity’ provided in the results, often representing different theoretical perspectives, again implying that an integration of theories is needed. The dualist perspective (Boeke 1942; Harris & Todaro 1970; Lewis 1954) of a lack of economic growth, as well as Mike Davis’ (2006) argument of

neoliberalism failing to deliver formal employment (see ‘Unemployment’ in Table 7.1), are key reasons mentioned by waste-pickers. Moreover, the argument provided by Portes et al. (1989) regarding the degradation of social protection systems is relevant for around one in five cases across sectors, particularly for those who were pushed into informality as the result of permanent illness, disability, or an insufficient pension. Other relevant economic factors should also be further incorporated into theory, including the gendered need to combine family and work commitments, and the inability to find formal employment for those with low levels of education which were mentioned in three out of five cases across sub-sectors. Finally, state exclusion, as mentioned by de Soto (1989), is rarely identified as a motivating factor behind informal entrepreneurship.

Table 7.1: Motivations Behind Establishing an Informal Enterprise (Across Sub-Sectors)

<i>Reason for starting business</i>	<i>HBEs</i>	<i>Street Ven- dors</i>	<i>Waste- Pickers</i>
<i>Necessity entry</i>	58.8% (239) [18,192]	61.2% (254) [16,477]	84.0% (84)
<i>Unemployment</i>	17.4% (71) [5,400]	18.5% (77) [4,973]	44.0% (44)
<i>Failure of previous business</i>	2.8% (11) [855]	5.5% (23) [1,501]	-
<i>Other economic need</i>	33.6% (137) [10,398]	33.7% (140) [9,056]	29.0% (29)
<i>Illness or disability</i>	5.0% (20) [1,539]	3.5% (15) [947]	11.0% (11)
<i>Obligatory entry</i>	40.2% (163) [12,427]	36.5% (152) [9,827]	15.0% (15)
<i>Entrepreneurial spirit</i>	31.5% (128) [9,761]	14.2% (59) [3,830]	7.0% (7)
<i>Family member or relative doing similar activity</i>	8.6% (35) [2,666]	22.3% (93) [5,997]	8.0% (8)
<i>Other reason</i>	1.2% (4) [329]	2.2% (9) [608]	1.0% (1)

Source: Author’s survey using total weights (design, non-response and post-stratification).
Number of surveys shown in round parentheses.
Estimated population using weighted descriptive statistics shown in round parentheses.

Opportunity motivation seems to be a less significant factor, although it has more relevance for HBEs and *feriantes*. While for few of these entrepreneurs, informal self-employment provides a means of avoiding tax payment (Maloney 2004), many mentioned their enterprise as a way of resisting exploitation in the formal system (Holston 2007; Whitson 2007) – a means of social progression to escape low salaries, long working hours and minimal career prospects. Another motivation that should be included more strongly in the literature is workers following another family member into informal entrepreneurship. This strategy allows entrepreneurs to access information and knowledge through social networks, being a powerful means of reducing the risk of failure when starting an enterprise. This is present across sectors, but seems particularly relevant for street vendors.

Feminist theories of exclusion must also be incorporated into the picture of informal activity. There is a clear and persistent division by gender across sub-sectors: in Santiago de Chile, starting an informal enterprise appears to be more of a necessity decision for women than it is for men. This seems to be mainly the result of the gender division of responsibility and obligation (see Chant 2008) that obliges women in Chile, as in many other countries, to assume child-rearing responsibilities and take care of disabled or permanently ill family members, while still facing pressing needs to contribute income to their household. This leaves them with no other option than informal employment, which allows them greater flexibility and proximity to their homes.

An integration of theories that simultaneously recognises necessity and opportunity, and these variegated sector- and gender-specific reasons of entry into informal entrepreneurship will provide a much truer picture of informal activity.

‘One-way’ informality for those at the bottom of the labour market

The results presented in the previous empirical chapters suggest that, for a large majority of people, informal activities become a one-way street. As seen across sub-sectors, regardless of the multiple reasons for initially undertaking informal self-employment, once in the activity, people tend to decide to stay (Table 7.2). This is generally because the majority of people in these informal sub-sectors obtain higher monetary and non-monetary benefits than they would in the type of employment available to them in the formal economy. The permanence of informal enterprises is likely to result in a dynamic of overall stability or expansion for informal entrepreneurial activity, which is consistent with a non-declining or expanding informal sector across the developing world (OECD 2009a).

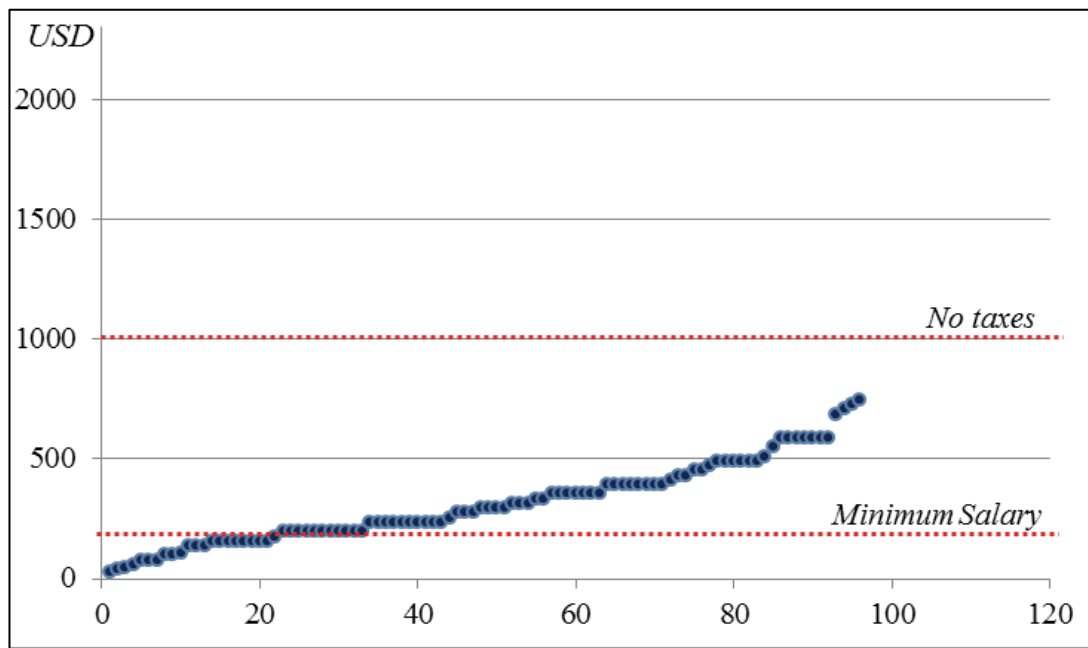
Across sub-sectors, more than 85% of workers have only secondary education. In the Chilean labour market, at this level of qualification, the formal employment available to these workers would most probably provide a income close to the minimum wage, and with poor working conditions in terms of work schedule, job security, access to health and pension (see Chapter 3, ‘The Erosion of Formal Work Quality’). However, most people working in the UIE analysed here obtain a income higher than this in their current informal employment (see Figures 7.2 to 7.4)². With the minimum wage being 241,000 CLP (USD 345.16) (Ministerio del Trabajo 2015, Law N° 20.763, Article 1), average incomes in informal employment are 1.5 times the minimum wage for waste-pickers, 2 times the minimum wage for HBEs and 3.3 times for street vendors. Moreover, as in other Latin American cities, Santiago’s poor population faces high relative transport costs and times (Oviedo-Hernandez & Davila 2016). Given that formal employment tends to be centred around distant, wealthier parts of the city, this work would lead to between 26,880 and 31,080 pesos (USD 43.31-50.13) being spent every month on transport costs, with an additional two unpaid hours spent on transport every day (Ministerio de Transportes [on-line], 2015). By factoring in these costs, average informal incomes grow to around 1.7 and 2.3 times the minimum wage for waste-pickers and HBEs respectively². Due to these factors, across all informal sub-sectors, more than 80% of all informal self-employed workers would not take on formal employment at the minimum wage.

Table 7.2: *Willingness to Move to Formal Employment*

Exit/ Remain	N	HBEs	Street Vendors	Waste-Pickers
1. At the minimum wage				
Leave		7.4%	3.5%	19.0%
Stay in informal work		92.6%	96.5%	81.0%
2. At informal-equivalent income				
Leave		24.8%	17.8%	-*
Stay in informal work		75.2%	82.2%	-*
Sample		404	402	100

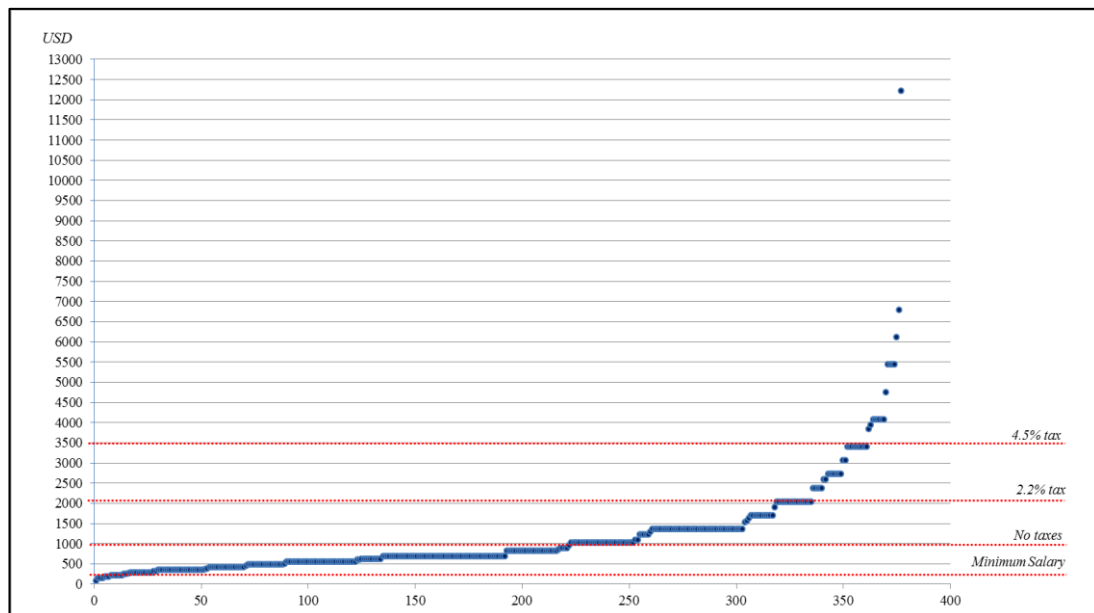
*Source: Author survey. Statistics use total weights (design, non-response and post-stratification). * The waste-picker survey did not contain this question.*

Figure 7.2: Reported Monthly Waste-picker Income versus Legal Minimum Wage



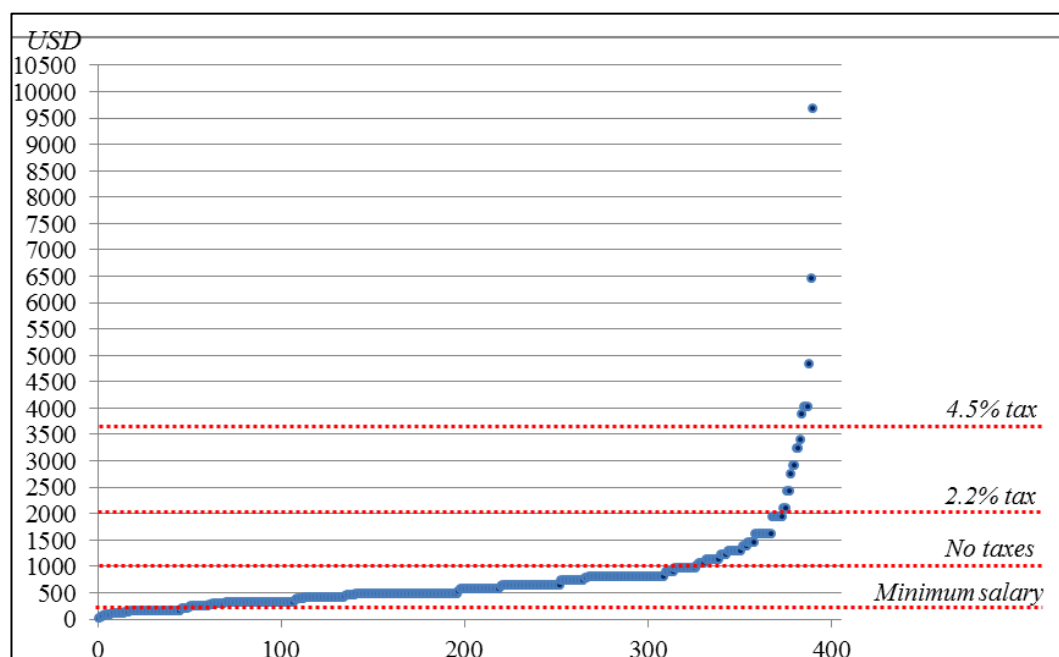
Source: Author's survey. 2010 minimum salaries determined by the Ministry of Social Development of Chile for a family of four individuals. waste-pickers salaries as reported in the author's 2010 survey. Income taxes according to the Chilean National Tax scheme 2010.

Figure 7.3: Reported Monthly Feriante Income versus Legal Minimum Wage



Source: Author's survey. 2015 minimum salaries determined by the Ministry of Social Development of Chile for a family of four individuals. Feriantes' salaries as reported in the author's 2015 survey. Income taxes according to the Chilean National Tax scheme 2015.

Figure 7.4: Reported Monthly HBEs Income versus Legal Minimum Wage



Source: Author's survey. 2015 minimum salaries determined by the Ministry of Social Development of Chile for a family of four individuals. Feriantes' salaries as reported in the author's 2015 survey. Income taxes according to the Chilean National Tax Scheme 2015.

At the same time, the non-monetary benefits of informal employment seem to outweigh those of formal employment for many vulnerable people. An income is not the only consideration for the informal self-employed when deciding to stay in informal work, nor is it even necessarily the most important: at an equal income, three-quarters of informal entrepreneurs would choose to remain in informal work. The most consistently mentioned of these benefits are a greater amount of free time and flexibility, independence and pride in their work, the facilitation of family tasks, and job security (see Table 7.3). Across sub-sectors, informal workers are more flexible, allowing them often work fewer hours, determine their work schedules, and share more time with their family. They also considered the independence and self-direction of informal work to be a source of pride when compared to the submission required in formal work. Facilitating family tasks is another significant advantage, particularly for women, with many stating that raising a child becomes more convenient when in informal work, and also that they are able to spend more time with their children. Moreover, across sectors, people working in the UIE perceive their current employment as more secure and stable than equivalent formal employment. Informal entrepreneurs claim that having a steady source of income is only reliant only on their own effort, ability, and a willingness to work, so long as they are not actively repressed by municipalities. In contrast, as Chile is a country with high labour flexibility, informal workers see a risk of arbitrary dismissal from formal jobs, due to factors beyond worker control.

Table 7.3: Reasons Across Sectors for Not Undertaking Formal Employment at Current Wage

Reason to remain in work	Street Vendors	HBEs
<i>Flexibility of work schedule</i>	72.2% (15,927)	49.1% (15,094)
<i>More free time</i>	- -	26.4% (8,117)
<i>Independence and pride</i>	66.8% (14,741)	43.6% (13,411)
<i>Social contact</i>	30.9% (6,811)	23.8% (7,311)
<i>Facilitating family tasks</i>	62.2% (13,713)	49.4% (15,178)
<i>Other reasons</i>	12.8% (2,832)	11.8% (-3,622)

Source: Author survey.

NB: The waste-picker survey did not contain this question.

Estimated population using weighted descriptive statistics shown in round parentheses.

In contrast with much of the existing literature (Perry et al 2007, p.22; see also Bitran 2014; Chen et al. 2001, p.10; Thomas 1995; RESYST 2014, p.2), many informal entrepreneurs do not seem to perceive health and pension benefits to be better in formal jobs when compared with the minimum universal benefits provided to the general population. Only a small number of informal workers (with a maximum of 12% in the HBE sector) considered improved access to social protection as a relevant reason to undertake formal employment. Although Chilean universal health care services (FONASA) are very basic, the private health system requires expenditure well beyond what a worker on minimum wage could reasonably afford (ECLAC 2004, pp. 7-8). Furthermore, since 2008, any Chilean citizen belonging to the poorest 60% of the population is entitled to receive a basic survival pension of 93,543 pesos (USD 150.88) per month. Those who opt to contribute 10% of their monthly salary to the private pension system see few additional benefits: an individual working in the formal sector for the minimum wage, making contributions to the private pension system over thirty years, would receive 106,596 pesos (USD 171.93) per month – only USD 21.05 more than they would receive if they had not contributed to the scheme³. Those in informal work are also still free to join the private social security systems, should they decide to pay for it out of their earnings. Therefore, the advantages of these social protection benefit from formal employment for those at the bottom of the labour market are so minimal that they provide little better than the most basic public system available to informal workers.

It is this combination of low-level monetary and non-monetary benefits amongst formal minimum wage-earners in Chile that inspires even the least productive entrepreneurs to stay in

informal work. The central finding here is that the poor quality of formal jobs at the bottom of the labour market appears to turn the Chilean informal economy into a one-way street. Even though informal self-enterprises have diverse origins and operate in varied sectors, once a worker moves into informal activity they seize the economic opportunities presented by informal entrepreneurship and become unwilling to move back into the less desirable formal job market. In turn, the size of these three sub-sectors of informal economy is unlikely to contract in any significant way with economic cycles.

Is formal employment always a source of “decent work”?

The lack of competitiveness of formal jobs at the bottom of the labour market should open our eyes to two relevant issues: first, the possibility that formal work does not necessarily guarantee satisfactory working conditions, and second, the capacity (or lack thereof) that current development policies have for bringing decent working conditions to vulnerable populations through formalisation.

As presented in Chapter 3 the section ‘The Erosion of Formal Work Quality at the Bottom of the Labour Market’, the massive deregulation of formal employment in Chile over last forty years has seen a significant decrease in work quality at the bottom of the labour market. The ILO (2002, p.1) may state that ‘the informal economy cannot be termed “decent” compared to recognised, protected, secure, formal employment’, however this picture becomes unrealistic when considering the current low wages, social protection and work stability in entry-level formal work.

Policies that promote formalisation with an aim of providing decent work can thus become meaningless, and even have adverse effects on vulnerable populations when promoted in a context of poor formal work. As described in greater detail in Chapter 1 (see section ‘Conceptions and Policy Approaches Towards the Informal Economy’), international and national policy has commonly sought to move workers towards formality as a means of achieving decent work, being guided by the notion that the formal sector offers fundamentally better quality employment than informal work. Policies from the 1950s to the 1970s were implemented in a context where the real minimum wage was increasing in the formal economy, and workers had strong motivations for moving into formal work, and this vision has persisted into the 2000s (Bangesser 2000, p.4; Perry et al. 2007). But in the Chilean context where low-end formal work is of poor quality, the current promotion of policies encouraging (or forcing people into) formalisation can be ineffective in promoting decent work, and could conceivably make vulnerable populations worse off.

A recent World Bank policy proposition for formalisation in Latin America has emphasised the need to expand the number of formal jobs on offer (a ‘carrot’ policy) and increase the cost of informality (a ‘stick’ policy), to produce an informal-formal flow of workers (for further detail see Chapter 2, ‘Voluntarist Policy Approaches’). First, however, it is doubtful that a carrot policy will make any steps towards decent work when it focuses solely on the creation of more formal work – particularly when this is achieved through the very liberalisation of labour markets that further degrades formal employment quality. This voluntarist approach advocates for an expansion of formal jobs through a low minimum wage that attracts investment, and an increase in labour flexibility to reduce enterprises’ transaction costs of firing/hiring. However, these precise changes lie at the root of the lack of competitiveness of formal work, and are explicitly to the advantage of the employer. These type of reforms would continue to reinforce the divergent path between formal work and decent work, and would conceivably increase the motivation for workers to remain in the informal sector.

Furthermore, applying ‘sticks’ policy propositions in the Chilean context creates a risk of serious adverse effects. The World Bank has advocated for increasing the costs of informality through repressive policies, in particular law and tax enforcement, as well as downgrading universal social services, thus promoting a forced formalisation. Given the contemporary conditions of the labour market in Santiago de Chile, introducing confiscation of property or other repressive tactics toward the UIE would artificially dispossess a vulnerable population from their accumulated capital, permanently downgrading their wages and forcing them to migrate to formal employment with even worse working conditions. Enforcing the taxation of informal enterprises would impose burdens amongst income levels that are normally not taxed in Chile, as tax is not paid by those who earn up to 606,892 pesos (USD 978.86) per month. Downgrading universal services would damage both informal and formal workers at the bottom of the labour market, and more importantly, it would drag these public services below a basic survival level.

In the Chilean context, the concept of a formal market that necessarily provides decent work seems to have become a mirage, and current ‘formalisation’ policy recommendations that propose an increase in labour flexibility and a decrease in minimum wage will most likely only serve to lessen the appeal of the formal market further.

Re-thinking formal-informal economy linkages: A binary economy

As observed across the three sub-sectors, current standalone theories are incapable of explaining the simultaneous disconnection and integration of informal activities with the formal economy in Santiago de Chile. Throughout the 1950s and 1960s, the informal economy was characterised as a parallel sector operating in complete isolation from the formal economy (Boeke 1942; Harris & Todaro 1970; Lewis 1954). Later, as economic adjustment reforms were applied on a global scale, the informal economy was described as vertically integrated into the formal economy (Birkbeck 1978; 1979; Moser 1978; Weeks 1975). Some authors claimed that this integration acted as a source of exploitation (Moser 1978; Nadvi, 2004; Portes et al. 1989; Ruthven 2010; Siggel 2010), while others saw it as a source of economic growth (Breman 2010; de Soto 1989; 2000) or even as an opportunity for the economic inclusion of the poor (London & Hart 2010; Prahalad & Hart 2002; UNDP 2008) (for further discussion refer to Chapter 2).

Table 7.4: *Types of Formal-Informal Linkages and Parallel Informal Economies*

	<i>Waste-Pickers</i>	<i>Street Vendors</i>	<i>HBEs</i>
<i>Integration with the formal economy</i>	<i>Vertical forward network</i>	<i>Vertical backward network</i>	<i>Vertical backward and forward networks</i>
<i>Parallel informal economy</i>	<i>Horizontal producer-client connection</i>	<i>Horizontal network of specialised microenterprises</i>	<i>Producer-client connection or neighbourhood cluster of microenterprises</i>

Source: Own elaboration. Forward and backward linkages according to Thomas 1995.

This study of Santiago de Chile reveals a diversity of informal-formal dynamics, where the two markets can be simultaneously integrated and function in parallel (see Table 7.4). For instance, street vendors selling elaborated products connect to formal enterprises through a network of distributors, while those selling primary products exploit a horizontal network of informal entrepreneurs to connect with other informal producers. Similarly, HBEs selling elaborated products expand the market of formal industries, or sell their own products to subcontractors who introduce them into the formal market, while HBE producers and vendors of primary products operate in complete informality. Further, in some cases a single informal entrepreneur can participate simultaneously in both integrated and parallel markets as a strategy for maximizing prices per unit and selling large volumes. For example, waste-pickers contribute to large-scale formal recycling projects but also try to sell as many of their products as possible for reuse in street markets, and street vendors and particularly HBEs often sell both formal and informal

products simultaneously. This evidence suggests that an integration of theories and a closer analysis of dynamics is needed to understand the simultaneous separation and integration occurring, as well as the way that participating in parallel and/or vertical markets can influence an individual's strategies for livelihood.

An exploitative structure of informal-formal value chains

The varied ways that informality can integrate into formal value chains –forward, backwards, or both – has led to divergent levels of market power and various sources of exploitation between formal and informal businesses.

On the one hand, informal entrepreneurs can be functionally integrated as low-cost production for large formal enterprises, i.e. in forward production networks that reduce fixed costs of labour and infrastructure for enterprises. This is the case for waste-pickers, who connect with large recycling companies through a network of middlemen. On the other hand, informality can connect with the formal economy through backward sales networks that extend the market reach of formal products. This is the case for street vendors who sell formal products fabricated by large multinational corporations in *ferias libres* provided by *distribuidoras*. Finally, in a single sub-sector, informal enterprises can be connected in both backward production and forward sales networks. This is the case for HBEs: informal manufacturers or producers receive orders from large formal enterprises and connect through a forward network, for example in the garment, retail, mining or supermarket industries. Simultaneously, HBEs directly involved in sales offer formal goods (such as those sold in corner shops), or use formal products as inputs for service provision (such as hairdressers), thus connecting in a backward network.

Across the three sectors, and regardless of the type of connection between the formal economy and informal sub-sectors, degrees of formality, size and profitability increase upwards while competition increases downwards. As described in the chapters on each specific sub-sector, informality is pronounced, enterprises are small and competition is high at the low level where street vendors, HBEs and waste-pickers operate. Further up the network, there are a smaller number of subcontractors, middlemen or *distribuidoras* who connect informal and formal enterprises. Finally, at the top of the network, large enterprises face little competition, reinforcing their higher profitability. This is mainly due to having high barriers to entry – mainly the need for capital and a strong social network – and the risk of detection. For instance, *distribuidoras* who provide products to street vendors and HBEs require storage space, and subcontractors require a dependable social network to receive production orders. Both of these factors inhibit vulnerable entrepreneurs' ability to grow in their position within the network. Larger enterprises are also easier to detect by the authorities and thus need to be able to cope

with the costs of legality, necessitating higher levels of formality.

Inclusion or exploitation in formal value chains?

The exploitation of informal entrepreneurs in a formal value chain is driven by differences in their market size and intensity of competition across the network as described above. Although scholars debate the positive or negative effects of these networks⁴, for Santiago de Chile, the uneven distribution of market (negotiating) power nearly always creates a dynamic that favours the profits of larger players at the cost of the smaller. Ultimately, the negative effects of this filter down to informal enterprises, hindering their ability to progress further.

The previous empirical chapters have shown different degrees of exploitation in backward and forward networks. In forward networks, the key to understanding the exploitative nature of formal-informal integration is the unequal market power that a business at the top (formal enterprises) has over one at a lower level (subcontractors and middlemen), and the power of these lower workers over those at the absolute bottom (informal entrepreneurs). For instance, waste-pickers can only sell recyclable material in particular urban areas, where only a few potential middlemen buyers exist. Each of these middlemen has the means to accumulate capital and no urgency to buy, and can thus impose very low prices on waste-pickers. Further up the chain, the larger middlemen must sell at prices determined at will by a single or a small number of large recycling enterprises which have the capital to transform recyclable input into raw materials. Similarly, in the case of HBE manufacturers, formal enterprises have the power to settle prices, quantities, standards and delivery times to subcontractors, which in turn filter down to lower HBEs who must integrate these reductions as a loss.

On the other hand, exploitation in backward networks is less pronounced. Given the minimal access to funds and storage among informal entrepreneurs, these businesses purchase formal products in small quantities at higher prices, which means lower potential profit margins when compared with large retailers. The homogeneity of products available also means that high competition exists from formal retailers, and among informal entrepreneurs, again decreasing profitability. Formal enterprises involved in production are not negatively affected by this high product competition, as they still have the means to extend the spatial reach and quantity of sales of their products. The exploitation faced by informal enterprises here, however, remains less pronounced and ingrained than in forward networks.

Policy approaches: A vertical escape for informal entrepreneurs?

As the scenario currently stands, it is doubtful that there is any real possibility for the social inclusion of the poor through vertical integration in formal value chains, due to the structure of the network itself. Although not discussed at length in the literature, local policymakers and informal entrepreneur organisations in Santiago de Chile have proposed that a sort of ‘upgrading’ within a vertically integrated network may provide a potential means of escaping exploitation. This could be achieved, for example, through a collective organisation of multiple entrepreneurs working together, with their combined force allowing them to become bigger players within the formal market. For instance, regarding forward networks, waste-pickers currently supported by local governments have started to self-organise as cooperatives. This has allowed them to ‘upgrade’ from waste-pickers to middlemen, allowing them to sell directly to the primary large recycling enterprise. Despite these positive examples, the fundamental structural conditions of exploitation remain intact in the vertical integration of formal value chains – the larger enterprises at the top are still able to set prices and conditions, extracting profits from the waste-picker organisations’ productivity gains. Later in this chapter (see section ‘Limited Agency at the Local Level and the Need to Tackle the Structural Roots of Exploitation’), I will discuss the lack of success of current informal trade unions to effectively negotiate with formal enterprises in Santiago de Chile.

A grassroots economy: Precarious markets or the next alternative?

Early conceptualisations of parallel formal-informal markets no longer form a significant part of current academic discourse, being dismissed in favour of a focus on linkages between formal and informal economies (London & Hart 2010; Nadvi 2004; Portes et al. 1989; Prahalad & Hart 2002; Ruthven 2010; Siggel 2010; UNDP 2008). However, as the empirical chapters show, they continue to play a rather central role in livelihood strategies: parallel informal economies represent a large share of informal activity and income across sub-sectors, and also provide an advantageous market that can offer informal entrepreneurs fairer and more desirable trade conditions when compared to integration with formal markets.

In Santiago de Chile, almost all waste-pickers engage simultaneously in recycling (a vertically integrated formal-informal market) and the selling of products for reuse (parallel informal economy), with 30% to 40% of their total income derived from this parallel economic structure. Moreover, around 20% of HBEs operate exclusively within a parallel economy structure, with a further 31% participating simultaneously in both parallel and vertical market

structures. Among street vendors, close to 40% of *feriantes* work only in a parallel structure, due to larger profit margins. Parallel economies are also systematically described by informal entrepreneurs as being preferable and fairer economic structures than formal value chains, allowing for more equal market power. Informal entrepreneurs are systematically able to claim higher prices per unit and to have a stronger capacity for negotiation with clients when operating in informal networks, and thus prefer to sell or acquire their products in as high a quantity as possible through this means.

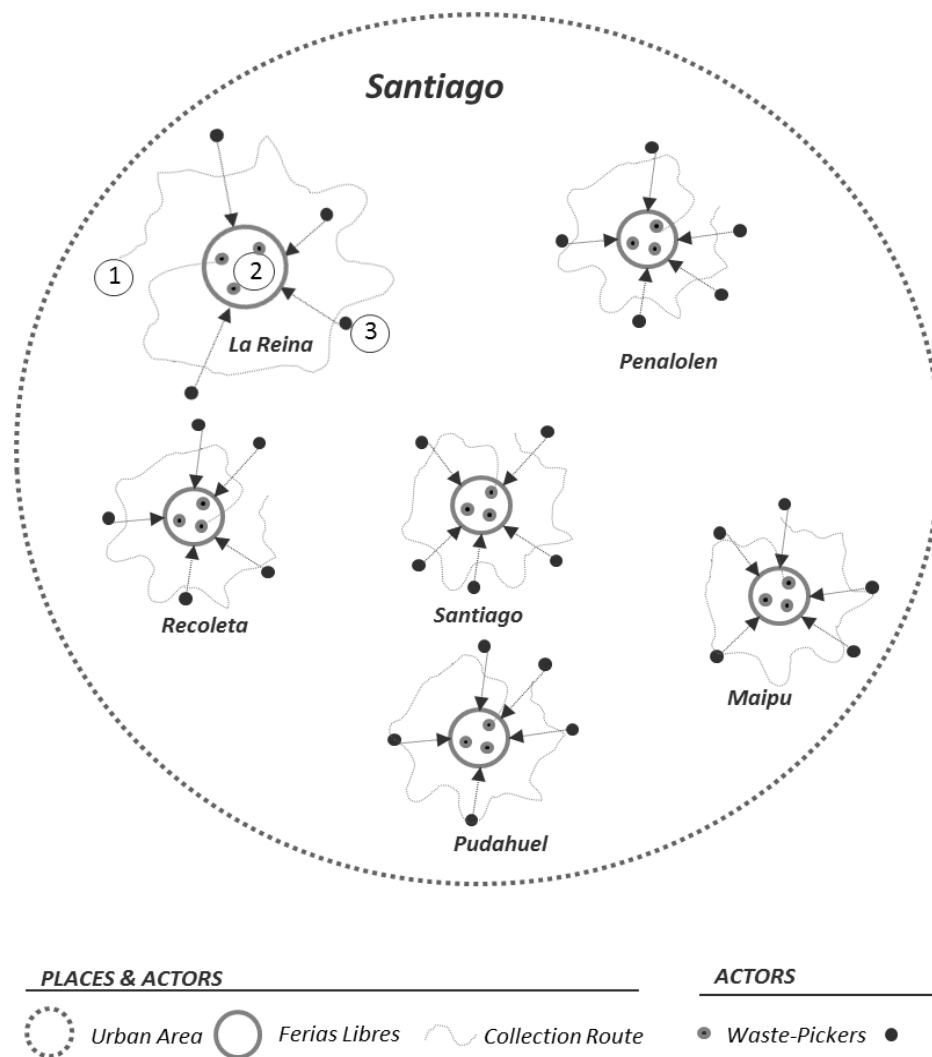
Parallel economies across the three sub-sectors share similar characteristics. First, unlike integrated markets, waste-pickers, HBEs and street vendors operate in near-complete informality: for example, street vendors purchase products directly from small farmers or distribution centres and then sell them in street markets. Second, this whole network from producer to consumer is characterised by the small size of enterprises. No ‘big players’ exist in parallel networks, as informal enterprises are almost entirely own-account businesses or employ a small number of paid or unpaid workers. Third, since parallel informal economies have a large number of people both selling and purchasing, there are high levels of competition, which leads to a more equal market power for both buyers and sellers, minimising the type of exploitative mechanisms observed in backward and forward markets. For example, waste-pickers can negotiate prices with households in *ferias libres*, where they would have little margin to negotiate with middlemen in the recycling market. Finally, parallel economies across sub-sectors are characterised by heterogeneous levels of profits, where prices per unit paid to informal entrepreneurs are generally higher than those obtained through connections with the formal economy. The heterogeneity of product types and quality allows enterprises to exploit product distinctions: for instance, each *feriante* sells a particular type of product, be it one or two types of vegetables, or only seafood, and these vary in quality, leading to varying levels of demand and profits.

Articulating informality: Precarious markets or the next alternative?

While parallel markets offer a preferable market option regarding fairer trade conditions and product prices, their often limited reach prevents informal entrepreneurs from selling in large quantities, thus preventing them from obtaining higher economic gains. This is mainly due to the restricted market, often limited within a local neighbourhood or an entrepreneur’s direct social network. For instance, waste-pickers collect reusable goods in a limited spatial area from poor households, and then sell in *ferias libres*, in total covering an area of only a few city blocks. They thus struggle to trade large quantities of goods in this spatially restricted market (see Figure 7.5). As a result, informal entrepreneurs tend to sell as much as possible in the

informal parallel market, and then sell the remainder of their products into formal value chains at a lower profit as a strategy to maximise profits. For example, waste-pickers will typically sell leftover odds and ends by the kilogram to recycling markets.

Figure 7.5: *Isolated Informality: A Restricted Informal Neighbourhood Network*



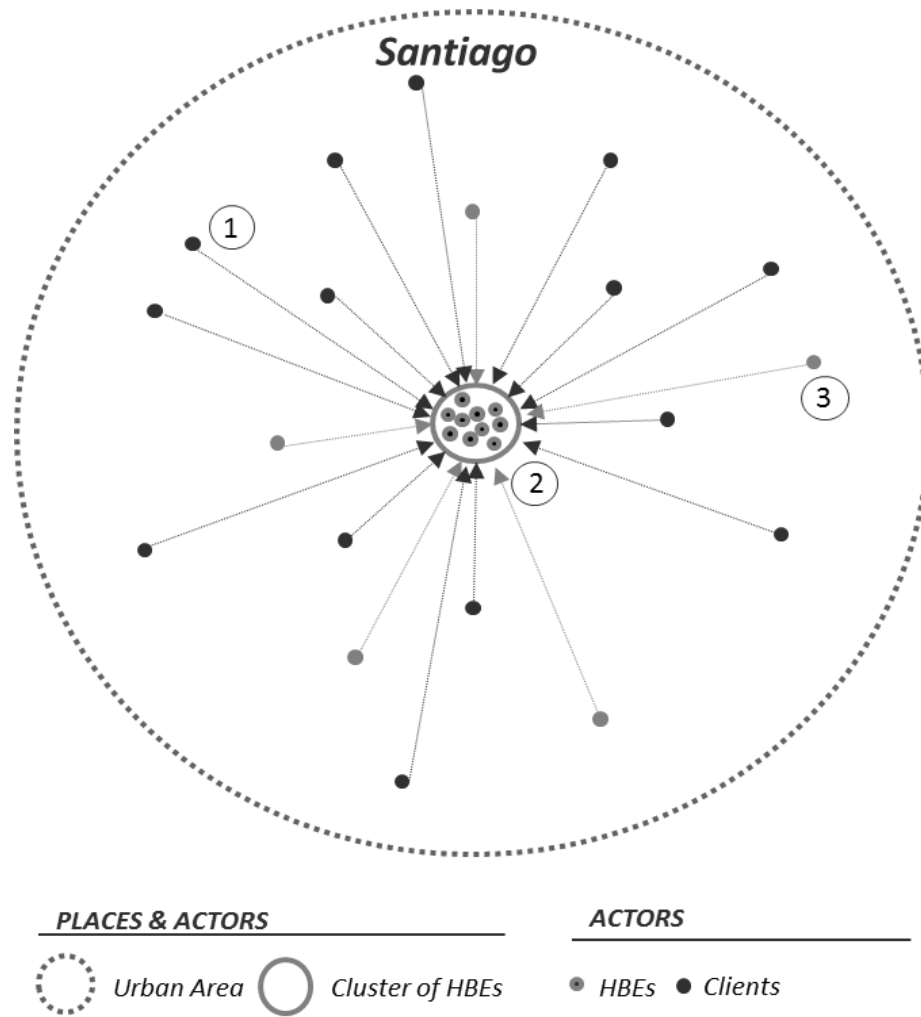
Source: Own elaboration.

- 1) Waste-pickers collect reusable materials within their local municipal area
- 2) Waste-pickers sell reusable products in their neighbouring *feria as coleros*
- 3) Households within a restricted neighbourhood area come to *ferias* to buy *cachureos* (reusable goods)

Two strategies provide potential to extend this limited parallel market reach: clustering, and articulating into networks of grassroots entrepreneurs. As seen in Chapter 5 (see ‘The people’s market: parallel economies’) the first is an alternative strategy used by some HBEs, notably clustering themselves into dedicated infrastructure (as is the case for the cooperative *El Mall Chileno*) or at the neighbourhood level (for example, with *El Mall del Mueble*), attracting a large number of visitors and subcontractors from across the city to one area. Businesses are thus

enabled to expand from their neighbourhood into a city-wide market, and can sell higher quantities for better prices, obtaining large economic gains within a parallel informal economy (Figure 7.6). Although this allows isolated informal enterprises to overcome barriers of small sales volumes and lower unit prices, it requires a level of organisation that many informal entrepreneurs are not able to achieve.

Figure 7.6: *Clustered Informality: A City-Wide Grassroots Network of Entrepreneurs*



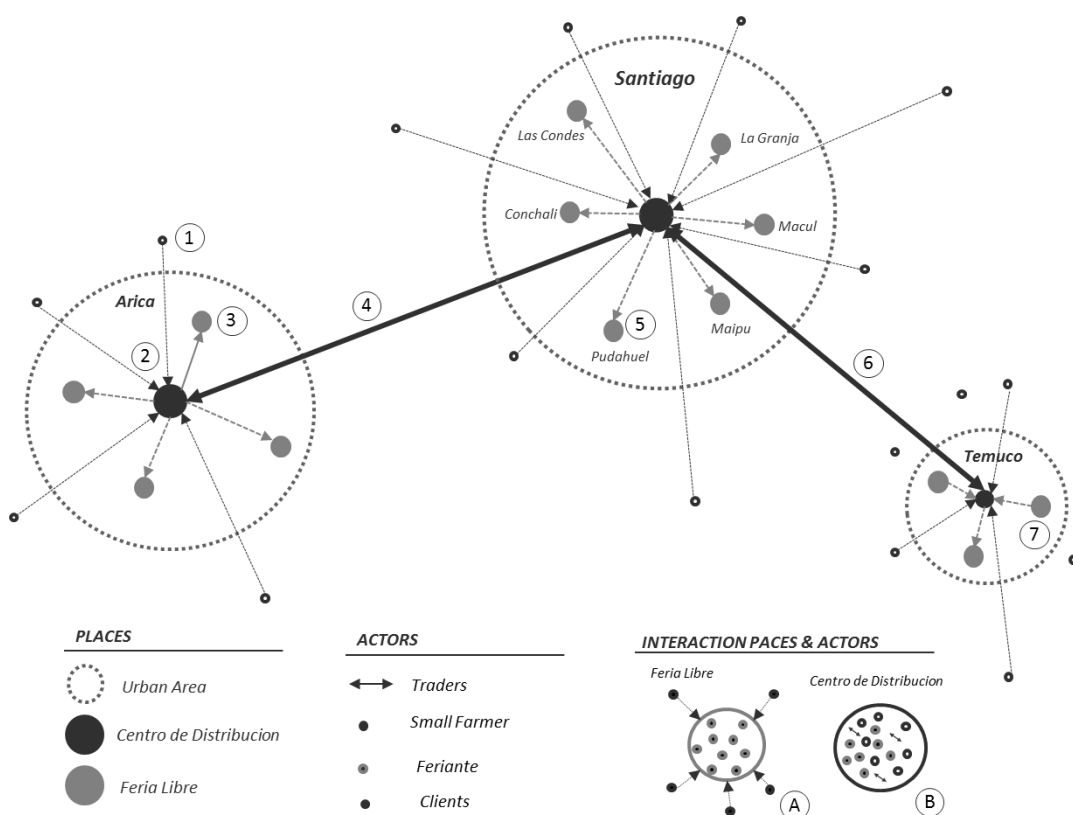
Source: Own elaboration.

- 1) Clients from across Santiago come to buy furniture at *Mall del Mueble* in *Barrio Frankling*.
- 2) In *Mall del Mueble*, several traders have shops where they will receive orders
- 3) Furniture is then produced by HBEs in different neighbourhoods across Santiago

A final strategy, used by *feriantes*, is to articulate into grassroots networks of entrepreneurs containing thousands of producers, distributors and sellers that move informal products throughout the country. As seen in Chapter 6 (see ‘The parallel network: Articulated informality’). These networks allow informal enterprises to definitively overcome limited local market demand, allowing them to trade large quantities of informal products in fairer market conditions. Grassroots networks accomplish this through four distinctive characteristics: specialisation, wide spatial reach, competition and small enterprise clustering (Figure 7.7). First, there are

a large number of small entrepreneurs specialised in production (small-scale farmers and fishermen), distribution (traders) or sales (*feriantes*) that connect through nodes (*centros de distribución*). Second, compared to isolated entrepreneurs, these products are traded within a large spatial market, moving from a sole restricted neighbourhood market to a national scale. This is due to the regional *centros de distribución*, which bring together producers, traders (who move informal products across regional *centros de distribución*) and local *feriantes* (who then sell the products within their region). Third, the confluence of a large number of sellers and buyers in a single physical space (*centros de distribución*) tends to equalise market power among actors, bringing a fairer mechanism for negotiating prices. Finally, at the sales end of the network a large number of independent *feriantes* cluster at the neighbourhood level, in *ferias libres* distributed across the city, attracting clients and expanding the reach of informal products to almost all urban spaces of the city. This means of organising is the most complex but also the most profitable of the strategies studied here – since it significantly enlarges the spatial reach of the parallel informal market, it allows producers and sellers to grow demand and command higher prices.

Figure 7.7: Articulated Informality: A National Grassroots Network of Entrepreneurs



Source: Own elaboration.
For a detail description see Figure 6.3

Through these processes of clustering and, in particular, the creation of grassroots

networks of entrepreneurs, parallel economies are far from being precarious, as has been commonly conceptualised (Boeke 1942; Harris & Todaro 1970; Lewis 1954), but rather offer opportunities for large vulnerable populations to support themselves through a complex grassroots economy.

Drawing from the cross-sub-sector realities of the UIE in Santiago de Chile, the main conclusion is that no single existing theory can accurately describe complex reality of informal enterprises in this geographical context, and that both an integration and extension of theories are needed. First, I have argued for a variegated geography of informality, recognising that different levels of informality coexist across sub-sectors, changing across space and time. Second, I have argued that people enter into informality through multiple motivations, both from necessity and through opportunity, with the former being a more prominent factor. Third, regardless of the reasons for entering into informality, the majority of informal workers view their work as a one-way street, since monetary and non-monetary gains tend to be higher in informal activities than in formal employment at the bottom of the labour market. This is particularly significant, given current policies that increase labour market flexibility and/or repress informal activity, which will likely only serve to further degrade the quality of this work for vulnerable populations. Finally, I have shown that informal sub-sectors are both integrated with and parallel to formal value chains. While the vertical integration in backward and/or forward networks is almost always exploitative, parallel markets offer an advantageous alternative for fairer trade options through clustering or large informal national networks, which can afford better livelihoods for vulnerable people.

SUSTAINING THE ENTERPRISES OF THE POOR: BEYOND THE CO-PRODUCTION FRAMEWORK

Given the evidence presented in the previous section, it is clear that the informal economy in Santiago the Chile, as in most developing countries, is ‘here to stay’ (Chen et al. 2001, p.iii; see also ILO 2013a, p.31; OECD 2009a, p.2). The type of “forced formalisation” policies promoted by international agencies, such as the World Bank, are likely to further downgrade the quality of formal work, reinforcing the factors that make even the least productive informal entrepreneurship attractive, or pushing an already vulnerable population into even worse labour conditions. For these reasons, it is key that we understand the rationality and impact of alternative policies that, through support to informal enterprises, aim to improve the livelihoods of vulnerable populations.

This section will define the evolutionary path that enterprises in the three informal sub-sectors tend to follow. This is a path of increases in capitalisation, market penetration, formali-

sation and organisation, hindered by multidimensional poverty barriers. I will argue that it is necessary to go beyond a co-production framework, as municipal support is currently mainly based on the social inclusion of vulnerable populations, exchanging supportive policies for increases in formalisation and self-autonomy. Finally, this section demonstrates that a cross-sectoral, bottom-up approach for supportive policymaking has been fundamental for improving the economic and social outcomes of informal enterprises and reducing the negative externalities of these activities.

Accumulation of disadvantages: Understanding multidimensional poverty traps faced by poor entrepreneurs

Chapters 4 through 6 established three poverty traps typically faced by informal enterprises: a lack of legal recognition, precarious capital endowments (human, physical and financial) and a lack of organisation (de Soto; Portes et al. 1989; Rakodi 1999; WIEGO 2014a & 2014c). Further to this, we have seen that informal enterprises also face restricted market access and a spatial poverty trap that limits their profitability. Using the concept proposed by González de la Rocha (2016, p.38; see also González de la Rocha 2006), this “accumulation of disadvantages” for the poor makes for slow growth for their enterprises.

The human capital poverty trap

A low level of human capital imposes two constraints on informal entrepreneurs at an early stage of development: a lack of administrative skills and a lack of productive skills. Due to low levels of administrative expertise, informal entrepreneurs are often unable to separate their household and business expenses. This reinforces a cycle where the business consumes its working capital, compromising business profits and often leading to failure, requiring the entrepreneur to restart from scratch. A lack of production skills leads to entrepreneurs entering into the production of a particular product (or the delivery of a particular service) based solely on their pre-existing skill set, heightening the risk of becoming locked into nationally-declining sectors or economic sectors with intense competition, and thus threatening their profitability from the very beginning. Even when a business moves into a less congested economic sector, many entrepreneurs lack the necessary skills to do so efficiently. Without any official support networks in place, experience becomes the most relevant means of acquiring administrative and productive skills. This is a time-consuming strategy that puts severe pressure on the livelihoods of the poor, as they often experience several business failures throughout their learning process.

The physical capital poverty trap

Once an entrepreneur has gathered a sufficient knowledge base, my cross-sectoral analysis found that informal enterprises most commonly fall into a ‘physical capital poverty trap’. These businesses often only have access to the most basic work equipment and very reduced infrastructure, which hinders their capacity to produce and sell. From here, informal entrepreneurs slowly and incrementally accumulate capital, reinvesting their small profits. With this, they begin a long cycle of capital consolidation: using their limited savings, they buy one-by-one the most basic inputs or products, and then a few tools, and later perhaps more specialised machinery, allowing them to gradually continue to grow their business. They have learnt to divide their household and business expenses, and fully incorporate production costs (e.g. inputs, labour and a profit margin) into product prices. This allows them to build a more stable income and grow their saving and investment capacities. This slow process of capital accumulation means that many sustainable businesses can become stuck in this stage, sometimes for many years, with low productivity and low profit margins.

The financial poverty trap

Low levels of financial capital are commonly the consequence of dependency on investment from scant personal savings, loans from equally disadvantaged family members or relatives, and restricted access to credits, often with high interest rates⁵. Although credits are increasingly available, they commonly are small amounts with high interest rates, and so those on a survival-level income are not willing to take that risk. Public funds are equally inaccessible, as they are commonly targeted at fully formalised enterprises rather than informal microenterprises. As a consequence, the lack of access to financial resources prevents faster capitalisation for informal businesses.

The illegality poverty trap

The illegality poverty trap that follows informal entrepreneurs throughout their development significantly inhibits higher profitability. Informal enterprises are often unable to navigate the complexity of bureaucracy or cannot afford the costs (time and monetary) of becoming formal. This lack of a legal existence prevents them from accessing public funds and further prevents their access to credit at fair interest rates and in decent amounts. Moreover, in strongly repressive municipalities, not having a municipal permit translates into a high risk of de-commission, forcing entrepreneurs to re-start their business from scratch. Finally, not having a permit to sell or produce reduces their market access, as they tend to avoid publicising their enterprises, as well as needing to shut down their business at specific times or constantly changing

location in order to avoid police controls and fines. For enterprises at a higher level, the lack of legal existence prevents individuals or organisations from negotiating contracts with larger formal enterprises or accessing large national funds.

The market access poverty trap

Once entrepreneurs have grown their businesses through gradual capitalisation, the major barrier to further development is gaining access to markets that allow the businesses to keep pace with their expanding production capacity. As demonstrated in the previous section, entrepreneurs have access to a limited market as the result of exclusion from public space and central urban areas. For most, the sales point is either inside the home itself or located nearby, and thus businesses only reach to a small number of local customers. Many also sell to their direct social network, further restricting their reach. Regardless of their output level or product quality, these enterprises generally struggle to widen their market. While high-quality products can develop a reputation spread by word of mouth, building a significant client base in this way can take several years.

The isolation poverty trap

An informal enterprise that possesses considerable levels of human capital and production capacity, and that exists within a stable market, can still face significant difficulty in expanding beyond the size of a micro-enterprise. Even the most successful small informal enterprises face difficulty in securing the type of large investment required to scale up in size and continue to grow. If businesses are able to develop organisation amongst themselves on a larger scale, this would increase their potential to pool capital and secure large public investment, alongside increasing their negotiating power with middlemen to access fairer deals. However, the isolated nature of many informal enterprises makes this organisation difficult to establish.

Spatial poverty trap

As proposed by Davila (2002), location is vital for the poor to access assets. In this sense, the concentration of informal enterprises in poor urban areas creates a double burden – high competition among informal enterprises and low purchasing power from low-income clients – depleting their capacity to access profitable market opportunities, thus limiting their progress, regardless of their productivity or product quality (a detailed discussion is provided below in the following section, ‘Spatial Poverty Traps and the Right to Access the City’). Without support, accessing high-cost land in more profitable central locations becomes a final barrier that most informal enterprises, both individually and collectively, are not able to overcome.

The right to succeed: A new local governance for the informal economy

As we have seen previously, informality, low-level productivity and precarious working conditions are not the cause of poverty, but more often are the result of starting an enterprise whilst living in poverty. Across informal sub-sectors, municipalites propose that by supporting vulnerable populations in their efforts to escape poverty, the multidimensional barriers of poverty can potentially be overcome, increasing the productivity and economic sustainability of informal enterprises. I call this policy approach ‘the right to succeed’.

Across sub-sectors in Santiago de Chile, municipal support is motivated mainly by the desire of some municipalities to socially and economically include traditionally marginalised local populations, with a secondary objective of providing services for local residents. Policies thus focus mainly on increasing informal enterprise productivity, as municipalities see in this a direct way to increase incomes, improve working conditions and decrease the negative externalities of informal enterprises. Since the poverty traps of informal entrepreneurs are multidimensional, supportive municipalities implement holistic policy packages, rather than isolated initiatives (for further detail see the second sections of Chapters 4 through 6). For instance, in Peñalolén, waste-pickers are supported in their access to vehicles and storage facilities (physical capital) and structuring a comprehensive system of collection (organisation), while HBEs in Lo Prado are helped to improve their tools and machinery, and set up the branch office of *Persa Neptuno* (physical capital) as well as accessing administrative skills training (human capital).

Municipal policy support towards all three informal sub-sectors is developed as a bottom-up, incremental and iterative strategy. Municipalities that implement supportive policies establish strong local partnerships with informal entrepreneurs, designing and implementing policies in tandem. These partnerships are essential to municipalities’ success. In the initial phase of policy design, municipalities tend to meet with informal entrepreneurs and settle on a new initiative, gaining the support and collaboration of these local businesses in its implementation. For instance, the municipality of Peñalolén conducts weekly meetings with waste-pickers to design new actions, Macul has settled on most of its regulatory policies and the relocation process for street vendors in tandem with the *feriantes* themselves, and Lo Prado closely follows the advice of HBEs when implementing new initiatives.

Partnerships are essential for negotiating incremental support policies that benefit from the in-depth, on-the-ground feedback from informal entrepreneurs on what does and does not work, improving the cost efficiency of scarce local resources. Supportive policies are commonly designed as pilot initiatives, which are then implemented and re-designed multiple times, with

the most successful policies being increased in scale. This is the case for waste-pickers in Peñalolén and La Reina: different strategies for recycling and collection were implemented on a small scale, which were then modified following feedback from informal entrepreneurs, with only a few efficient policies ultimately being scaled up. Similarly, Macul designed a *feria modelo*, which was modified according to input from informal enterprises, finally leading to a developed prototype that has been extended to other municipalities across the country. In this approach, informal entrepreneurs take an important seat at the policymaking table.

In exchange for their support, municipalities often request increasing levels of organisation and formalisation from informal enterprises, thus reducing their long-term dependency and bringing them in line with legal requirements. For municipalities, enhancing informal collectives or organisations is essential for reducing their administrative costs, as they can easily negotiate with one representative for multiple businesses, and because the collectives are self-administrating and therefore require fewer public resources. More importantly, organisations are over time able to reach the collective investment capacity to become much less dependent on municipal investment. In the case of La Reina, the municipality helped to organise waste-pickers into a cooperative that provides a reliable recycling system and has a substantial capacity to invest, while Peñalolén is slowly moving waste-pickers along the same path. Street vendors in Macul have created a cohesive municipal-level organisation, and at the level of *ferias*, self-governing bodies have been established that ensure that local regulations are satisfied and invest in tandem with the municipality to create new *ferias modelos*. Municipalities also require increasing levels of formalisation from informal entrepreneurs in exchange of further support. While the waste-pickers cooperatives of La Reina and Peñalolén are legally constituted, with the former having workers with legal contracts, *feriantes* in Macul are organised as local community organisations with legal regulations. Although Lo Prado and Santiago Centro do not require HBEs to establish larger-scale organisation, support is traded against an increasing in obtaining permits and satisfying relevant regulations.

Unlike other “forced formalisation” approaches, municipalities supporting the right to succeed of poor entrepreneurs allow informal enterprises to achieve real gains in productivity, while also increasing their levels of organisation and incrementally satisfying a greater number of regulations. This type of ‘carrot’ approach ultimately develops self-sustainable businesses that operate legally.

Beyond co-production: Including the poor in the provision of private and public urban services

As seen in Chapter 2 (see ‘Supportive Policies Towards Waste-Pickers’), co-production theory has consistently argued that the main justification for providing public support to the informal economy is the improvements that it can bring to public service provision in poor urban areas, although it is always less preferable when compared with municipal or formal private services. The cross-sub-sector analysis shows the limitations of this theoretical framework in understanding local efforts to support informal enterprises. These efforts do not consider the wide range of services offered in the UIE to be a ‘second-best’ option, but rather a desirable solution that works towards the social inclusion of vulnerable populations. This calls for the need to move beyond co-production, to a more holistic support approach based on the ‘right to succeed’.

In light of these findings, at least four theoretical extensions to the co-production concept are added by this focus on the right to succeed: support based on social inclusion, support for private service provision, public-informal partnership as a preferred option, and holistic policy support packages. First, the co-production assumption that municipal support is focused primarily on the need to provide public services to unserved populations is problematic as it fails to account for the most significant motivation behind support policies: the social inclusion of the poor. For instance, waste-pickers in Peñalolén and La Reina were initially supported first with the aim of improving their conditions of livelihood, and the secondary objectives used to reach this goal were the provision of recycling and environmental protection. Similarly, HBEs were supported as a localised means of improving the employment conditions of a vulnerable population.

A second assumption of co-production is that informal service provision should only be promoted when public services are inadequate (Joshi & Moore 2004; Ostrom 1996). However, by refocusing the argument on social inclusion, it becomes clear that supporting informal enterprises in their provision of private services can also be beneficial. For instance, street vendors in Macul and HBEs in Santiago Centro and Lo Prado, are supported in their provision of what are essentially private services, even when formal alternatives are available. Since the overarching goal is the economic inclusion of the poor, traditional private markets also provide fertile ground for an extension of municipal support, and co-production theory must be expanded to recognise this.

Co-production theory must also recognise that informal microenterprises may at times be the best possible option to provide urban services. Joshi and Moore’s (2004) argument that

the informal sector only provides a second-best alternative when public and private provisions are unsatisfactory is problematic in two ways. First, it fails to recognise the innovative capacity of the informal economy, and second, it fails to recognise the efficiency of an articulated network of informal enterprises. Regarding the former, Josie and Moore's framework does not account for informal entrepreneurs who are able to establish new urban services. For instance, waste-pickers provide an innovative urban service of the waste management of reusable products, a system that is more environmentally friendly than traditional recycling. Moreover, waste-pickers established a recycling waste management system in Santiago de Chile more than forty years ago, well before the existence of any comprehensive regional or national recycling plan even existed. Regarding efficiency, co-production does not recognise that informal business is often able to offer services that are preferable for consumers due to their competitive nature. Street vendors, for example, tend to be the most desirable retail network option for the poor, as often they are highly price-competitive and can provide products of a similar level of quality as the formal market (see Chapter 6, Table 5.8). When considered alongside the large vulnerable populations in rural and urban areas sustained by informal enterprises, the extent to which co-production theory dismisses the value and potential of these businesses becomes clear.

One final policy problem arises with the co-production approach of municipal support being a 'second best' option: it assumes the temporality of the solution, and implies that ultimately the informal provision of services will be replaced by improved formal services. This perpetuates a cycle of weak, precarious, and temporary support policies that fail to address the fundamental problem of multidimensional poverty traps that inhibit the growth of informal enterprises. It is thus unlikely that co-production will provide the kind of comprehensive policies necessary to improve the productivity and living conditions of the poor. As we have seen across sub-sectors, this is at odds with the supportive policy packages provided by municipalities, enhancing the productivity gains of waste-pickers, *feriantes* and HBEs.

Unlocking the potential of the informal economy

Supportive policy approaches have been focused on four areas aligned with the aforementioned poverty barriers – skills, capital, market access and organisation – with specific policies for each sub-sector. My qualitative and quantitative analysis of implemented policies shows that, across sub-sectors, local support policies have been able to provide tangible improvements in productivity, incomes, and the reduction of negative externalities, moving a vulnerable population closer to decent working conditions. This demonstrates the potential of a 'right to succeed' approach as an effective social inclusion strategy. Table 7.5 summarises the effective local policies for each of the three informal subsectors. Impact indicators and mechanisms can be found in the third sections of Chapters 4, 5 and 6.

Table 7.5: Local Supportive Policy Toolkit for the Informal Economy

<i>Policy Result</i>	<i>Waste-Picker Policies</i>	<i>HBE Policies</i>	<i>Street Vendor Policies</i>
Positive results			
	<i>Provision of identification card & uniform</i>	<i>Branch office</i>	<i>Storage</i>
	<i>Waste monopoly</i>	<i>Diversity of accepted payments</i>	<i>Fridge at stall</i>
	<i>Regularisation of schedules</i>	<i>Advanced machinery</i>	<i>Parking facilities</i>
	<i>Access to recycling centre</i>	<i>Work clothing</i>	<i>Number of stalls</i>
	<i>Place to leave children</i>	<i>Child care (network)</i>	<i>Electric generator</i>
	<i>Promoting waste segregation</i>	<i>Access to motorised vehicle (truck, pick-up, van)</i>	<i>Potable water at street market</i>
	<i>Access to credits</i>	<i>Sales space</i>	<i>Standard and permanent stall</i>
	<i>Restriction on work in landfills</i>	<i>Storage facility outside home</i>	<i>Uniform</i>
		<i>Work clothes</i>	<i>Other type of municipal support</i>
			<i>National small fund</i>
			<i>Permanent roof</i>
			<i>Square metre stall</i>
			<i>Police support</i>
			<i>Provision of green space</i>
			<i>Child care access (other)</i>
Mixed results			
	<i>Donation of tools & machinery</i>	<i>Access to credit</i>	<i>Motorised vehicle</i>
	<i>Donation of vehicles</i>	<i>Plot size</i>	<i>Toilet in street market</i>
	<i>Coordination with waste lorry</i>		

Source: Own elaboration

The enhancement of human capital for informal enterprises can create a self-perpetuating cycle of higher incomes, higher saving and investment capacities and improved working conditions. My qualitative data indicate that the provision of vocational training has been particularly relevant in allowing some HBEs in Lo Prado and Santiago Centro to disengage themselves from declining or congested markets, and helping them to move towards more commercially viable activities. Moreover, training in administration and marketing techniques has helped entrepreneurs in Lo Prado to reach a sustainable pricing system that accounts for their full production costs, and ultimately enhances the sustainability and profitability of their enterprises. Additional training is also provided in e-marketing and technical skills to HBEs in Santiago Centro, helping them to extend their market and produce more value-added products. Nevertheless, the scale of programmes is small and training programmes do not always provide the set of skills required for an informal enterprise, inhibiting the potential benefits of these pol-

icies.

The direct provision of physical capital from governments to informal enterprises can lead to dramatic increases in the productivity, incomes and working conditions of informal self-entrepreneurs. The municipalities of La Reina and Peñalolén have invested in providing small capital solutions to local waste-pickers by providing them with tricycles, tools and uniforms, helping to generate substantial increases in productivity and profits. Peñalolén additionally provides local permits of certification for waste-picker enterprises, facilitating their access to bank credit. La Reina has invested in large capital solutions to support their local waste-picker cooperative (CREACOO) with a recycling centre, as well as co-funding investment in recycling trucks. CREACOO has thus been able to collect better quality material in larger quantities, and receive higher prices per kilogram, as they sell pre-compacted material directly to the larger recycling enterprise without intermediaries. Similarly, within the *feria modelo* scheme, street vendors have been provided with significant investments in access to clean water, electricity and permanent roofing, extending the days that they are able to work, moving them into higher quality products and dramatically enhancing their working conditions.

Support policies can also have a positive impact on increasing the market access of informal enterprises. Lo Prado is currently strongly promoting the wider access of informal enterprises to their local market by incorporating HBEs into existing business hubs, and by helping them to cluster together. By granting HBEs local permits to sell in street markets, they are provided with a space in which they can develop their products and sales strategies, as well as reaching new clients not within their immediate neighbourhood. Furthermore, their clustering into a localised space through the establishment of production fairs and, most significantly, the creation of a micro-enterprise commercial centres allows HBEs not only to attract new clients from within the municipality, but also from other urban areas of Santiago de Chile. Santiago Centro has helped HBEs to increase their online visibility by providing training and funding for development in e-commerce platforms. The municipality of Peñalolén has managed to broaden the reach of waste-pickers by providing them with identification, increasing the trust placed in them by households and thus the amount of reusable products collected. This is complemented by offering a permit to sell as *cachureros* in street markets, which extends their capacity to gain profit in the parallel market.

The municipal support provided for the establishment of cooperatives and the clustering of informal enterprises can be significant in allowing informal entrepreneurs to increase their collective investment capacity, expand their market and productivity, and enhance the collective power to negotiate with the public and private sectors. Thanks to the shared profits of CREACOO, waste-pickers in La Reina have purchased two waste lorries and processing machinery, leading to an overall increase in the quantities of waste handled. The municipality of Peñalolén

has helped to organise a cooperative, the Association of Micro-Entrepreneurial Recyclers, who make use of ‘green collection points’, where their neighbours bring pre-sorted recyclable materials, in turn increasing their collection rate. Since this cooperative collectively sells these recyclable materials, they are able to negotiate better prices with middlemen. Macul has offered organised street vendors a twenty-year commodatum for public spaces, which they used to build two covered street markets – *Feria Modelo Juan Pinto Duran* and *Feria Quilín* – along with investing in potable water, electricity, public toilets, green spaces and a children’s playground. This has in turn seen increases in their sales, profits and job security.

My empirical results also show strong effects of policies aimed at reducing negative externalities. Waste-pickers in La Reina have been provided with a recycling centre, tools and machinery to increase workplace safety, as well as taking steps to minimise their direct contact with waste material. Similarly, Peñalolén has introduced policy that recognises waste-picking as a legitimate field of employment, in turn opening up child care facilities to waste-pickers, dramatically reducing the occurrence of children at work. Policies in Lo Prado have led to the provision of a branch office in a hub centre for HBEs, leading to reductions in accidents at the workplace, the total working week length and family life disturbance. Street market infrastructure provided in Macul, such as permanent roofing, green spaces, lighting and parking, have reduced accidents at the workplace and the neighbourhood life disturbance of *ferias*.

It appears that we should move from a narrow conception of co-production to an extended version that promotes the right of informal entrepreneurs to succeed, as there are large gains to be made from a pragmatic supportive policy approach focused on the inclusion of vulnerable populations by sustaining their efforts to grow their enterprises. In particular, there are substantial benefits to be made from a pro-productivity approach, and the improvement of working conditions for the informal economy based on increasing their capital (human, physical and financial), local organisation and promoting their access to markets. Going beyond a co-production framework that grants the poor with not only the right to work, but also the right to succeed and grow, aligns more closely with the ILO’s (1991) policy concerns on “attacking the underlying causes (of poverty) and not just the symptoms” through “a comprehensive and multi-faceted strategy”.

LIMITED AGENCY AT THE LOCAL LEVEL AND THE NEED TO TACKLE THE STRUCTURAL ROOTS OF EXPLOITATION

Although municipalities and informal entrepreneurs are able to make significant improvements to the incomes and working conditions of a traditionally marginalised population at the local level, we have seen across sub-sectors that these bodies encounter structural limitations

when attempting to make change at a higher level. There is a strong need to open up new areas of the city to vulnerable populations, to help informal enterprises to become organised and to initiate supportive national regulations. However, these lie beyond the scope of municipal policymaking, and thus require the commitment of other players. This section focuses on the structural limits of a local ‘right to succeed’ approach towards the UIE, and the changes required to break through these limits to fully allow informal entrepreneurs to progress.

Spatial poverty traps and the right to access the city

As seen earlier in this chapter, informal entrepreneurs can face a spatial poverty trap that ultimately limits the progress of their enterprises. This poverty trap contributes to the accumulated disadvantages of informal entrepreneurs. This can only be reversed by guaranteeing them access to profitable central and wealthy urban areas.

Figure 7.8: Socio-Economic Spatial Segregation in Santiago de Chile



Source: Green et al. 2008.

In Santiago de Chile, as in most Latin American cities, the urban population is highly

spatially segregated by socio-economic conditions (Dávila 2012), meaning that low- and high-income residents are concentrated in different municipal areas (see Figure 7.8). As Oviedo-Hernández and Dávila (2016, p.191) underline, in the context of a socio-spatial concentration of earning opportunities in central and wealthy areas, access to these areas can become a determining factor on entrepreneurs' capacity to overcome poverty. As seen across informal sub-sectors, this spatial location of informal enterprises in poor urban areas leads to two limitations: a spatial competition barrier, when excessively high local competition decreases wages, and a spatial purchasing power barrier, as lower local purchasing in poor urban areas limits market size. These factors ultimately restrict the capacity of supportive municipal policies to expand local informal entrepreneurs' livelihoods.

The issue of spatial competition arises when poor urban areas contain more vulnerable populations and a resulting higher need for income generation, drawing ever more people into informal entrepreneurship. Conversely, wealthier areas have very small vulnerable populations, and so informal enterprises in these areas are uncommon. This disparity can be huge – as mentioned previously, the municipality of La Pintana (a low-income area) contains six times the number of HBEs and twenty-five times the number of *feriantes* than Vitacura (a high-income area). This localised competition negatively affects wages, for instance in Cerrillos, where waste-pickers have complained about the number of people collecting materials, leading to divided profits. In Lo Prado and La Granja, owners of corner stores commented that an increase in the number of stores per block has led to a similar splitting of profits. Street vendors in Maipú and La Granja similarly complained about the high number of *feriantes* and *coleros*.

Regarding the spatial purchasing power barrier, demand per household in wealthier urban areas is greater than poorer areas, meaning that informal enterprises tend to concentrate in areas with smaller markets. In the case of waste-pickers, higher income areas produce a higher quantity of recyclable waste, so collecting in these areas is more profitable, and provides better quality products for re-use waste. Similarly, waste-pickers reported higher prices paid for reusable goods when they are able to sell in street markets in these areas. *Ferías libres* and *feriante* workers in wealthy areas target a local population with a higher purchasing power, creating the potential for higher profit margins and a greater number of sales. HBEs similarly have higher potential margins in these areas, as retail stores, services and manufacturers all benefit from higher local demand from wealthy households, and are often able to charge higher prices per item. This spatial fragmentation of purchasing power severely restricts the profitability of poorer urban areas where informal enterprises tend to cluster.

This divergence is maintained over time, as the spatial exclusion of informal enterprises from more profitable areas is combined with repressive mechanisms. Although some informal

enterprises do attempt to exploit the offer-demand discrepancies between poor and wealthier city areas, this proves difficult when faced with the extensive policing policies of higher income municipalities. As seen in Chapter 4, waste-pickers from Recoleta who move into the *Barrio Alto* areas are often subject to police control, criminalised and finally removed from the wealthier neighbourhoods. For street vendors, the lack of new *ferias* and the absence of new permits being issued in wealthy municipalities prevent them from accessing additional locations in official street markets. Further, they are unable to attempt working unofficially as *coleros* in existing *ferias*, as they are actively prosecuted by police. HBEs face restrictions due to the high property prices in wealthy neighbourhoods, and thus have no choice but to establish their businesses far away, in poor peripheral city areas. Similarly to *coleros*, HBE producers who attempt to access wealthier neighbourhoods as ambulant sellers are actively prosecuted by police.

Many interviewees across sectors commented that there is significant unexploited space in wealthier areas with the potential to creating high-quality informal work, yet businesses remain locked in their homogenously poor local areas. This spatial poverty trap must be overcome to sustainably expand the amount of decent employment in informal enterprises. This not only includes the much-needed transport improvements in peripheral areas to revitalise economically poor neighbourhoods (Davila 2012), but also new national regulation that grants what I call ‘the right of access to the city’ for informal enterprises, as it has the potential to open up the market of wealthy municipalities to informal operations. This would mean guaranteeing to non-resident waste-pickers the right to collect and sell across the city, guaranteeing *feriantes* the right to create new street markets along with urban development, and creating HBE hubs that provide branch offices, allowing for sales to high-income clients. Regional governments must also partner with the poor to initiate planning regulations that are able to extend the spatial reach of parallel informal markets, in which entrepreneurs tend to have a more equal market power and obtain fairer prices. For instance, more integrated urban planning models that work to build mixed-income neighbourhoods could further contribute to fighting the spatial socio-economic pattern of segregation of Santiago de Chile, and potentially other cities, by moving informal entrepreneurs into more profitable neighbourhoods.

A landscape of self-organisation: The need for larger-scale collective action

Across sub-sectors, organisation at the local and national levels is critical to being able to bargain for higher levels of support and changes in the law that account for informal entrepreneurs (Carré 2013). This bargaining occurs with three different groups – upper-level public sector, private sector and local government – but reaches limits when attempting to negotiate with formal enterprises over exploitative trade conditions. Table 7.6 summarises the main characteristics and achievements of informal organisations across subsectors in Santiago de Chile.

Table 7.6: Informal Entrepreneur Organisations: A Cross-Sector Panorama

<i>Characterisation</i>	<i>Waste-Pickers</i>	<i>Street-Vendors</i>	<i>HBEs</i>
<i>National Organisation</i>	MNRCH	ASOF	CONUPIA
<i>Power</i>	Weak	Strong	Strong
<i>Type</i>	Only waste-pickers	Only feriantes	HBEs as part of a larger median, small and micro enterprises movement
<i>Archivements</i>			
<i>Formal Enterprises (Prices)</i>	Some support	Access to credits at lower interest	None
<i>Formal Enterprises (extending market support)</i>	Weak negotiation power over prices	None	None
<i>National Law Recognition</i>	Weak recognition as part of the recycling system	High level lobby for changes in law	Recognition in the Law
<i>National Funding</i>	No funding support to the activity	Dedicated souce of funding to support the activity	Dedicated sources of funding
<i>Local Organisation</i>			
<i>Power</i>	Mainly weak	Strong	Almost non-existent
<i>Type</i>	Only waste-pickers	Only Feriantes	Part of local enterprises chamber
<i>Municipal recognition</i>	Commonly weak or inex-istant recognition as part of the local recycling system	Strong recognition, regulation and medium job security.	Strong recognition with little regulation. Recognition without support
	Mostly no funding support to the activity	Weak to moderate access to funding support to the activity	Weak to moderate access to funding support to the activity

Source: Own elaboration

Upper-level public sector bargaining power

Comparing levels of organisation across informal sectors shows that strong national unions of informal workers are often able to negotiate support and favourable changes in the law vis-à-vis high-level authorities. For instance, the actions of CONUPIA were crucial for the change in regulations in 2001 that guaranteed HBEs the right to exist in any location, regardless of city land uses. Similarly, as described in Chapter 5, the increasing national organisation of *feriantes* has allowed them to receive support from high-level national authorities, including senators, ministers and even the president. They are now on the verge of recognition in national law, giving them the fundamental right to exist and to enhance their job security. Although waste-pickers are mentioned as part of the solution of regional waste management, along with many other actors, for an increase in the extended producer responsibility law in Chile (Law 20.920), their existence as enterprises is not legally recognised and thus not regulated by any Chilean law.

Strong informal organisations are also able to negotiate economic support from national authorities, often working towards dedicated government programs targeting their economic inclusion. The most powerful example of this is the lobbying for the ‘Modernisation Fund for *Ferías Libres*’ by the ASOF in 2015. Although small grants and training programmes were open to *feriantes* – such as the FOSIS or the *Fondo Nacional de Capacitación* – the national association of *feriantes* was able to secure large and exclusive funds for their *Ferías Modelos* project. This fund allocated 1,028 million pesos (USD 1,658,064) per year for the renewal of infrastructure and improvement of working conditions in *ferías libres*. On a smaller scale, the CONUPIA has been key to securing HBEs with universal access to small grants, such as *Capital Abeja*, a fund of 3.5 million pesos (USD 5,645) dedicated exclusively to female entrepreneurs. In the case of waste-pickers, the MNRCH has not been able to secure universal access to national grants, even those such as FOSIS, which is open to any kind of entrepreneurship. These grants require registration at the municipal level, and the business must have been active for a certain number of years. However, since most waste-picker enterprises are neither supported by their municipality nor able to prove their date of establishment, they do not qualify for the programme. This has been overcome in the case of supported municipalities such as Peñalolén and La Reina – as they recognise waste-picker enterprises, these workers have been able to access FOSIS grants (FOSIS 2014; La Tercera 2011).

Private sector bargaining power

When negotiating with large companies, the outcomes for national organisations of informal entrepreneurs have been mixed: whilst effective in obtaining support to increase productivity, they have been almost ineffective in negotiating better payments. The national organisations of MNRCH and ASOF have been able to effectively negotiate support for informal enterprises from private enterprises to increase their productivity – this extends the market and profits of formal enterprises, and is thus in their interest. For instance, SOREPA has supported waste-pickers in La Reina by providing collection containers, facilitating their work and increasing the speed of collecting recyclable materials which the larger enterprise will ultimately process. ASOF has obtained preferential access to microcredits at below-average commercial interest rates for members, as well as accessing credits to purchase vehicles from automobile vendors, actions that extend that market of all of the affected formal companies. Although CONUPIA has not directly negotiated a specific agreement, large national and international companies such as Coca-Cola, Pepsi, and Super Pollo, provide HBEs with shop banners featuring their logo and the necessary equipment to sell their products in low-income neighbourhoods, again increasing their market penetration.

Hypothetically, national organisations could provide effective mechanisms with which informal entrepreneurs could effectively bargain for fairer trade deals with large formal enterprises (Carré 2013), however informal organisations at present are far from having the size and impact required to exert pressure on large companies. As shown across sub-sectors, the CONUPIA had little power when holding conversations about setting prices and conditions of subcontracting for HBEs, and the ASOF has not even attempted to bargain for a direct line of provisioning of elaborated products from large industries for street vendors. The MNRCH has had no success in negotiating better prices with large recycling corporations, although small achievements have been made in stopping the arbitrary reductions of prices paid in the paper sector. As a result, when taken at the national level, the current scope and size of organisations across all informal sub-sectors is effective for brokering supportive deals when they involve direct gains for large formal companies, but they still cannot effectively change the exploitative influence that large companies exert over small informal entrepreneurs through market power mechanisms.

Local government bargaining power

At the local level, larger informal organisations are able to argue for favourable local regulations, sometimes opening local channels of funding. Among HBEs in Santiago Centro, small and well-organised cooperatives have been able to lobby the municipality to access infra-

structure investment or to create business clusters. Non-organised HBEs, such as those in La Granja, are less effective in accessing national funds and establishing local support programs. In the waste-picker sector, CREACOOB successfully lobbied the municipality of La Reina to receive support with legal constitution and with gaining access to central government funds. This cooperative also received additional local funds to support the capitalisation of waste-pickers, both at the individual level and as a cooperative. In contrast, in Pudahuel and Santiago Centro, non-organised waste-pickers have received minimal recognition, more often being actively persecuted. *Feriantes* tend to be the most organised of the three subsectors at the local level, with almost all belonging to an organisation on either a *feria* or a municipal scale. All of these are recognised by municipal regulation and have official schedules and permits for operation. The most organised groups, such as those in Macul, are more effective in lobbying for financial support to invest in infrastructure and to enrol control against non-permit holders from entering their market areas. There is thus a recurrent correlation between strong organisation amongst informal enterprises, higher levels of municipal recognition and access to local and national municipal support.

Partnering with the poor: A new role for central and regional governments?

As seen in the empirical chapters, if the poor are to overcome the structural limitations that they face as entrepreneurs, there must be a partnership made with central government that recognises these vulnerable populations (Chen et al. 2016). Based on the experience of the subsectors analysed here, three strategies are arguably required: adopting a favourable rule of law that promotes inclusion, providing resources at the local level, and promoting successful practices across space. First, to break the pervasive cycle of exploitation through vertical integration with formal enterprises described at the beginning of Chapters 4 through 6, national government must regulate the formal-informal network. This would ensure that informal entrepreneurs obtain fair prices, are met with stable demand and receive regular, dependable payments, bringing an equilibrium to the disparate market power of small versus large industry. As seen in Chapter 5, some steps have been taken to regulate delays in payment to HBEs, however further laws are required to regulate prices and standards to ensure income security. Waste-pickers face a particularly urgent need for the regulation of recycling prices. Through regulation that keeps the prices of recyclable materials tracked to the international prices of raw materials, waste-pickers may no longer be faced with the arbitrary reductions in prices paid to them due to unequal market power. This will have the run-off effect of making the recycling market more attractive, resulting in increased recycling rates, incomes, investment capacity and labour conditions.

Central and regional governments must transfer to the lower levels of government the resources necessary to implement innovative policy solutions for the informal economy. Munic-

ipalities in Chile in general – and in poorer urban and rural areas in particular– often lack the necessary human and financial resources to fully promote the right to succeed amongst informal enterprises. For instance, although Lo Prado has a hub of HBEs, and this allows enterprises to reach higher profits, it is compromised by rather poor infrastructure, and the municipality has financially struggled to expand this site and to create new hubs. Similarly, Peñalolén has not been able to implement a recycling centre due to their incapacity to finance the large investment necessary. The investment in Macul for *ferias modelos* was relatively minimal, leading to a lack of solid infrastructure, and while successful, the programme has struggled to expand into new urban areas due to this lack of resources. The recent creation of central government funds in 2015 for the “Fondo de Modernización de Ferias Libres”, is a much-needed initiative to speed up the expansion of the programme. Following this lead, existing sources of funding need to be expanded, while new funding schemes are required to support the implementation of successful policies for HBEs and waste-pickers.

Finally, higher-level government must become a promoter of successful practices across space. Municipalities traditionally have a history of perceiving informal enterprises in a negative light, and while in some cases this has evolved to a more tolerant attitude, this is far from being the case in all municipalities or informal sub-sectors. It is key then that central government promotes a wide, positive attitude towards these enterprises, helping to determine which methodologies and policies work, and expanding them across other local governments. While policies such as the *ferias modelos* programme have been promoted jointly by government agencies and the ASOF, there is still much more to be done to spread the successful stories of waste-pickers and HBEs throughout Chile as a whole. With this knowledge, other local governments and informal businesses could come together in new geographical spaces and negotiate an inclusive local development agenda.

THEORETICAL CONCLUSION: A SUPPORTIVE POLICY FRAMEWORK OF INFORMALITY

This chapter has provided the main theoretical conclusions of this study, deepening our knowledge of informal entrepreneurship and the rationality, impacts and limitations of supportive policies. I summarise here the findings pertaining to the research questions posed in the introduction (see Chapter 1).

I have shown that, across sectors, standalone economic theories as they currently exist cannot describe the complexity of informal entrepreneurs’ on-the-ground experience in Santiago de Chile. I have argued that an amalgamated theory would give a better account of the complexity of a variegated sector-space-time geography of informal entrepreneurship. This would allow us to account for two factors: the one-way nature of informality and the multidimensional nature of

informal-formal linkages. First, a ‘one-way street’ type of movement towards the UIE emerges as individuals are driven into these activities both by opportunity and out of necessity, and so the UIE expands during times of both economic strength and crisis. However, once in the activity, the large majority of individuals find that their prospects are better when remaining in the UIE, thus opting to maintain their informal enterprises in the long run. Second, informal activities are at times integrated with the formal economy through backward and/or forward networks, and also operate in a separate informal parallel economy comprised of a large number of grassroots enterprises. Here, we must recognise that parallel informal markets provide an opportunity to escape the exploitative nature of vertical markets, as they are often a preferable option allowing for fairer negotiating power and better prices. In particular, UIE theory must account for the potential to articulate efficient informal markets into clusters, as is done by HBEs, and into grassroots networks of entrepreneurs, such as those of *feriantes*, which significantly increase their spatial reach and allow informal entrepreneurs to sell in larger quantities.

This study has also explored the common discourses articulated by municipalities to support the UIE. Across informal sub-sectors, municipal support is motivated mainly by a desire for the social and economic inclusion of traditionally marginalised local populations, with a secondary objective of providing services for local residents. Most informal entrepreneurs face accumulated disadvantages – of low human, physical, and financial capital, as well as a lack of organisation, access to markets and spatial poverty traps – that inhibit their development. Municipalities thus propose supportive policies as being key to overcoming these multidimensional poverty barriers and unlocking the potential of these informal businesses. In practise, policies focus mainly on increasing business productivity, as municipalities see in this a direct way to increase incomes, improve working conditions and decrease the negative externalities of informal enterprises. Given that the primary aim of supportive municipal policies is the economic inclusion of vulnerable populations, and not public service provision, the current co-production framework needs to be extended. I propose a theoretical extension focused on the ‘right to succeed’, re-centring social inclusion as the core objective of supportive policymaking. This approach would also account for the value of informal enterprises as providers of private services, the capacity of these businesses to be efficient and innovative, and the high productivity gains to be made from a bottom-up negotiation approach to policymaking.

Across case studies, the consistently positive impacts of supportive municipal policies on informal entrepreneurs makes a strong case for the positive involvement of public government as a key player in advancing decent work within the UIE. Local support policies have been able to provide tangible improvements in productivity, incomes, and the reduction of negative externalities, moving vulnerable waste-pickers, street vendors and home-based entrepreneurs closer to decent working conditions. In particular, there are substantial benefits to be made from

a pro-productivity approach based on increasing their capital (human, physical and financial), local organisation and promoting their access to markets.

Finally, a major extension must be included to understand the limits of local government agency and the urgent need for larger-scale intervention. By being spatially trapped in places of high competition and low purchasing power, vulnerable populations face a limit when building sustainable informal businesses. This limit can potentially be eliminated through regional planning reforms, which grant the poor with the right to access the city for commercial purposes. Self-organisation amongst informal entrepreneurs is also necessary to enable them to lobby local and central government for funding and favourable regulation. However, these organisations alone are less likely to reduce the exploitative relation between informal enterprises and large formal enterprises. To overcome this restriction on local agency, central government must undergo a shift of mindset, partnering with the poor to support their efforts to improve their living conditions. Higher levels of government must regulate exploitative formal-informal relationships, provide the resources required by local government to implement supportive policy strategies and learn from what has worked in other areas, allowing successful stories to travel across space.

Notes to Chapter Seven

1. As mentioned in Chapter 2, Centeno and Portes (2006) distinguish between three types of economic activities - criminal, informal and formal - depending on the legality of products and whether the processes of production/distribution are legal or illegal.
2. Given problem of under declaration of profits in the informal economy, these declared income levels are likely to be an under estimated (Gough & Kellett 2001, pp.237-238), therefore even stronger the conclusions that perceived informal income are better than formal salaries at the bottom of the labour market.
3. Street vendors are unable to avoid transport cost, as they must travel to carry out purchases in other municipal areas.
4. Calculated on the basis of the AFP Habitat Simulator in October 2016. I account for a male with a wage of 241,000 pesos (minimum monthly wage), making continuous monthly payments for thirty years.
5. Cheng and Gereffi (1994) (see also ILO 1972, Weeks 1975) proposed that forward integration might be inclusive and a potential source of downward capital transfer, leading to productivity increases and a more stable and higher source of income for the poor. However, other authors have contradicted this, focusing on formal enterprises' use of subcontracting to avoid the payment of worker benefits, and exploitation of reductions in prices through their market power. Forward networks have faced similar debates: Bottom of the Pyramid (BoP) literature contends that these networks form part of a corporate strategy of social inclusion into the modern market economy, bringing employment and (higher quality) formal products to the poor (London & Hart 2010; Prahalad & Hart 2002; UNDP 2008). Contrasting debates have criticised the potential for these types of networks to become a primary source of income for informal workers, with no guarantee of workers receiving better working conditions nor of the higher quality of formal products (Nadvi, 2004; Ruthven 2010; Siggel 2010).
6. Contrary to the much-advocated opening of financial services for the poor to avoid this poverty barrier, this is often ineffective. Although in Chile the private banking system has increased the availability of credit to poorer people, this credit is typically high-interest and provided in only

very limited amounts. At interest rates of 29 to 40 per cent, only a small proportion of high-productivity and highly profitable enterprises can afford to take out credit, while the much larger number of mid- or low-productivity entrepreneurs – typically those from poorer backgrounds – are excluded from the system.

CHAPTER 8 : POLICY AND METHOD CONCLUSIONS

With the main theoretical implications of the study being covered in the previous chapter, in this chapter I focus on the key methodological and policy implications. First, I wish to argue for recentering informal economy studies on the question of work quality for those at the bottom of the labour market, arguing that it forms a meaningful debate that helps us to consider formal work conditions as part of the problem and informal entrepreneurship as part of the solution. Thereafter, I wish to draw out a methodological conclusion, pointing to the need for a research agenda that considers a more variegated geography of informality, and that better accounts for sector-, space- and time-specificity of working condition for vulnerable populations. Finally, I propose a two-sided policy approach to promote decent work throughout the lower end of the labour market, one that advocates for rising formal work standards to foster a favourable incorporation of workers, and another that support the right to succeed of informal entrepreneurs through supportive government interventions.

QUALITY OF WORK: THE ELEPHANT IN THE ROOM

The informal economy represents two-thirds of worldwide employment (OECD 2009a) and contributes more than 40% of global GDP (Schneider et al. 2010). It is an especially significant feature of urban labour markets in the Global South, having been a persistent phenomenon in all regions, including expanding in the wake of economic growth in Latin America and Asia in recent decades (OECD 2009a). Although, in an urban context, an estimated 900 million people in the developing world depend on the informal economy for their livelihood, it has traditionally been characterised as having low productivity, low wages and poor working conditions (OECD 2009a). The informal economy has thus been perceived as a significant impediment to the creation of decent work on a global scale, and this has led to more than four decades of policy interventions with the ultimate aim of making it disappear (see Chapter 2). Some argue that this should be done using an ‘iron fist’ approach, involving repressive policies and strong regulations. Others suggest that barriers to formalisation should be reduced, while others support softer methods, assisting workers to move out of the poor working conditions in the informal economy.

In spite of this negative attitude lying at the heart of development policy discourse, this is not always the case. As we have seen in each of the previous empirical chapters, the decision to enter, exit and continue in informality are not only the result of a lack of formal employment opportunities, but more fundamentally are the result of poor working conditions in the formal economy, combined with the desire of those at the bottom of the labour market to achieve social progress for themselves and their families, whose prospects are often more assured by informal activities.

These findings encourage us to consider whether a paradigm shift might be necessary in our policy approach to the UIE, since they raise the fundamental question: is the informal economy the main problem that needs to be tackled, or it is rather a piece of the larger puzzle called poor quality of work? If it is the latter, tackling informality alone may prove to be impossible without first comprehending and addressing the broader issue of the quality of work at the bottom of the labour market. As the seminal ILO (1972, p.3) report put it – a report that in my view has been insufficiently taken into account in more recent development policy design – ‘if the problem is primarily (formal) jobs, the solution must be the provision of more (formal) jobs. But if the problem is primarily an imbalance in opportunities, the solution must be to put right the imbalance’.

Throughout this thesis, I have shown that informal entrepreneurship is not necessarily the problem, at least not in all geographical contexts, leading me to argue that the primary issue to address in this domain of development studies is the poor overall quality of jobs available to vulnerable populations, requiring analyses of both the informal and the formal economies. In my view, re-centring the debate on quality of work draws the attention to three fundamental issues. First, it forces us to question our preliminary (perhaps Global North) assumptions, that formal employment alternatives are necessarily of a good quality and highly productive, and that informal work is of precarious quality and low productivity. By challenging this, we are then able to determine whether these assumptions really hold true across diverse (geographical) contexts, including within the same metropolitan area. As the three case studies have shown, in a context where labour market liberalisation has deeply degraded formal work conditions, informal entrepreneurship offers an alternative with prospects of social progression for those at the lowest end of society and their household members. This is true for most informal entrepreneurs, even in the current adverse context where policies of repression or tolerance from central and local governments are common. Second, by focusing on the employment opportunities for those at the bottom of the labour market, we are able to understand formal work in its heterogeneity, moving beyond the average wages and working conditions which often mask the extremely low quality of jobs available to those coming from backgrounds of poverty and limited education in the developing world. It is by focusing on this lower-end demographic, rather than solely on informality itself, that we observe how near-minimum wage formal employment may often not offer better incomes, working conditions and career prospects than informal entrepreneurship in the developing world. Finally, focusing on the quality of work for vulnerable populations allows us to understand that policies aimed at moving workers from one end of the formal/informal divide to the other can prove fruitless, as they are unable to improve workers’ conditions when operating in a context of formal work of low calibre.

IMPLICATIONS FOR RESEARCH AND METHODOLOGY: A VARIEGATED GEOGRAPHY OF INFORMALITY AND FORMALITY

In Chapter 7, I established the purpose of a variegated geography of informality for research which involves making more detailed accounts, both qualitative and quantitative, of employment conditions, incomes and opportunities for social progression offered by both the formal and informal economies at the bottom of the labour market, and how this affects the employment opportunities of poor citizens in different geographical contexts. Only then can we assess whether, in a particular context, the focus should be on increasing the number of formal jobs, or rather addressing the imbalance of low returns from formal work and slow social progression of informal enterprises in the absence of support – or perhaps a combination of both factors.

To understand contemporary work quality for vulnerable populations, we need data on the informal economy in greater quantity and of higher quality. In my own research, I found a significant lack of detailed data for informal sub-sectors: qualitative studies tended not to give a complete picture of supportive initiatives of Chilean informal subsectors, and particularly, quantitative data was not sufficiently large nor detailed enough to explore the full range of motivations, and the impact of local policies on heterogeneous informal subsectors¹.

For a more accurate representation of the variegated geography of informality, qualitative studies need to map not only exploitative conditions within the informal economy, but also contrast them with the alternative, sometimes exploitative, formal labour conditions that affect vulnerable populations. Moreover, a more detailed account of current public support initiatives towards the informal economy in particular geographical contexts is necessary. Indeed, much remains to be researched regarding policies and interventions that may be able to support poor entrepreneurs in various informal sub-sectors at local scales. This is particularly important not only to avoid policy generalisation and to build effective local/contextualised policy strategies of inclusion, but more fundamentally to use evidence to challenge the international policy consensus that has pegged informality itself as the problem.

At the same time, given the lack of more detailed data in developing countries, quantitative research has commonly worked from the initial assumption that formal employment is necessarily desirable, with policy intervention analysis reflecting this. In my view, three extensions to quantitative studies are integral to lessen this pro-formality bias. First, survey data should include reasons for entry, exit and continuity in informal work, to understand how much of the problem stems from a lack of formal employment opportunities and how much emanates from the poor quality of formal employment and a lack of alternative means of socio-economic

mobility. Second, while data analysing the negative aspects of the informal economy are relevant, we also need data that account for its benefits, as this would help us to better understand its persistence, and sometimes expansion, over time. Finally, we need more detailed data, particularly at the local level, on the type of policy approaches and specific policies that are targeting informal enterprises. This will help us to understand their impact, not only on the enterprises' decision to formalise, but more fundamentally on their productivity and ability to improve the livelihoods of the households that these businesses sustain. With this approach, we will be better equipped to understand what works and does not work to improve the working lives of vulnerable populations.

A POLICY AGENDA OF DECENT WORK FOR THE BOTTOM OF THE LABOUR MARKET

As the seminal ILO (1972) report pointed out more than four decades ago, both informal and formal employment represent aspects of the same problem. In my opinion, the labour market conditions in Santiago de Chile, though they provide an isolated case, are relevant as they resonate with a substantial body of research that reports the degradation of formal working conditions in Latin America (González de la Rocha 2006; Thomas 1995; Whitson 2007b;) through consistent programmes of labour market flexibilisation and social security privatisation. In this declining formal labour market context, two policy strategies may offer the potential to correct this work quality imbalance: 'Favourable Incorporation' as workers and 'The Right to Succeed' as entrepreneurs. While the first aims to improve working conditions at the bottom of the formal labour market by increasing its attractiveness, and then motivating individuals to *voluntarily exit informality* in favour of better formal working conditions, the second aims to *support informal enterprises* in overcoming poverty barriers such that they can transform their enterprises into a real alternative of socio-economic mobility.

Favourable incorporation: Growing decent work opportunities in the formal labour market

Informality is expanding (or at the very least not decreasing) in the developing world and, as Chapter 7 has explained, a significant contributing factor may be the 'poverty-level' returns of formal work. As we have seen in the context of Chile, economic progress has not necessarily led to significant increases in low-end formal work quality, but has arguably instead led to stagnant wages, declining job stability and minimal access to social protection. This has led a group of disenfranchised workers, unable to obtain satisfactory remuneration and reasonable benefits, to turn towards alternative routes of entrepreneurship that afford them the opportunity of socio-economic mobility, even with their limited assets. Another group, excluded from for-

mal employment opportunities, were pushed into the informal economy, ultimately finding in it a more promising opportunity for economic progression.

This clearly makes a case for challenging the advancement of a ‘forced formalisation’ programme (Perry et al. 2007) – using traditional carrot-and-stick policies – to what I call a ‘voluntary formalisation’, which grants vulnerable populations favourable incorporation into formal work. An approach which forces an informal-formal migration might mean that vulnerable populations will lose monetary and non-monetary rewards in exchange for working conditions that are even more precarious. Furthermore, a ‘forced formalisation’ approach can also produce legal and monetary burdens well beyond the investment and returns capacity of the poor, suffocating their entrepreneurial capacity. In the current Chilean context, one might even conclude that a forced formalisation policy could erode social inclusion by adversely incorporating workers into the formal economy, or threaten family livelihoods and their prospects for capitalisation by setting exclusionary barriers to entrepreneurship. The pertinent question to ask regarding World Bank policy is thus: formality at what cost for vulnerable populations? In my view, formalisation is the logical policy choice only if it helps to improve the working conditions for these workers.

With this in mind, formalisation has the potential to become a ‘pro-poor’ policy agenda if it is able to transform the one-way migration to informal work into a voluntary U-turn back to the formal economy. Through a shift in attitude away from *forcing* workers into formal employment, in favour of allowing them to *voluntarily* move to formal work (still with the alternative of pursuing their informal enterprise), governments may take a step forward in favourably incorporating vulnerable populations into the formal economy. Logically speaking, voluntary migration will occur only when returns from formal work at the bottom of the labour market – both monetary and non-monetary – are higher than those obtained in informal entrepreneurship. This means that the formal economy would be less reliant on repressive mechanisms of the state, and more focused on improving working conditions to attract vulnerable workers. Further to this, the formal economy should also establish a more competitive level of employment quality for those at the bottom of the labour market, to be able to attract labour back from the informal economy. These factors have the potential to come together, along with a minimum wage mechanism, to push against the prevalence of low-quality formal and informal work.

As far as state policies are concerned, promoting voluntary movement into formal work would mean reversing forced formalisation policies, that is to say promoting migration into formal work with carrots rather than sticks. In the case of Santiago de Chile, this necessarily involves a shift from decades of flexibilisation in the formal labour market towards policies aimed at raising minimum wages, increasing social benefits offered through the workplace and

providing more security and stability in formal jobs. Orientating policy actions in this direction could, in my opinion, set off an informal-formal work migration that would favourably integrate vulnerable populations, as the less productive and competitive informal entrepreneurs opt into the better alternative of formal work. As a result of this, the more ‘survival’ or unproductive component of the informal economy will decrease in size, improving these workers’ livelihoods.

The right to succeed: Growing the capacity to escape conditions of poverty

In Chapter 7, I raised questions about the capacity of the ‘co-production’ agenda to capture the motivations behind governmental support and the diversity of expanding supportive practices across informal sub-sectors. If the conceptualisation of ‘co-production’ is ill-suited to understanding local government rationality and limits our more meaningful reflections on the potential of a grassroots (informal) economy, then we require a more holistic terminology: for example, ‘the right to succeed’.

I consider that the concept of a ‘right to succeed’, proposed in Chapter 7, extends our policy conceptualisation of the informal economy in three fundamental ways. First, it moves policy discussion away from issues of legality, to the more fundamental discussion of the rights of vulnerable people, regardless of their legal status, to access both a choice in the way they will progress in their work (be it as employee or entrepreneur) and increased opportunity for social progress more broadly². Second, rather than focusing only on public service provision, it re-centres the objective of government-informal entrepreneur partnerships on the social inclusion of vulnerable entrepreneurs, thus extending the horizon of support policies and their applicability to the whole informal economy. Finally, under this approach, such partnerships would enable the promotion of productive small enterprise structures (what I have referred to as clusters and networks of grassroots entrepreneurs). These grassroot structures have the potential to offer a highly desirable alternative for the organisation of the economy, given their employment generation capacity and effects on income distribution (by increasing the income of the poor). It is by following this concept that I venture six general policy actions that have been effective for opening up opportunities of development to informal entrepreneurs in Santiago de Chile. By no means do I aim to provide a full account of emerging ‘right to succeed’ policies, but rather a glance at the possibilities opened by approaching informality from this perspective.

Policy approach 1: Capacitating informality

The enhancement of human capital in the informal economy has a direct positive impact

on the enterprises of the poor, establishing a self-reinforcing cycle of higher incomes, higher saving and investment capacities and, as a result, improved working conditions, meaning more ‘decent work’. This type of government support effectively provides no fundamental dilemma – an increase in training skills provided to a vulnerable population can be seen as an objective in and of itself, leading to higher overall labour productivity, economic growth and a reduction in public sector dependency. Training programmes ought to be implemented within both national and local contexts, and adapted to the specific skills required within each informal sub-sector. Comprehensive training programmes currently implemented in Santiago Centro are limited to HBEs, but a wider geographical and sector scope of programmes would benefit many more informal enterprises. Since HBEs tend to face similar challenges to one another, the skills training provided in Santiago Centro could be adapted, or be directly applicable to other municipal contexts. Furthermore, many of the skills offered by these programmes could, with some additions or adaptations, be applicable in other informal sub-sectors. Training programmes should be offered at little or no cost, since many poor families would be excluded from enrolling in courses if they were forced to make a trade-off between investing in training (which would divert money and time away from income-generating activities) and meeting a survival-level income.

Policy approach 2: Capitalising informality

The qualitative and quantitative analysis in this thesis substantiates the idea that the direct provision of capital from governments to informal enterprises – from its simplest form, such as the provision of tools to waste-pickers, to higher investment schemes such as the creation of recycling centres or *ferias modelos* – can lead to dramatic increases in the productivity, incomes and working conditions of informal entrepreneurs. These provisions should thus be incorporated as part of the development policy toolkit, both for self-sustaining and functional informal enterprises hoping to further develop their business, and perhaps more urgently for informal entrepreneurs facing pressing survival needs.

Policy approach 3: Financing informality

Although the private banking system has increased the availability of so called ‘micro-credits’ to poorer people, this credit is typically high-interest and is provided only in very limited amounts. Only a small proportion of high-productivity profitable enterprises can afford to take out this credit, while the much larger number of mid- or low-productivity entrepreneurs – typically those from a poorer background – are excluded from the system. Zero-interest credit schemes, a form of credit subsidisation discussed earlier, would provide an excellent means to foster further growth for an established enterprise that already has access to credit. As well as

making credits available to the poorest self-entrepreneurs, this strategy also massively leverages and maximises the injection of capital into informal enterprises as public and private financial resources are pooled together. Zero-interest credits thus allow small businesses to reach their 'next level' without being hampered by a growing stream of interest debt, while still holding them accountable for repaying the loan in full and thus demanding financial responsibility. Support for the capitalisation of informal enterprises in all its forms – human, physical and financial capital – can thus be a huge contributing factor in the promotion of decent work for the poor.

Policy approach 4: Broadening market perspectives

Scholars and policymakers have conceptualised the higher articulation of formal-informal economy linkages as creating a transfer of capital to the poor, extending their markets and creating stronger employment opportunities (Cheng & Gereffi 1994; London & Hart 2010; Prahalad & Hart 2002; UNDP 2008). The dearth of quantitative data on this topic renders it impossible to establish for every country overall levels of integration between the informal and the formal economy, as well as the payments to, and general working conditions within, informal enterprises. However, my qualitative study in Santiago shows that there is sufficient evidence to question whether real progress will be achieved for vulnerable populations through higher formal-informal articulation. It seems rather that, in this situation at least, the relationship is moving in a more structuralist direction of exploitative integration. To overcome this, I propose that policies should focus on broadening the market alternatives of informal enterprises by regulating formal-informal linkages, and developing clusters and networks of grassroots entrepreneurs.

A more favourable articulation between the two economies can only be ensured if governments step in to guarantee that informal enterprises receive fair prices and reliable orders with timely payments from formal businesses. Here, we first need extended, network-wide producer responsibility: since subcontracting prices, standards and payments are drawn from demand from large established formal enterprises before filtering down through the networks, the higher level must be held accountable for the responsibility of minimising exploitation. Governments should demand higher levels of product and component traceability, to be able to identify the entire stream of subcontracting through to the lowest level of self-enterprises. This will allow for the extension of fiscalisation to the bottom of the network, making large enterprises accountable for the consequences of their production practices at all levels. A complementary policy to facilitate fiscalisation could be to open up labour office services to informal entrepreneurs, so that they are able to make official criticisms of subcontractors when facing mistreatment, which can then be traced back to formal enterprises. Finally, in some

markets where vulnerable populations are particularly exposed to exploitation, such as in amongst waste-pickers, minimum price payments should be regulated.

From my perspective, the most preferable alternative for supporting the growth of informal enterprises is broadening market perspectives in parallel informal markets by articulating clusters and networks of grassroots entrepreneurs. As was shown for HBEs, clusters of businesses are able to attract clients to poor neighbourhoods on a regional scale, breaking limited demand in disadvantaged neighbourhoods. In the case of street vendors, networks of grassroots entrepreneurs allow several small enterprises to engrain themselves in networks that directly reach clients across large geographical spaces. This can provide them with much larger demand and create fairer market power in their ability to set favourable standards and prices. As also demonstrated earlier, the public sector may play a crucial role by supporting the articulation of entrepreneurs and the construction of large infrastructure to support the exchange and distribution of products across cities and regions, or throughout the nation. Further support to expand the demand of these clusters and networks could be achieved through the public sector contracting services from the enterprises of the poor. As first suggested in Weeks' (1975) paper, though this proposal could be administratively demanding, it would potentially provide the transfer of capital, fair payments and sustainable demand that are vital for the expansion of small enterprises.

At the level of individual enterprises, the idea of the right to access the city is essential for breaking spatial poverty traps. Government has the power to open up central and wealthy urban areas by providing permits or infrastructure for vulnerable non-residents. This would allow an expansion of economic returns for informal entrepreneurs along with a dramatic increase in their number of prospective clients. The exploitation of e-commerce platforms offers a further alternative for increasing both the visibility and market penetration of informal products to potential clients. If governments take an active role in broadening market perspectives, the resulting increases in productivity in the informal sector could truly be transformed into higher profits and improved working conditions.

Policy approach 5: Organising informality

Supportive government bodies should recognise that, when promoting a 'right to succeed' policy agenda, as is promoted by organisations such as WIEGO, a collection of informal entrepreneurs that works in an organised way is preferable to a large, disparate group of disconnected enterprises. As Davila and Brand (2012, p.58) underline, this local social capital allows local governments to obtain vital information to solve complex social problems, and acts as a strategy to compromise social actors in the implementation of agreed-upon policies. First,

as seen across sectors, organisations such as cooperatives or informal unions not only facilitate negotiations between informal enterprises and government, but also increase the efficiency of the interactive trial-and-error process of public investment. This is done by facilitating policy compliance among members, and allowing leaders to provide feedback and recommendations from informal entrepreneurs to local governments. Second, by having a degree of organisation, an administrative structure develops within which informal entrepreneurs share capital, profits and expand their investment capacity, allowing them to take advantage of the economies of scale. Since organisations can consolidate economically, their dependency on government resources is thus reduced. Organising thus allows isolated informal businesses to develop together, achieving better results than they could on their own.

At this point it is worth noting that, although organisation is crucial for vulnerable populations to achieve social mobility, it should not be seen as standalone policy to replace the regulatory role of the state (described in Policy Approach 3). In my view, what can sometimes amount to an excess of (structuralist) confidence in the capacity of collective action of informal entrepreneurs (Budlender 2013; Dias 2016; Chen et al. 2016) may be unrealistic and, more importantly, may damage the very population that it is attempting to help. As seen in Chapter 7, organisations have the power to obtain support from formal enterprises so long as it expands their market, but even the strongest organisations have a very limited capacity to prevent exploitation through prices, payment condition and standards that also benefit formal enterprises. In turn, overconfidence in the power of collective organisation might lead to reductions in the much-needed pressure that is put upon governments to provide interventions that minimise the exploitation of formal-informal relations.

Policy approach 6: Supporting formalisation

While formalisation is not a sufficient condition to secure business growth among poor populations, it still both necessary and desirable. In line with de Soto's (1989) conception, my research shows that the process of formalisation is essential for accessing public and private benefits, but remains difficult for those coming from a background of poverty, thus hindering their legal status (for further detail see Chapter 7, section 'Accumulation of Disadvantages'). Here I can contrast three policy scenarios to foster the formalisation of informal entrepreneurs: no reward with responsibility, rewards without responsibility and rewards with (incremental) responsibility. The most commonly applied approach, no reward with responsibility, would not lead to significant tax collection (Bruhn & McKenzie 2014; de Mel et al. 2013; Joshi et al. 2014), but instead would lead to many informal workers seeing formalisation as a burden, since it involves high expenses and/or the strict satisfaction of regulations without any immediate benefits for their business. This is problematic as it leads to individuals attempting to keep their

businesses ‘under the radar’ of government, inhibiting their future growth, while others who are willing to comply may simply collapse as they fail to satisfy the rule of law and cover the costs of formalising, threatening their livelihoods. The second approach of rewards without responsibility could have the potential to foster the economic progression of vulnerable populations more broadly, but it may face the ethical problem of supporting tax evasion (Joshi et al. 2014) . My research sustains that, although most informal entrepreneurs would not be taxed at their current income level, there is a small portion of high-productivity entrepreneurs that have taxable incomes (see Figures, 7.2, 7.3 and 7.4). For instance, in the most profitable sectors of HBEs and street vendors, 1% to 3% of these informal entrepreneurs respectively earn incomes above USD 4,877 per month. At this income, they belong to the top 10% of Chilean income distribution and evade taxes ranging between 10% and 20% of their monthly income (INE 2017, p.4). For those that remain informal for tax evasion purposes, their informality may always be a more convenient option, in the context of support without responsibility.

In my view, for a gradual process of formalisation that enhances livelihoods and extends legal and social protection (ILO 2014), it is only the third of these policy alternatives, exchanging rewards for increased responsibility, that has the potential to both increase formalisation and foster capitalisation and growth for the enterprises of the poor at the same time. Nevertheless, this means that, in most cases, governments must step out of their ‘policing’ role, into more of a ‘leadership’ role. A ‘leadership’ approach would mean collaboration with informal entrepreneurs, in exchange for satisfaction of reasonable levels of regulations and increased levels of formality over time. These types of negotiations have the capacity to give informal enterprises a voice, allowing them to better explain their inabilities to satisfy regulations, reach agreements with local authorities and work out alternative means of increasingly in formality. On the part of informal entrepreneurs, there is appeal in being part of these negotiations, as they can access the opportunities of formalisation and gain government support. On the part of governments, incremental formality will mean greater compliance with regulation and tax obligations. This in turn strengthens the state income stream and reduces dependence on public funds.

As the experiences of supportive municipalities – such as La Reina, Peñalolén, Santiago Centro or Macul – show, the six supportive policies approaches described above are essential for strengthening the opportunities of the poor, while negotiations with government have simultaneously brought them closer to the rule of law. Promoting this ‘right to succeed’ approach does not mean that governments will devalue the importance of formality, nor that they need to promote informality, but simply that they will bring informal enterprises under the rule of law using carrots rather than sticks.

Beyond the particular methodological tools and policy solutions presented above, a profound cultural shift is needed when dealing with informality, both in academia and in the policy environment. It is imperative to promote a greater social acceptance of informal entrepreneurs from local and national authorities as part of (rather than apart from) their social and growth strategies.

Notes to Chapter Eight

- i. It was necessary to conduct my own randomised survey for this point.
- ii. The Oxford English Dictionary defines a right as: 'a moral or legal entitlement to have or do something'.

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ANNEXES

ANNEX 1: A NOTE ON SANTIAGO DE CHILE ADMINISTRATIVE STRUCTURE.

In Chile, as in many other parts of Latin America, local government has since the 1980s enjoyed increase responsibilities, power and the capacity to collect local revenues, transforming them into places of potential political innovation (Davila 2009, p.37). The administrative structure of Santiago de Chile is composed of two superimposed administrative structures: regional and local governments. First, there is the Gobierno Regional Metropolitano (GORE Metropolitano), the regional government of Santiago that administrates 52 municipalities, 34 of which are highly urbanised with the rest being mostly rural. The GORE Metropolitano is governed by a regional mayor referred to as the *intendente*, who represents the President of Chile in the region (and is appointed by the president him or herself), and an elected assembly of *consejeros regionales* (COREs) (Ley Orgánica Constitucional 19.175 sobre Gobierno y Administración Regional). The GORE Metropolitano is responsible for economic, social and cultural development (Law 19.175, art. 13). Effectively, the GORE does not directly provide any services itself, but has four soft powers: regional planning, territorial coordination of ministries' investments, autonomous investment functions and regional development. Additionally, each ministry has a regional structure, the Secretarías Regionales Ministeriales (SEREMIs), led by *secretarios regionales* (SEREMIs) (the ministry's representative in the region) who report directly to the *intendente* (who acts as the President's representative) in all aspects related to the design, implementation and coordination of ministry interventions in the region (Law 19.175, art. 61-64). Given the fact that both the *intendente* and the SEREMIs are appointed by the central government, there is always political alignment.

Second, Santiago de Chile has 52 municipalities governed by a mayor and a municipal assembly, who are democratically elected every four years. Municipalities are powerful autonomous administrative units in charge of the economic, social and cultural development of their communities, and are totally independent from regional and central government powers (Law 18,695, art. 1). They possess administrative autonomy, their own patrimony and budget and the power to generate local regulations and fix local taxes within the parameters of national laws. They also have a large number of functions including urban development, urban planning, the delivery of public infrastructure and housing, basic service provision (notably primary health, primary and secondary education, and waste management), local transport and transit, employment promotion and local development, law enforcement, promoting equality of opportunities and social development, among others (Law 18,695, art. 3).

The municipal autonomy, independence of budget allocation and the variety of roles gives great independence to municipalities over decision-making and incorporation of innovative policy approaches that do not necessarily align with upper-level government policy. Moreover, the diversity of socio-economic realities throughout municipalities means that a variegated panorama of municipal policies exists within the region.

Although the GORE Metropolitano does have some power to influence policy by deciding whether or not to invest in supporting policies in a particular municipal area, given the small autonomous budget of regional government and the fact that ministry investment is defined by a clear-cut deficit, in reality they have little influence over socio-economic development policies. This, combined with the lack of any legal power to act over municipal policies, results in a rather undermined capacity to influence municipal policy. Therefore, municipalities have full competency to independently define their policies towards the informal economy in most of the aspects relevant to the development of these businesses.

ANNEX 2: A GLOBAL DECENT WORK AGENDA AND DIFFICULTIES IN MEASURING THE CONCEPT

Since the ILO's launch of the concept of 'decent work' in 1999, this has been increasingly promoted as the key global strategy for eliminating poverty and promoting social inclusion (ILO 2003b; World Bank 2012; OECD 2009c). Although, since its constitution, the idea of quality of work has been part of the internal ILO debate, it was not until 1999 that the new ILO director-general made 'decent work' a core function, which was then further cemented in 2008 in the Decent Work Agenda, as the framework of all ILO work (Frey & MacNaughton 2016). The ILO was also fundamental to the increased incorporation of decent work across all international agencies. While originally, the Millennium Development Goals (MDGs) in the year 2000 did not contain explicit reference to promoting decent work, the ILO campaigned for the incorporation of the concept as a ninth MDG objective in two major reports, *Working Out of Poverty* (ILO 2003c) and *A Fair Globalisation: Creating Opportunities for All*, in the veil of the World Summit 2005, which reviews the MDGs. Decent work became integrated into the MDGs in 2007, however they unfortunately did not incorporate the four ILO Decent Agenda pillars (but only its income dimension), and it was not incorporated as a single objective, but rather as part of an objective on poverty eradication. Furthermore, Frey and MacNaughton (2016) underline that its incorporation was rather more symbolic than being a definitive action plan, since it came at a later point in time when the MDG action plan had already been completed, and so had no time target associated with it. Regardless of this incorporation in the MDG, in 2015 there were four times as many unemployed people compared to 1991, meaning 204 million people in unemployment, with an additional 1.45 billion people in vulnerable working conditions (UN-DESA 2015). Under the lead of the ILO and UNDP, during the thematic consultation on 'growth and employment' in preparation for the establishment of the Sustainable Development Goals (SDGs), 'decent work' was incorporated under Goal 8 – although again not as a standalone objective – becoming a top priority for international development agencies (for a more detailed review of the incorporation of decent work into the MDGs and SDGs, see Frey and MacNaughton 2016).

Although the recent recognition of decent work as an SDG in 2016 implies a global consensus about the need for urgent action to improve quality of work, a common ground does not exist regarding policy action. Ruggiero et al. (2015, p.126) argue that international organisations, such as the ILO and the World Bank, have different policy conceptualisations of decent work that lead to conflicting types of action. For Ruggiero et al. the World Bank promotes (many times neoliberal) pro-market actions, while the ILO promotes actions that are based on human rights. In this way, these two institutions emphasise conflicting actions that target health condi-

tions versus health equity, pro-market interests versus the social dimension of work, or individual versus collective responsibility to achieve decent work (ibid., p.120). Frey and MacNaughton (2016, p.1), further argue the dominance of the World Bank's perspective in the recently launched SDG- 8, as the link between economic growth and decent work establishes growth as a necessary condition for the achievement of decent work, despite the lack of evidence showing such a causal relationship, downgrading the ILO's conception of decent work as a "fundamental right necessary for human dignity" (ibid, p.8).

Measuring decent work

Decent work as a multidimensional concept of quality of work, has been extremely difficult to operationalise in standardised and internationally comparable indicators, restricting its impact on both academic and policymaking contexts. Burchell et al. (2014), explains that in academic and policy grounds, there is no agreement about how to measure quality of work, regarding which indicators to include, and thus how to act and monitor progress. While in academic contexts, since the early 1960s agreement has existed to measure work quality beyond the solely economic dimension of pecuniary rewards, relevant disagreement exists regarding measuring subjective job satisfaction, 'objective' and observable characteristics of employment (some scholars advocating for the establishment of minimum common characteristics) or mixed subjective and objective evaluations (Jecks et al. 1998, Kallebeg & Vaisey 2005, Tangian 2009). This has led to even the most widely-used models disagreeing on their included indicators and how they should be included (Green & Mostaf 2012; Körner et al. 2009).

In the context of international organisations, a set of common indicators is key to monitor progress, decide on policy actions and communicate results (Burchell et al. 2014). According to Burchell et al. (2014), three problems can explain the slow progress in agreeing on common indicators. First, the difficulties of obtaining reliable and internationally comparable data for many indicators simultaneously. Second, deciding what type of information should measure a multidimensional concept (with the constraint that more indicators makes data less internationally comparable). Finally, the aforementioned political tension of agreeing on a universal concept among organisations and actors with different views about what constitutes a good job. Despite the discouraging panorama, international measurements have slowly evolved, adding more indicators and adjusting others that already exist (see ILO 2001, ILO 2002b, ILO 2008b), and in 2013 the ILO came out with a guideline for producing internationally comparable statistics to monitor the progression of decent work. This guideline contains in ten substantive elements associated with 18 main indicators (see Table A.2.1), 31 additional indicators, and 10 indicators to be incorporated in the future, reflecting an ongoing debate to arrive to a final set of indicators. As Burchell (2014, pp.471-472) convincingly argues, this complexity, lack of agreement and

ongoing lack of standardised measurements have made the concept of ‘decent work’ of relatively low use in academic discussion and impact on policy making.

Table A.2. 1: Ten Substantive Elements and Statistical Indicators of the Decent Work Agenda

Substantive element of the Decent Work Agenda	Statistical Indicators
I. Employment opportunities	1 Employment-to-population ratio
	2 Unemployment rate
	3 Youth not in employment, education or training, 15-24 years
	4 Informal employment rate
II. Adequate earnings and productive work	5 Working poverty rate
	6 Employees with low pay rate (below 2/3 of median hourly earnings)
III. Decent work time	7 Employment in excessive working time (more than 48 hours per week)
IV. Combining work, family and personal life	No indicator
V. Work that should be abolished	8 Child labour rate
VI. Stability and security of work	9 Precarious employment rate
VII. Equal opportunity and treatment in employment	10 Occupational segregation by sex
	11 Female share of employment in senior and middle management
	12 Gender wage gap
VIII. Safe work environment	13 Occupational injury frequency rate
IX. Social security	14 Share of population above statutory pensionable age (or aged 65 or above) benefiting from an old-age pension
	15 Public social security expenditure (percentage of GDP)
X. Social dialogue, workers' and employers' representations	16 Trade union density rate
	17 Employers' organisation density rate
	18 Collective bargaining coverage rate

Source: adapted from ILO 2013b.

ANNEX 3: DEBATES ON WASTE-PICKERS

Thirty-five years have passed since the implementation in New Jersey (USA) of the first city recycling system (Miller 2002), and yet the majority of cities in developing countries have still not incorporated recycling as part of their Solid Waste Management (SWM) systems. In the best case scenarios, developing world cities collect and dispose of waste, but in the worst waste is not collected at all – as is the case for three billion people worldwide (UNEP 2015). Global urbanisation will bring 2.2 billion more people into cities in the Global South by 2050, increasing environmental and sanitation problems that derive from inadequate SWM systems (Beall 1997, p.1). The main reason behind the absence of integral SWM systems (reduction, reuse, recycling and disposal) is the expensive capital cost of collection systems for countries that are income-poor and labour-rich (Ackerman 2005; Dias 2016). In response, waste-picking has been considered a spontaneous labour-intensive alternative for achieving integral SWM, and indeed, is sometimes regarded as an ‘example of sustainable development’ in developing countries, with ‘sustainable consumption and production’ accomplishing the triple objective of economic growth, social equality and environmental protection (Medina 2007, p.xi; Wilson et al. 2006).

Medina (2007, p.ix) emphasises that waste-picking activities enhance environmental protection by increasing the amount of waste collected, reused, and recycled, resulting in high energy savings, pollution prevention and reductions in pollution indicators, as well as extending the life of landfills (see also Chen et al. 2016; Dias 2016; Geng & Cote 2002; Troschinetz & Mihelcic 2009). At the same time, waste-picking has significant economic impacts, both by providing cheap raw material to local enterprises, which increases their competitiveness (Medina 2007) and saves municipal waste management costs (Dias 2016, p.377) and by creating significant earnings for workers (Ahmed & Ali 2004; Chaturvedi 1998). Moreover, informal waste-picking has a strong impact on social equity insofar as it creates more than 15 million jobs worldwide for the most vulnerable members of society (Medina 2007, p.viii). In spite of these benefits, waste-picking largely remains an illegal activity.

The following section will analyse the arguments and policy approaches towards waste-pickers from the three schools of thought presented above (treating voluntarist and dualist as one perspective), and finally examine the more recent wave of supportive policies that have been implemented.

Dualist policies towards waste-pickers

The dualist school contends that there are few direct economic links between informal waste-picking activities and formal economic sectors (Santos 1979). From this perspective, waste-picking emerges as a result of a lack of growth and modern employment in developing countries, being a 'last resort' or marginal survival activity with low productivity potential (Geertz 1963; Huysman 1994).

The dualist conception of waste-picking is widespread among academics and policymakers (Lomnitz 1977; Souza 1980). As is the case with the UIE in general, waste-picking is considered counter-cyclical to economic impacts from a dualist perspective. Such counter-cyclical predictions have been observed in analyses of waste-picking in the 1994 Mexican and 2001 Argentinian economic crises, as economic downturn was followed by a dramatic increase in waste-picking activities (Schamber & Suarez 2007).

All dualist visions of waste-picking advocate for the expansion of the formal economy and the repression of waste-picking activities. To expand the formal economy in the context of waste-pickers, organisations such as the World Bank promoted the privatisation of municipal SWM systems (Beall 1997, p.6). Salah-Fahmi (2005), in Egypt, and Beall (1997, p.6), in Pakistan, report how waste-pickers have been displaced and excluded from the formal municipal SWM system following this privatisation. Repressive policies have been put in place to reduce persistent informal waste-picking, and these policies, such as displacement, policing, confiscation of materials and clampdowns on work, have for a long time been the mainstream approach used to address the issue. Schamber and Suárez (2002) show that in Argentina in 2002, after a growth in waste-picking activities following the economic crisis, repressive policies were extensively implemented by the local government of Buenos Aires. My analysis of Santiago de Chile (Navarrete 2010) furthermore underlines how waste-pickers are subject to police harassment, being permitted to work only during the night-time.

Structuralist policies towards waste-pickers

For structuralists, waste-picking is an integral part of the capitalist system. Waste-pickers' activities provide the link to satisfy formal enterprises' demand for recycled materials (Birkbeck 1979, p.164), allowing for the reduction of labour costs and overhead expenses. Structuralists perceive this relationship as exploitative and one that reinforces the cycle of poverty. For Birkbeck (1978; 1979), waste-pickers are able to reduce production costs for

formal enterprises in two ways: by providing input materials at a lower price than raw materials, and reducing the costs of labour contracting for the provision of these products. Regarding the first point, large industries are able to command dramatically reduced prices for these materials due to their monopsony and oligopsony power (Birkbeck 1979, p.176). Regarding the second, these enterprises are able to avoid standard contractual relationships and labour benefit payments when dealing with waste-pickers. Furthermore, by their nature as an unorganised mass of labour, waste-pickers face reduced bargaining power over their wages, and piecework payments allow for complete labour flexibility and the avoidance of firing costs when deemed necessary (Birkbeck 1979, pp.175-177). Structuralists hence argue that waste-pickers form an ‘integral part’ of the capitalist system of production, reducing production costs and fostering competitiveness for large businesses. As with the UIE in general, waste-picking is pro-cyclical to economic impacts: in times of economic expansion, demand for recyclable materials from local industries will increase, in turn creating a growth in the activity. The strong link between formal enterprise demand and waste-pickers’ supply has been similarly demonstrated in Colombia (Birkbeck 1979), Pakistan (Beall 1997, p.127), India (Chaturvedi 1998), and Argentina and Mexico (Medina 2007).

Structuralists’ main policy recommendation is to foster waste-picker unions, in order to reinforce their power to negotiate better prices and working conditions (Birkbeck 1979; Schamber & Suárez 2007). With stronger unions, waste-pickers can potentially increase their power to negotiate better selling conditions and secure access to a larger amount of recyclable materials (Birkbeck 1979, p.180; see also WIEGO 2015). Similarly, strong waste-picker unions will be able to negotiate better prices paid from enterprises and middlemen. Dias (2016) further underlines that organisation can be key for negotiating a favourable regulatory framework with local government in which they can operate freely. Indeed, NGOs and some neo-Marxian local governments in cities such as Buenos Aires (Argentina), São Paulo (Brazil), Bogotá (Colombia), and Temuco (Chile) have fostered the creation of these cooperatives to fight against repressive central state policies and to negotiate better prices for recyclable materials (UN Habitat 2016; MMA 2013, p.39; Schamber & Suarez 2007).

Neoliberal policies towards waste-pickers

Medina (2007) analyses neoliberal logic as applied to waste-picking, considering workers to be micro-entrepreneurs or ‘industrial scavengers’. Their activity is strongly connected with the formal industry in two main ways. First, as observed by structuralists, waste-picking provides local industry with cheap substitutes for raw materials, thereby reducing production costs. Second, the formal market of raw materials determines the types of substitute

materials that are in demand, and in turn the prices paid to waste-pickers. Consequently, waste-picking inherently affects the competitiveness of local industry. Unlike the traditional neoliberal model regarding the UIE, for Medina (2007) all types of waste-picking are counter-cyclical to economic growth: subsistence waste-picking rises during economic downturns, as unemployment increases. Similarly in periods of crisis, local currencies tend to devalue, raising the prices of imported raw material, thus increasing the demand for cheap substitutes provided by waste-pickers. From this perspective, waste-picking is highly efficient, but for reasons of legalisation and government regulation, waste-pickers cannot realise their full economic potential.

Government intervention, in the form of harassment or restriction to the activity, does not allow waste-pickers to reach their maximum efficiency as it prevents enterprises' capitalisation and growth. Consequently, these legal restrictions must disappear for the waste-picking sector to flourish. Neoliberal policies towards waste-pickers have been strongly fostered in the early 2000s in Latin America – particularly in Brazil, Peru, and Argentina, where waste-picking was legally recognised and the market of recyclable materials opened to waste-pickers (LCABA 2002; Medeiros & Macêdo 2006; Medina 2005a; 2005b; Piovano 2008).

ANNEX 4: DEBATES ON INFORMAL STREET VENDING

Street vending is understood as ‘retail or wholesale trading of goods and services in the public axis such as alleyways, avenues and boulevards’, with sales made from mobile (person, tricycle or motor vehicle) or fixed stores (isolated or concentrated in a ‘street market’) (Bromley 2000, pp.1-4; see also de Soto 1989, p.61). It is one of the oldest, most visible and most persistent informal activities (Neuwirth 2011; WIEGO 2014d). Although the modern retail industry has extended into major cities, street vending remains a retail alternative in almost every large city in the world, including the Global North (Bromley 2000; Skinner 2008; WIEGO 2014d). No matter how aggressive public policies or formal retail strategies towards street vending have been, this activity has found a way to rebuild itself throughout the centuries and stands as a main characteristic of the process of urbanisation (for detailed studies in Lima and Nairobi, see de Soto 1989, pp.59-92 and Kinyanjui 2014, pp.1-63).

Despite being a seemingly unshakeable feature of cities, street vending has created intense debate around its benefits and drawbacks. Regarding its benefits, street vending can contribute to enhancing urban cultural life, transforming parts of cities into major tourist attractions, and bringing identity and meaning to otherwise empty and homogenous public spaces (Bromley 2000, p.1). Moreover, street vending can perform a major socio-economic role by creating job opportunities (de Soto 1989; Roever & Skinner 2016; Williams & Gurtoo 2012), raising product competition, controlling inflation (as it lowers the costs of products/services), and increasing the sales outputs of formal enterprises (Bromley 2000, p.5; for a more detailed discussion of expanding formal markets, see London 2010; Prahalad 2004). Furthermore, street vending has a significant role in the provision of goods and services in urban areas, as it provides affordable products in small quantities, improves production and distribution networks, and increases retail coverage, particularly in peripheral and/or isolated low income urban areas (Roever & Skinner 2016, p. 361).

However, more conventional views caution about the pervasive effects of street vending for urban, social and economic life. Urban life is arguably worsened as a result of street vending through increased congestion, pollution (e.g. uncollected rubbish, traffic pollution and untreated water) and by deteriorating the commercial and aesthetic appeal and overall image of a public space (Bromley 1979, pp.6-9; de Soto 1989; Harrison & McVey 1997, p.318; Kinyanjui 2014, p.34; Oz & Eder 2012). Economic growth is also damaged as a consequence of limited or non-existent tax payments (on profits and added value) and ‘unfair competition’ against formal shops, which can reduce economic strength and the availability of employment within the formal sector (Harrison & McVey 1997; pp.318-319; Kinyanjui 2014, p.38). Social issues that

arise from street vending concern the potential threats to health from poor management or production of street food, the impacts on street safety and security (by leading to an increase in traffic accidents and the possibility of theft) (Bromley 2000, p.1; Harrison & McVey 1997, pp.318-319; Whitehouse et al. 2008) and the perpetuation of poverty (through low incomes, low productivity potential and the absence of social protection). Policymakers have traditionally perceived street vending as a ‘non-modern’ activity, and a sign of a lack of urban development. This has led urban authorities to address ‘ambivalent or repressive, but seldom supportive (policies)’ (Skinner 2008, p.227).

Dualist policies towards street vending

Dualists conceive of street vending as a sign of poverty and a lack of formal employment, and its disappearance is seen as a positive evolution (Geertz 1963; Gilbert 1998). Workers sell goods produced in and distributed entirely through informal networks. These informal products are considered to be lower quality than formal products (Peattie 1980) and can only be competitive in the presence of low-income consumers who have insufficient resources to buy formal, higher quality products. This point is particularly relevant in the food sector, where the quality of street vendors’ products can threaten public health (Ekanem 1998; Harrison & McVey 1997, p.318; Lues et al. 2006)¹. Their operations have a low-productivity future, and hence are not a viable development possibility. Street vendor operations involve low capital, operate on a small scale and utilise only basic technology, so neither a notable increase in productivity nor the integration of street vending into the retail distribution systems of modern cities is possible. Furthermore, street vending tends to be associated with an underdeveloped accounting system, an unclearly defined pricing system, child labour (Peattie 1980) and long working days (Núñez 1993).

Drawing on these observations, dualist policymakers consider street vending to be reminiscent of a traditional market system, or as a primitive approach to retail, and thus aim to attract and develop a ‘modern’ formal retail system that would make formal products available in areas where street vending flourishes. In addition, policymakers see street vendors as a ‘nuisance’ associated with the aforementioned urban problems (Cross 1998, p.7), and accuse vendors of unfair competition with the formal sector as they do not pay, or pay only limited space rental costs and/or taxes to the public sector.

¹ It is worth noting, however, that similar concerns do exist in the formal food sector regarding the use of potentially harmful ingredients and unhealthy doses of additives.

Policymakers have been led to implement repressive policies of evictions, relocation and harassment, using police and inspectors (Cross 1998, p.9; Roever & Skinner 2016, pp.362-364) that have ‘threatened, chased, arrested and occasionally beaten street vendors, and (often confiscated) their goods’ in several cities of the world (Bromley 2000, p.11; see also Harrison & McVey 1997, p.320; Kinyanjui 2014, p.26). Moreover, Kinyanjui (2014, pp.37-41) reports on the restrictions on stall size, destruction of stalls, provision of unsecure permits, lack of flexibility regarding opening times and the disarticulation of street vendor organisations as additional repressive policies that can harm street vendors (see Roever & Skinner 2016 for a detailed discussion of the impacts of repressive policies). The main players that influence policies of repression tend to be the local chamber of commerce, property developers and neighbourhood associations (Bromley 2000, p.13; Harrison & McVey 1997, p.323; Neuwirth 2011, p.11; Roever & Skinner 2016). Repressive policies are common in the Global South, as Roever and Skinner (2016, pp.362-363) report that over a period of three years more than fifty evictions and forced relocations of street vendors were reported in cities including Bogotá, Kathmandu, Kingston, Lagos, Luanda, Manila, Medellín, Mexico City, Mumbai, San Pedro Sula, San Salvador and Tegucigalpa. In the African context, repressive policies are currently being expanded to the point where purchasing from street vendors constitutes a criminal offence. Dualist policies towards street vending thus aim to attract modern retail and repress informal activity to the point where street vending will ultimately be rendered obsolete. by modern retail.

Structuralist policies towards street vending

For structuralists, street vendors are an integral part of the formal production-distribution chain, being vertically integrated in exploitative conditions with the formal economy, as distributional channels of formal products (Cross 1998, p.229; Kinyanjui 2014, p.9) or as purchasers of raw materials used to fabricate their own products (Peattie 1980, pp.25-27). For instance, it is estimated that a wide range of products, from vegetables to toys or telephones, owe a great deal of their sales to street vendor distribution channels (Neuwirth 2011; Peattie 1980; see also Dolan & Scott 2009; Payaud 2013). At the same time, street vending is perceived as a ‘necessity-driven’ and ‘last resort’ activity (Cross 1998, p.228; Williams & Gurtoo 2012, p.2), that forces people to work in poor conditions. The concept of street vending as a survival activity has been supported by studies in several countries such as Ghana (Lyon 2007), Somalia (Little 2003) and the Dominican Republic (Itzigsohn 2000). Authors have also described street vending as a highly insecure and unstable form of employment characterised by prolonged working hours, little legal or social protection and low wages (Kapoor 2007; Williams & Gurtoo 2012, p.5). It is also important to note that formal industries gain a two-fold

benefit from street vending: first, by having a reserve of workers available that keep wages low; and second, by increasing their sales without bearing the costs of social payments and labour contracts.

As per their recommendation with regard to waste-pickers, structuralist policies seek to strengthen street vendors' union power to oppose repression and/or influence policymaking. According to structuralists, street vendors are not included in the 'regulatory (creation) process' devised by elites of professionals and politicians, resulting in policies that hardly represent their interests (Cross 1998, p.248; Kinyanjui 2014, p.14). Stronger organisations are needed to acquire the critical power to negotiate with authorities and resist repression by the state or other interest groups (Cross 1998, p.245). Particularly, powerful street vendor unions would be able to negotiate for locations where sales are high, secure the use of public streets, access financial benefits – notably a reduction of fees and taxes – and expand the availability of work spaces (Cross 1998; Harrison & McVey 1997; Roever & Skinner 2016). Furthermore, they would be in a better position to resist repression through their political influence, increasing their capacity to set up work in new locations and giving them a stronger voice to obtain favourable local regulations (Bromley 2000, p.14; Cross 1998, p.232). As a result, benefits from the activity would be optimised and workers would have a better guaranteed survival (Cross 1998, p.250). Cross (1998, p.248) stresses that unions should preferably be medium-sized and locally based, achieving a critical mass that avoids co-optation by public authorities and/or their political leaders. More recent studies propose that larger unions can be effective not only in resisting eviction, but also when lobbying for favourable changes in national law (Roever & Skinner 2016, pp.370-371; Lindell 2010).

Neoliberal policies towards street vending

For neoliberals, street vending is an entrepreneurial activity that follows a particular evolutionary path in which vendors acquire valuable experience and increase their profitability and capital (de Soto 1989). This evolution moves from people being mobile ambulant vendors, to becoming fixed street vendors, and then becoming part of an informal street market and establishing an informal 'right of ownership' over public urban space (Bromley 2000, p.4; de Soto 1989, p.83; Núñez 1993). Finally, street vendors establish formal markets in private spaces, securing formal property rights (de Soto 1989, p.62). In street markets, this informal 'right of ownership' represents the recognition of and respect for the power of associations to allocate business space, along with the payment of municipal taxes for the use of public space. From this perspective, street vending follows the path of a start-up enterprise, with legislation and public

harassment being the main constraints to their development.

Neoliberals promote street vendors' access to free-market opportunities and the legalisation of the activity. For neoliberals, the state imposes significant monetary and time constraints on street vendors' ability to set up formal shops and construct formal markets. These constraints largely outstrip the capacity of the most vulnerable workers and entrepreneurs, forcing them into informality (de Soto 1989). At the same time, harassment policies lead informal entrepreneurs towards devoting significant time and resources to non-productive tasks, thus 'limit(ing) the profitability of street vending' (Bromley 2000, p.23). Furthermore, when street vendors must contend with the confiscation of their products or the destruction of their stalls, they are regularly forced to restart the process of building their capital, both working (the cycle of buying a product, selling at a profit and using the profit to re-invest in a greater number of products) and fixed. Being in favour of free-market access, neoliberals recommend allowing street vendors to develop naturally by themselves, following their postulated evolutionary path. Additionally, the legalisation of street vendors would be key to guaranteeing access to property rights over their assets from the outset. Through legalisation, street vendors would be able to access the full opportunities of the private modern economy, having access to credit, increasing their investments and seeing their micro-enterprise continue to evolve (de Soto 1989; Kinyanjui 2014, p.33). Kinyanjui (2014, pp.23-24) provides an example of this type of legalisation in Nairobi, where policies were introduced that provided vendors licensing and allocation of a trading space in exchange for a reasonable fee.

ANNEX 5: DEBATES ON HOME-BASED ENTERPRISES

Home-based enterprises (HBEs) are a major and growing component of the informal sector, present in both developed and developing countries (Chen et al. 1999; Tipple 2005; WIEGO 2014b). Strassman (1987) defines HBEs as businesses that are located at home or in very close proximity to it, in both low- and high-income neighbourhoods (see also Ezeadichie 2012, p.49; Tipple 2005, p.613), rather than in areas of commercial or industrial land use (see also Chen & Sinha 2016; Ezeadichie 2012, p.49; Tipple 2005, p.613). According to WIEGO (2014b) there are over 100 million home-based workers around the world, the vast majority of whom are women. There are two types of informal home-based workers in HBEs: those subcontracted by firms or intermediaries ('own account home-based workers'); and the self-employed, who produce or sell goods and services from home ('homeworkers') (Chen & Sinha 2016; Rogerson 1996; WIEGO 2014b).

Home-based informal businesses are traditionally easy-entry, small, family-based enterprises, often using unpaid family workers, and with limited expansion capacity (ILO 1972; Ligthelm 2005, p.207; Tipple 2005, p.618). The majority of HBEs are concentrated in few sectors: primarily retail, mainly 'daily household necessity' goods, and manufacturing (Gough 1993, p.98; Gough & Kellett 2001, p.240; Tipple 2005, p.614). However, the remainder of HBEs represents a large diversity of businesses including artisanal production, personal services and clerical work (Gough et al. 2003, p.260; Tipple 2004, p.374; 2005, p.614; WIEGO 2014b). Although in theory HBEs ought to have disappeared with the advance of modern industrial and retail production, various scholars have shown that these informal activities have proven to be highly persistent and permanent (Biles 2008; 2009; Gough & Kellet 2001). Ligthelm (2005, p.205) underlines that a large proportion of these businesses have long survival rates, and Gough (2010, p.67; see also Gough & Kellet 2001) maintains that a large percentage of 'business death' in the sector can be explained by adaptive behaviours that turn HBEs into more profitable endeavours.

There is intense debate regarding the desirability of HBEs as a feature of modern urban development. Several authors argue that HBEs contribute significantly to income generation for the urban poor, as well as poverty alleviation (Ezeadichie 2012, p.47; Gough 1993; 2010; Gough et al. 2003, p.64) and social inclusion (WIEGO 2014b). Regarding income generation, Gough et al. (2003, p.258) argue that these businesses are important and attainable means of complementing household income, as they require low skills, low starting capital and are based on local demand, creating an easy-entry income alternative – particularly in times of macro-economic crisis (see also Gough 1993; Roy 2005). Furthermore, the home-based nature of

employment allows workers to save on the costs of commuting to a workplace, resulting in a higher share of household budget available for other expenses (Ezeadichie 2012, p.48; Gough 1993). At the same time, HBEs contribute to poverty alleviation, by enhancing affordability, coverage and availability for consumers (Ezeadichie 2012, Chen 2014). Increased affordability comes from offering products in small quantities, adjusted in quality and offering informal credit access to low-income households (Gough 1993; Gough et al. 2003, p.261); retail coverage from injecting undersupplied neighbourhoods with a large diversity of goods and services (Chen & Sinha 2016, 343; Ezeadichie 2012, p.52; Gough et al. 2003, p.261; Tipple 2004, p.374); and availability of products by operating six or seven days per week, with extended opening hours (Gough et al. 2003, p.262; Ligthelm 2005, p.210). Finally, they play a significant role in social inclusion through increased employment opportunities, particularly by allowing women to combine reproductive and productive tasks (Carr et al. 2000; Chant 2014, p.298; Chant & McIlwaine 2009; 2016; ILO 2002a; Tipple 2004, p.374; WIEGO 2014b), by allowing the elderly to complement their pension income (Gough et al. 2003, p.266), and by generating extra income that helps to consolidate houses in low-income neighbourhoods (Gough 1993, p.101, Gough & Kellett. 2001; Gough & Tan 2009).

In spite of these benefits, HBEs remain a contested point in academic work, as they are associated with urban decay and a variety of social problems. HBEs are perceived as having a negative effect on the urban environment for several reasons. First, their existence can lead to the deterioration of a local environment by incorporating polluting activities into residential areas, through work with toxic inputs (Frijns & Van Vliet 1999; Gough 1993) and by increasing the output of waste in areas that have no system of SWM (Tipple 2004, p.373). Second, HBEs may illegally occupy and build into public space to expand their business, depriving the community of these areas (Gough et al. 2003). Third, HBEs are blamed for decreasing land value, as they influence the liveability and aesthetic image of residential areas (Okeke 2000). Inside the home workspace, a major criticism lies in the impact of increased overcrowding due to occupying the 'scarce space that is needed for domestic functions' (Tipple 2004, p.261; see also Chant & McIlwaine 2009; Gove et al. 1983). Regarding social impacts, authors underline that the nature of family home-based business allows for a higher presence of child work than in other informal sectors (Benería & Floro 2005; Gough et al. 2003). Moreover, Benería and Floro (2005) point out that HBEs create a reproductive cycle of poverty: by exploiting child labour and diverting children from school studies, the cycle of low education and sustained low income for poor households is perpetuated. Another common criticism is the resulting drain on contributions to local public services, as HBE's tend to 'free-ride' by not paying local and/or national taxes (Ezeadichie 2012, p.51). In light of contested views on the desirability of HBEs, it is no surprise that policy recommendations differ markedly.

Dualist policies towards HBEs

For dualists, there is no place for HBEs in a modern economy. From a dualist vantage point, HBEs are part of the process of urban development that encourages rural-urban migration (Ezeadichie 2012, p.44). In developing countries, the large majority of poor people migrating to the city end up in poorly serviced areas or informal settlements, where there is little or no provision of goods or infrastructure. As a result of unemployment and lack of neighbourhood services, HBEs emerge as a low-profit employment option, and the sector is condemned to low productivity since the majority of its workers have limited skills and capital. Dualists argue that modern urbanisation will force HBEs to contend with modern industries of goods and services, and will ultimately face their demise when they no longer provide a competitive alternative. HBEs are regarded as being only marginally connected with the formal market, as they are limited in size and supply potential, offering mainly daily necessities on a very localised scale (Gough et al. 2003, p.274).

As with waste-pickers and street vendors, dualists argue that HBEs will face a counter-cyclical impact to economic turndown, as they provide 'easy-entry' work alternatives in times of crisis. Nevertheless, they criticise the limited capacity of HBEs to absorb workers. As unemployment increases, more HBEs will be established in an urban area, increasing local competition, and thus reducing profit until many businesses become unprofitable (May & Stavrou 1990; Snyman 1990). Empirical evidence from Gough et al. (2003, pp.266-268; 2010) does indeed show that many HBEs have limited capability for expansion and a very short lifespan for these reasons.

Once again, dualists advocate here for policies of expansion of the formal economy and repression of HBEs. The industrial and retail attraction of formal enterprises with a stronger presence in poor neighbourhoods is seen as a relatively straightforward means of decreasing self-employment in HBEs. This may require supplying economic incentives to the formal sector, such as infrastructure or tax abatements, or lobbying supermarkets or industries to establish businesses in poor districts. This attraction of formal enterprises to poor areas has been described as common employment policy practice for local councils, and modern retail has led to the disappearance of informal activities, or their displacement to less profitable areas (see Aliaga 2011; 2012; Dyer et al. 2005; FNE 2007; Kalhan 2007). Beyond this, dualist policymakers apply censure and repressive interventions, drawn from HBEs' non-compliance with one or several regulations (Watson 2011). These policies can include refusing local permits

to HBEs, constant controls from public officers and fines for not complying with land or sanitary regulations. Gough and Tran (2009), for instance, report the closure of HBEs and intense fiscalisation during the period of communist rule in Vietnam, as most private activities were banned. However, as Gough et al. (2003, p.274) emphasise, although HBEs clearly break laws and regulations, enforcement is actually quite rare, and, unlike the other two sectors studied here, dualist repressive policies are not particularly common.

Structuralist policies towards HBEs

From a structuralist perspective, HBEs serve as a means for labour exploitation, particularly through women (Chant 2014; Chant & Pedwell 2008; Ghvamshahidi 1995). For structuralists, the increased unemployment resulting from trade liberalisation has led to increased competition between HBEs, downgrading their profits and decreasing wages (Gough et al. 2003, p.254; Siggel 2010). At the same time, globalisation has seen multinationals subcontract enterprises or intermediaries to lower the costs of production ‘incorporating them into national or international value chains on unfair terms’ (Chen & Sinha 2016, pp.345-346). Several of these products are made by HBEs, particularly in the manufacturing sector. As a result, multinationals are able to exploit labour by transferring the production costs of social security, benefit payment and extensive workday length to workers (Tipple 2005, p.620; see also Chen & Sinha 2016; Chant & McIlwaine 2009; Ruthven 2010). Similarly, multinationals use subcontracting to exploit vulnerable workers (typically women, migrants and children) and employ unpaid family members to reduce their costs of production (Nadvi 2004; Ruthven 2010). Chant (2014, p.298) also points out that, by incorporating women who tend to be the primary family caregivers into productive activities, their burdens of responsibility and obligation grow, reinforcing their situations of poverty². Structuralists see these industries as pro-cyclical, as they expand along with the economy as the need for subcontracting from HBEs increases.

Although structuralists generally associate HBEs with labour exploitation that should be replaced by ‘decent’ formal work, as a preliminary policy they advocate organisations that can raise workers’ bargaining power against large formal enterprises and public officials (WIEGO 2014b). These organisations are not commonplace amongst HBEs, as the isolation of workers has created difficulties in building strong HBE organisations (Chen & Sinha 2016, p.352). This

² Chant proposes that not addressing the roots of the exclusion of women – based in household and family norms and expectations – in favour of a purely income-based analysis, could lead to an increase in women’s overall contribution to productive activities without significantly reducing their family responsibilities and obligations.

has resulted in a group of informal workers that are far less organised than other informal sectors, leaving them little negotiating power (WIEGO 2014b) and thus particularly vulnerable to exploitation. This grants the leading formal enterprises uncontested power to fix standards, deadlines, and prices of products, as well as to impose irregular work orders and delay payments, which forces those in HBEs to work for low wages, without social benefits and to cover their own costs of capital investments (Chen & Sinha 2016, p.346). For structuralists, the fostering of their organisational power would increase HBEs' capacity to negotiate regular work orders, higher prices and reduce the payment waiting time (Chen & Sinha 2016; WIEGO 2014b). In practise, when HBE organisation does occur, it either happens at a local level, with power remaining limited, or it is connected to more general organisations at the national level (WIEGO 2014b), which reduces the capacity to address sector-specific concerns. International organisations and NGOs, such as UN Women (through the United Nations Development Fund for Women), SEWA (Self-Employed Women's Association) and particularly 'HomeNet' have actively fostered the creation of organisations. Chen and Sinha (2016, pp.354-355) report how city- and national-level HBE organisations in Thailand and the Philippines have been able to secure increased bus services, electrification of slums, access to water, occupational health access and other labour rights.

Neoliberal policies towards HBEs

Neoliberals consider HBEs to be start-up enterprises that are conducive to economic and social gains, especially among the poor. By using their own home for productive tasks, low-income households reduce capital entry barriers and avoid high maintenance costs (Tipple 1993, p.529; Whitson 2007). As several enterprises are established, the more successful ones survive and become highly competitive, contributing to economic growth. For example, Ligthelm's (2005, p.215) study shows that, in South Africa, when compared on a store-by-store basis, some HBEs working in retail can have a higher turnover than several well-known national South African small supermarkets operating in the formal sector (such as '8 Till Late', 'Seven Eleven' or 'OK Foods'), and their combined turnover represents more than 20% of all combined hypermarket and supermarket revenue. Those enterprises that have no expansion capacity can still make a significant contribution to household livelihoods of the urban poor – Tipple (2004, p.374) points out that households operating HBEs tend to earn more than households which do not run HBEs. These informal businesses are connected to the formal economy in two main ways: first, through their demand for raw and processed formal products; and second, by selling their products, as competitive inputs, to industries. As a result of these connections, HBEs are pro-cyclical – in times of economic expansion, demand for their products increases from local

markets and formal industries.

Neoliberal policy recommendations are based on legalisation, property rights and access to credit. For neoliberals, HBEs' dependency on small quantities of money coming from their own savings, and on credit from family or relatives, to start or expand their business (Ligthelm 2003, p.36; Ligthelm 2005, p.206) poses a major constraint to achieving their full productive capacity. For Watson (2011, p.1), laws, regulations and professional practices – especially in planning – exact costs and restrictions upon HBEs which are difficult to meet by poor households, thus obliging them to remain illegal. For instance, Onyebueke and Ndubueze's (2010) study of housing in Nigeria highlights how land regulation imposes artificial restrictions of mono-functional land usage that prevents multifunctional units – such as HBEs – from operating legally. This resulting illegality causes two problems for the development of HBEs. First, because of insecure tenure, HBEs tend to underinvest in their businesses (Hoek-Smit 1981). Second, because of their illegal status, HBEs cannot access crucial credits to expand their business. Indeed, in Accra and Pretoria, where HBEs have expressed a desire to expand their businesses, Gough et al (2003, p.266) argue that the lack of access to capital is their primary constraint. If, for example, a successful HBE runs out of useable surplus surface area in its home-work property space, the proprietor would not be able to access credit to rent or purchase a new site into which they could expand their enterprise (Gough et al. 2003, p.268). For neoliberals, legalisation and secure property rights over their business would eliminate the occurrence of situations like this that prevent the expansion of HBEs, allowing them to fully reach their growth potential (Ezeadichie 2012, p.48).

ANNEX 6: INDEPENDENT AND DEPENDENT VARIABLES FOR WASTE-PICKERS

In Chapter 4, section three, I evaluate the impact of support policies on five indicators. This annex complements this discussion providing detail on evaluated policies, running variables and extending the discussion on additional performance indicators discussed in the literature. For this, I run Equation 1 where the outcome of interest is one of six additional sustainable performance indicators. As explanatory variables in this set of regressions remains the twelve supportive policies implemented by municipalities as for models in Chapter 4, with the same model specifications and significance levels applying. Tables A.6.4 through A.6.6 report all coefficients in the regression, and the way that the coefficients change as more controls are added. As before, qualitative analysis is used to report explanations for mechanisms driving policy impact.

The results of regression models are summarised in Table A.6.3 Model 1.b reports the impact of policies on an additional economic outcomes; Model 2.b reports the impact of policies on an additional social outcomes; Model 3.b assess the impact of policies on an additional working conditions outcome; Model 1.b-5.c analyse the impact of policies on the reduction of negative externalities for HBEs. For intellectual transparency, full models are presented in Tables A.6.4 through A.6.6.

Table A.6. 1: Sustainable Performance Indicators for Waste-Pickers (Dependent Variables)

<i>Response Variables</i>	<i>Authors</i>	<i>n.</i>	<i>Indicators</i>
1. Economic efficiency			
<i>Individual productivity</i>	<i>Medina (2007)</i>	<i>1.a</i>	<i>Earnings per hour worked</i>
<i>Impact on productivity of local industry</i>	<i>Medina (2007)</i>	<i>1.b</i>	<i>Kilograms recycled per hour</i>
2. Social equity			
<i>Poverty reduction</i>	<i>Medina (2007); Chaturvedi (1998)</i>	<i>2.a</i>	<i>Income as multiple above/below minimum salary</i>
<i>Internal income equality</i>	<i>Chaturvedi (1998)</i>	<i>2.b</i>	<i>Income dispersion within the cooperative</i>
3. Quality of Work			
<i>Working conditions</i>	<i>Medeiros and Macêdo (2006)</i>	<i>3.a</i>	<i>Length of working week</i>
<i>Physical health</i>	<i>Begun (1999); Nguyen et al (2003)</i>	<i>3.b</i>	<i>Number of work-related accidents suffered within the past six months</i>
4. Negative externalities			
<i>Child labour</i>	<i>Chaturvedi (1998)</i>	<i>4.a</i>	<i>Frequency of waste-pickers accompanied by a child (a)</i>
<i>Waste dispersion</i>	<i>Chaturvedi (1998)</i>	<i>4.b</i>	<i>Frequency of cleaning up after waste collection (b)</i>

5. Environmental protection

Energy saving and prevention of waste entering landfill	Medina (2007)	5.a	Kilograms recycled per worker per hour
Prevention of toxic material from entering landfill	Medina (2007)	5.b	Kilograms of toxic materials recycled per month
Diversity of material recycled	Medina (2007)	5.c	Number of different materials collected per worker

a) On a perceptual scale from 1 to 6, where 1 represents 'I never go to collect waste with my child/children' and 6 represents 'I always go to collect waste with my child/children'.

b) On a perceptual scale from 1 to 6, where 1 represents 'I always clean up after collecting/sorting waste' and 6 represents 'I never clean up after collecting/sorting waste'.

Table A.6. 2: Types of Local Policies Implemented by Borough (Independent Variables)

Explanatory Variables	La Reina (Co-Production)	Cerrillos (Structuralist)	Maipú (Neoliberal)	Santiago (Dualist)
A. Individual Socio-Economic Conditions (control variables)				
1 Income	Monthly waste-picker income per month in Chilean pesos			
2 Work-week	Number of hours worked per week			
3 Age	In years			
4 Gender	Male / female			
5 Experience	Number of years spent in the activity			
B. Municipal Socio-Economic Conditions (control variables)				
6 Poverty	Municipal poverty rate			
7 Inhabitant income	Average inhabitant income in the municipal area			
8 Waste production	Average kilograms of waste produced by a household in a municipal area			
C. Supportive Local Policies (explanatory variables)				
1 Access to credits	yes	no	no	no
2 Donation of tools and machinery	yes	no	no	no
3 Donation of vehicles	yes	no	no	no
4 Provision of a recycling centre	yes	no	no	no
5 Institutionalisation of waste-pickers	yes	no	no	no
6 Coordination with waste lorry	yes	yes	no	no
7 Waste-picker monopoly	yes	no	no	no
8 Regularisation of schedules	yes	no	no	no
9 Promoting waste separation	yes	no	no	no
10 Restrictions on work in landfills	yes	no	no	no
11 Place to leave children	yes	No	no	no

Source: Own elaboration.

Table A.6. 3: Summary of the Impacts of Municipal Policies on the Sustainable Performance of Waste-Pickers

Response Variable	Positively Impacting Policy	Negatively Impacting Policy	Magnitude	Type of policy	Overall Impact (a)
1. Economic Efficiency					
Indicator 1.b:	Access to credits		6.481**	Capital	A
	Donation of tools and machinery		2.380**	Capital	A
Quantity collected per hour (recyclable material only)	Institutionalisation of waste-pickers		15.960***	Organisation	A
	Coordination with waste lorry		3.056***	Organisation	A
	Place to leave children (social network)		6.885**	Neg. Externality	A
2. Social Equity					
Indicator 2.b:	Access to recycling centre		-0.0441***	Capital	A
	Institutionalisation of waste-pickers		-0.127***	Organisation	A
Gini coefficient within cooperatives	Coordination with waste lorry		0.00267*	Organisation	A
	Promoting waste separation		-0.00403***	Organisation	A
3. Quality of work					
Indicator 3.b:	Regularisation of schedules		-0.340**	Organisation	A
	Frequency of workplace accidents	Storage in an informal plot	2.102**	Capital	C
4. Negative Externalities					
Indicator 4.b:					
Waste Dispersion (c)	-	-	-		-
5. Environmental Protection					
Indicator 5.b:	Access to credits		83.55**	Capital	A
	Kilograms of toxic material collected per month	Institutionalisation of waste-pickers	167.2**	Organisation	A
Indicator 5.c:	Institutionalisation of waste-pickers		3.912***	Organisation	A
Diversity of materials collected					

Notes:

a) Overall Impact A denotes municipal policies that have only a positive impact across indicators; B refers to municipal policies that have both positive and negative impacts across indicators; C denotes policies that have only negative impacts across indicators.

b) Where 1 signifies 'I never go with my child/children to collect waste' and 6 signifies 'I always go with my child/children to collect waste'

c) Where 1 signifies 'I always clean up after collecting/sorting waste' and 6 signifies 'I never clean up after collecting/sorting waste'

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$: Robust standard errors in parentheses

Local industry productivity: quantity of recyclable material collected per hour (indicator 1.b)

The quantity that each waste-picker collects in recyclable materials (the use by industries) in an hour faces a significant rise with supportive policies. The provision of tools and/or machinery increases waste-pickers' recycling rates by 2.380 kilograms per hour of work, coordination with the waste lorry by 3.056 kilograms per hour, granting access to credits increases collection by 6.481 kilograms per hour worked, the institutionalisation of waste-pickers by 15.960 kilograms per hour, and access to childcare facilities by 6.885 kilograms per hour. The similarity in the magnitudes of impact with indicator 5.a regarding the donation of tools and machinery, and the coordination with the waste lorry and, confirms that these policies increase collection rates of predominantly recyclable material, with little impact on the collection of reusable products.

Access to credits allows waste-pickers to upgrade and repair vehicles, increasing their collection capacity. Victor (60), a waste-picker from La Reina, argues:

V: Here, since micro-entrepreneurs are accepted by the Banco de Estado [State Bank], we can obtain credits... You have to take advantage of these opportunities... The majority (of us) are trying to repair our (existing) vehicles or adding bigger containers onto them so we can carry more material

The institutionalisation of waste-pickers allows them to collect more recyclable materials, As explained in Chapter 4, this is due to the trust from municipal recognition, allowing waste-pickers to enter locals' houses to collect large reusable items.

Waste-pickers' access to childcare services increases indicator 1.b, particularly for women. This is because female waste-pickers face a higher burden of family tasks, forcing them to combine waste-picking with childcare responsibilities. This means that female waste-pickers can sometimes only collect intermittently, or must bring their children with them, slowing down their work. Access to care services (particularly through their personal network) allows them to fully concentrate on recycling, increasing their efficiency. As stated by Carolina (31), a waste-picker in Cerrillos:

C: Today, I had to sell my material for recycling...but I couldn't, because I had a (school) meeting at 9:00 am. It finished at 11:00 am, and then I had to prepare lunch...then I had the (school) enrolment... I have to collect between my home and the school, I can't go very far... I have to bring (my daughter) sometimes, I have nobody to leave her with, so collecting is harder.

Income equality: Gini coefficient within cooperatives (indicator 2.b)

A large number of policies are effective for reducing income differences within cooperatives (indicator 4): the provision of recycling centres reduces inequality by 0.041 Gini points, the institutionalisation of waste-pickers by 0.127 Gini points, coordination with the waste lorry by a very small 0.003 points, and the promotion of waste separation by a similar 0.004 points.

Recycling centres homogenise the prices paid per kilogram to waste-pickers. This is because all waste-pickers contribute their collected material to one single load which is sold in large quantities. Unlike when they sell as individuals to a middleman, they do not face the penalisation of lower prices for selling in small quantities. Moreover, waste-pickers associated with the recycling centre share equally in the profits made from the centre. Esteban (52):

E: The recycling centre creates a change... (Waste-pickers) benefit because they are paid a higher price (per kilogram), but also later on...(because the cooperative) has to invest in the improvement (of the recycling centre) or distribute the profits, and it is the members who decide what to do.

Since the institutionalisation of waste-pickers affects an entire cooperative and includes waste-pickers being introduced to neighbours, this helps those who are less naturally sociable to gain the trust and support of locals, which in turn increases their productivity and incomes, closing the gap between them and other waste-pickers. Antonio (52), a waste-picker from La Reina, explains:

A: When we started, we were all accompanied by a municipal officer as well as a monitor from Casa La Paz... I worked with (an officer), teaching people what they should and should not give (for recycling and reuse), door-to-door. It was hard work. We were given our uniforms and the houses to visit.

Through similar mechanisms, the promotion of waste separation and the coordination of waste-pickers with the lorry reduce inequality by a smaller proportion, as again they help less outgoing individuals to increase their collection rates.

Physical health: frequency of workplace accidents (indicator 3.b)

As well as increasing sustainable performance, supportive policies also have a positive impact on reducing the negative externalities of waste-picking. Work-related accidents can be reduced by 0.340 accidents every six months by simply regularising the schedules of collection for waste-pickers.

This regularisation makes neighbours more willing to provide pre-organised material and means that waste-pickers do not have to rush to open bags, thus preventing the risks that arise from waste manipulation. As expressed by Natalia (50), a waste-picker in La Reina:

N: My neighbours know when I come, and have everything ready... I don't put my hands into the waste, I have taught them... They give everything to me clean, crystal clean... They give one plastic bag with the 'cachureos', another with the cardboard, another with newspaper, everything separated.

Contrasting this, the access to storage in an informal plot increases workplace accidents by 2.102 occurrences every six months. This is due to an increased possibility of accidents in a storage place with poor working conditions and regular unprotected waste manipulation. As Esteban (52) explains:

E: The problem with the accumulation of waste in (illegal) plots is the risk of fire and sanitary problems. You do not have the right conditions to store goods. Moreover, sometimes you have (other types of) accidents – cuts from broken bottles or sharp pieces of steel, as waste is dispersed all around.

Waste dispersion: frequency of cleaning up after collecting (indicator 4.b)

For waste dispersion (indicator 10), my regressions did not show statistically significant results. I suspect that this is either due to running out of statistical power (given the small number of observations), or due to a behavioural pattern that I am not able to capture in my data.

Prevention of waste entering landfills: quantity of toxic material (indicator 5.b) collected

Regarding the collection of toxic materials, facilitating access to credit allows each waste-picker to collect an extra 63 kilograms per month of toxic materials, while the institutionalisation of waste-pickers sees an increase of 167.2 kilograms. Through access to credit, waste-pickers are able to obtain the necessary capital to manage this type of waste – waste-pickers without access to appropriate tools or storage tend to avoid the collection of toxic materials for fear of sustaining injuries. Belen (59), a waste-picker leader from Santiago Centro, gives one example:

B: I received a credit from the Banco Estado... I want to (use my credit to) build a small storage space in my house...which would allow me to collect products like batteries. This is fundamental (for my business).

Furthermore, since institutionalising waste-pickers encourages neighbours to open their doors to them, waste-pickers are able to collect toxic materials – such as broken electronics – directly from the source, in a clean and safe manner.

Diversity of material recycled: number of different materials recycled (indicator 5.c)

In relation to the diversity of materials collected (indicator 7), the institutionalisation of waste-pickers leads to 3.9 new types of material being added to the local recycling and reuse waste management system. Some materials require cleaning prior to recycling (such as cardboard or detergent bottles), and so are normally not collected by waste-pickers. Since the institutionalisation of waste-pickers increases neighbourhood collaboration, materials tend to be cleaned before being handed in for waste collection, thus expanding the number of types of material that are recycled. As Sofia (46), a waste-picker leader from La Reina, noted:

S: The neighbours already know what we collect and how the material needs to be... For example, detergent bottles need to be clean, because the detergent pollutes. The same goes for oil bottles... Cardboard must be clean, because if it comes with traces of food you can't sell it. My neighbours already know this and provide everything already cleaned.

Table A.6. 4: Waste-Pickers OLS Models Testing Local Policy Impact on Economic Efficiency

INDICATORS VARIABLES	1: Earnings Hour Worked			2: Kilos Hour Worked (only recyclables)			3: Times Minimum Salary		
	1	2	3	4	5	6	7	8	9
Access to credits	-5.034 (268.8)	-7.859 (248.2)	-36.64 (244.1)	6.098** (2.963)	5.635* (2.972)	6.481** (3.046)	0.0874 (0.148)	0.107 (0.146)	0.102 (0.150)
Donation of tools and machinery	-90.78 (107.7)	-75.76 (95.78)	-111.8 (96.61)	1.056 (1.225)	1.450 (1.310)	2.380** (1.140)	0.0265 (0.0549)	0.00112 (0.0503)	0.000459 (0.0582)
Provision of tricycle	-283.3 (221.2)	-269.9 (252.0)	-101.6 (250.3)	-5.155* (3.069)	-2.989 (3.549)	-4.340 (3.394)	0.178 (0.152)	0.0906 (0.163)	0.0669 (0.169)
Provision of motorised vehicles	422.9 (331.4)	512.7 (382.0)	654.2* (390.3)	5.903 (5.994)	6.278 (6.794)	5.879 (6.142)	0.573*** (0.195)	0.476** (0.193)	0.440** (0.195)
Recycle center	180.7 (246.5)	241.3 (250.1)	209.8 (318.9)	7.148* (3.905)	4.678 (4.518)	-0.107 (4.925)	-0.138 (0.142)	-0.106 (0.155)	-0.0163 (0.202)
Informal plot	473.8 (352.1)	443.6 (378.7)	328.3 (383.4)	8.878* (4.995)	6.943 (5.303)	9.151* (5.105)	-0.168 (0.263)	-0.0661 (0.296)	-0.0778 (0.301)
Institutionalisation of waste-pickers	1,550*** (419.7)	1,530*** (392.6)	1,260*** (344.5)	13.24*** (4.115)	12.12** (5.402)	15.96*** (5.056)	0.864*** (0.216)	0.906*** (0.191)	0.929*** (0.211)
Coordination with waste lorry	-100.8 (69.83)	-105.0 (67.66)	-103.0 (69.33)	2.700*** (0.825)	2.803*** (0.865)	3.056*** (0.760)	-0.0383 (0.0352)	-0.0451 (0.0357)	-0.0504 (0.0333)
Waste-picker monopoly	618.8*** (189.7)	708.7*** (207.5)	833.8*** (225.4)	3.877 (2.771)	2.590 (2.850)	1.259 (3.101)	0.222* (0.120)	0.196 (0.132)	0.170 (0.140)
Regularisation of schedules	96.44* (54.41)	88.18 (61.91)	152.3** (67.75)	1.401* (0.723)	1.390* (0.719)	0.225 (0.674)	0.0575* (0.0343)	0.0633* (0.0360)	0.0604 (0.0447)
Promoting waste segregation	-41.37 (57.65)	-39.42 (58.47)	-81.75 (62.28)	0.782 (0.856)	0.291 (0.862)	0.429 (0.848)	-0.0757* (0.0414)	-0.0615 (0.0414)	-0.0508 (0.0435)
Restrictions on work in landfills	-28.50 (125.5)	-15.09 (127.6)	-73.55 (142.9)	-0.153 (0.859)	-0.191 (0.821)	0.686 (1.054)	0.0368 (0.0789)	0.0281 (0.0771)	0.0344 (0.0852)
Place to leave children (social network)	96.42 (291.3)	139.5 (259.7)	17.70 (252.6)	7.240** (3.144)	5.707 (3.482)	6.885** (3.052)	0.0477 (0.182)	0.0697 (0.199)	0.0915 (0.215)
Place to leave children (school/nursery)	-21.02 (376.6)	52.92 (342.3)	-100.4 (344.3)	2.361 (3.669)	0.960 (4.117)	3.107 (4.005)	0.0702 (0.218)	0.0727 (0.229)	0.0896 (0.244)
No children	-190.5 (284.5)	-122.2 (248.1)	-246.5 (248.7)	3.590 (3.338)	2.976 (3.799)	5.290 (3.781)	-0.00884 (0.182)	-0.0364 (0.202)	-0.0321 (0.214)
Socio-economic controls	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes
Socio-spatial controls	No	No	Yes	No	No	Yes	No	No	Yes
Constant	1,038* (549.5)	946.0 (610.8)	-438.0 (889.9)	-21.90*** (7.838)	-15.69 (10.38)	-3.082 (14.58)	0.533 (0.347)	0.427 (0.422)	0.741 (0.566)
Observations	91	91	91	91	91	91	94	94	94
R-squared	0.455	0.478	0.501	0.507	0.536	0.573	0.519	0.549	0.551

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Table A.6. 5: Waste-Pickers OLS Models Testing Local Policy Impact on Social Equity and Environmental Protection

INDICATORS VARIABLES	4: Income Inequality by Cooperative			5: Kilos per Hour Worked (recyclable and reuse)			6: Kilos of Toxic Material per Month			7: Types of Materials Collected		
	10	11	12	13	14	15	16	17	18	19	20	21
Access to credits	0.00241 (0.00384)	0.00321 (0.00403)	0 (0)	6.522 (4.233)	4.952 (4.201)	5.783 (4.209)	59.82* (35.69)	79.13** (34.61)	83.55** (32.80)	0.0340 (0.624)	0.188 (0.683)	0.260 (0.667)
Donation of tools and machinery	0.00249 (0.00233)	0.00180 (0.00224)	0*** (0)	0.688 (1.324)	1.704 (1.509)	2.550* (1.412)	8.832 (14.78)	2.714 (14.90)	5.266 (15.49)	-0.0971 (0.230)	-0.122 (0.227)	0.00376 (0.197)
Provision of tricycle	0.0113 (0.00740)	0.00723 (0.00723)	-0*** (0)	-4.171 (3.372)	-0.236 (4.418)	-3.946 (4.170)	13.66 (38.97)	-9.768 (33.55)	-13.44 (36.33)	0.900 (0.938)	0.637 (0.939)	0.626 (1.024)
Provision of motorised vehicles	0.0149 (0.00926)	0.0137 (0.00836)	-0** (0)	14.03* (8.158)	13.84 (9.581)	12.37 (8.114)	-95.07 (64.62)	-104.0 (70.03)	-106.5 (71.35)	0.649 (1.029)	0.784 (1.069)	0.775 (1.104)
Recycle center	-0.0492*** (0.00473)	-0.0441*** (0.00563)	-0 (0)	1.345 (4.715)	-1.907 (5.063)	0.771 (5.786)	34.83 (33.78)	65.06 (46.42)	37.17 (52.41)	1.443** (0.622)	1.525** (0.657)	0.311 (0.858)
Informal plot	0.00640 (0.00623)	0.00868 (0.00532)	0* (0)	13.61 (11.09)	10.20 (10.35)	11.23 (9.729)	-22.83 (33.03)	-4.343 (28.54)	5.079 (35.13)	-1.379 (1.014)	-1.094 (0.909)	-0.783 (0.959)
Institutionalisation of waste-pickers	-0.129*** (0.00566)	-0.127*** (0.00571)	-0.124*** (0)	9.524** (4.569)	5.256 (6.055)	12.36** (5.376)	157.7** (67.07)	154.9** (69.22)	167.2** (71.21)	2.809*** (0.776)	3.715*** (0.977)	3.912*** (1.060)
Coordination with waste lorry	0.00248 (0.00167)	0.00267* (0.00160)	-0 (0)	2.825*** (0.900)	3.645*** (1.116)	3.402*** (0.971)	15.30 (12.35)	7.748 (11.38)	10.29 (11.76)	-0.291* (0.158)	-0.368** (0.171)	-0.268 (0.176)
Waste-picker monopoly	0.00678 (0.00581)	0.00799 (0.00636)	-0*** (0)	5.275* (3.016)	2.947 (3.135)	-0.614 (3.978)	-26.51 (55.72)	-17.26 (56.98)	-19.14 (64.35)	-0.682 (0.815)	-0.415 (0.829)	-0.205 (0.747)
Regularisation of schedules	-0.00113 (0.00117)	-0.000831 (0.00107)	-0 (0)	2.577** (0.993)	2.069** (1.019)	0.455 (0.892)	2.421 (6.407)	4.814 (7.093)	2.744 (7.907)	0.253 (0.162)	0.355** (0.177)	0.304 (0.199)
Promoting waste segregation	-0.00490*** (0.00133)	-0.00403*** (0.00138)	-0** (0)	0.436 (1.112)	-0.263 (1.150)	1.122 (1.063)	0.200 (10.22)	2.093 (10.06)	0.0967 (12.30)	-0.0674 (0.161)	-0.0797 (0.171)	-0.213 (0.203)
Restrictions on work in landfills	-0.00101 (0.00204)	-0.00106 (0.00182)	0 (0)	-0.741 (1.171)	-0.544 (1.124)	1.270 (1.238)	1.766 (11.58)	-0.252 (11.87)	3.122 (14.00)	0.213 (0.216)	0.252 (0.214)	0.283 (0.225)
Place to leave children (social network)	-0.0107* (0.00619)	-0.00723 (0.00549)	-0** (0)	7.460 (4.748)	5.314 (5.245)	8.703** (3.966)	-12.97 (50.60)	9.350 (42.94)	7.897 (42.22)	-1.068 (1.009)	-0.872 (1.125)	-0.997 (1.061)
Place to leave children (school/nursery)	-0.00500 (0.00652)	-0.00340 (0.00618)	-0 (0)	4.698 (5.005)	3.372 (5.629)	7.532* (4.474)	-12.39 (65.05)	-9.328 (68.95)	-7.602 (70.47)	-1.405 (1.058)	-1.257 (1.211)	-1.321 (1.145)
No children	-0.000709 (0.00714)	0.00168 (0.00635)	-0 (0)	4.166 (5.072)	3.311 (5.582)	7.457 (4.554)	-52.05 (54.99)	-21.39 (47.68)	-17.25 (48.39)	-0.614 (1.093)	-0.595 (1.236)	-0.544 (1.213)
Socio-economic controls	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes
Socio-spatial controls	No	No	Yes	No	No	Yes	No	No	Yes	No	No	Yes
Constant	0.297*** (0.0128)	0.291*** (0.0147)	0.397*** (0)	-21.57** (8.833)	-19.28 (14.32)	26.50 (17.46)	3.451 (90.55)	74.93 (92.67)	59.44 (171.5)	8.924*** (1.845)	8.490*** (2.396)	6.290 (3.919)
Observations	96	96	96	87	87	87	71	69	69	86	84	84
R-squared	0.924	0.931	1.000	0.467	0.524	0.577	0.528	0.586	0.591	0.428	0.473	0.501

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Table A.6. 6: Waste-Pickers OLS Models Testing Local Policy Impact on Negative Externalities

INDICATORS	8: Quantity of Accidents			9: Frequency of Childwork			10: Waste Dispersion			11: Workday		
VARIABLES	22	23	24	25	26	27	28	29	30	31	32	33
Access to credits	0.621 (0.437)	0.660 (0.446)	0.624 (0.465)	-0.0145 (0.382)	-0.216 (0.324)	-0.150 (0.330)	0.201 (0.178)	0.176 (0.153)	0.180 (0.168)	-0.0867 (0.125)	-0.0971 (0.104)	-0.0928 (0.107)
Donation of tools and machinery	0.378 (0.234)	0.331 (0.279)	0.340 (0.277)	-0.0191 (0.164)	0.0829 (0.151)	0.0743 (0.151)	-0.161 (0.127)	-0.0811 (0.0909)	-0.0764 (0.0809)	0.0987 (0.0748)	0.0884 (0.0642)	0.0931* (0.0550)
Provision of tricycle	0.501 (0.609)	0.343 (0.613)	0.0588 (0.574)	0.429 (0.411)	0.503 (0.435)	0.618 (0.411)	0.230 (0.422)	0.320 (0.413)	0.196 (0.433)	0.422*** (0.145)	0.361** (0.152)	0.225 (0.146)
Provision of motorised vehicles	0.388 (0.729)	0.223 (0.822)	-0.147 (0.819)	0.706* (0.401)	0.781* (0.460)	0.879* (0.446)	0.148 (0.485)	0.349 (0.495)	0.228 (0.523)	0.302 (0.219)	0.137 (0.234)	0.00359 (0.202)
Recycle center	-1.733*** (0.470)	-1.802*** (0.480)	-0.898 (0.645)	0.0526 (0.234)	0.000525 (0.309)	-0.391 (0.545)	-0.568 (0.434)	-0.734* (0.438)	-0.499 (0.463)	-0.303** (0.147)	-0.321** (0.152)	-0.0604 (0.208)
Informal plot	1.889** (0.941)	2.196** (0.915)	2.102** (0.936)	0.0979 (0.301)	-0.0652 (0.300)	-0.0760 (0.267)	-0.145 (0.463)	-0.171 (0.545)	-0.142 (0.537)	-0.458 (0.337)	-0.411 (0.336)	-0.380 (0.310)
Institutionalisation of waste-pickers	-0.514 (0.666)	-0.425 (0.899)	-0.0313 (0.997)	0.173 (0.508)	-0.153 (0.489)	-0.488 (0.595)	0.120 (0.370)	-0.0305 (0.333)	0.145 (0.404)	-0.179 (0.246)	-0.337 (0.221)	-0.145 (0.236)
Coordination with waste lorry	0.273** (0.130)	0.257* (0.134)	0.201 (0.139)	-0.153 (0.126)	-0.151 (0.103)	-0.103 (0.115)	0.0770 (0.0575)	0.0414 (0.0639)	0.0254 (0.0634)	0.0254 (0.0398)	0.0390 (0.0353)	0.0212 (0.0373)
Waste-picker monopoly	1.230*** (0.390)	1.129** (0.456)	0.826 (0.548)	0.231 (0.365)	0.0565 (0.442)	0.222 (0.401)	-0.0649 (0.403)	0.0161 (0.421)	-0.0737 (0.366)	-0.0184 (0.141)	-0.125 (0.128)	-0.224 (0.137)
Regularisation of schedules	-0.290** (0.127)	-0.292** (0.138)	-0.340** (0.153)	0.0314 (0.0722)	-0.0141 (0.0828)	0.0231 (0.123)	0.150** (0.0712)	0.103 (0.0667)	0.0801 (0.0874)	-0.0156 (0.0328)	-0.0176 (0.0382)	-0.0424 (0.0426)
Promoting waste segregation	-0.119 (0.128)	-0.0785 (0.143)	0.0385 (0.135)	0.105 (0.0917)	0.0830 (0.0966)	0.0421 (0.0932)	0.0198 (0.0792)	0.000248 (0.0920)	0.0404 (0.111)	-0.0855** (0.0396)	-0.0685* (0.0380)	-0.0243 (0.0414)
Restrictions on work in landfills	-0.290 (0.251)	-0.289 (0.250)	-0.200 (0.287)	-0.0682 (0.130)	-0.0987 (0.116)	-0.137 (0.113)	-0.123 (0.0977)	-0.0659 (0.0879)	-0.0323 (0.0937)	0.0139 (0.0601)	0.00447 (0.0563)	0.0411 (0.0577)
Place to leave children (social network)	-0.876 (0.791)	-0.898 (0.720)	-0.635 (0.697)	-1.628*** (0.436)	-1.696*** (0.412)	-1.813*** (0.399)	-0.294 (0.373)	-0.229 (0.393)	-0.125 (0.391)	-0.222 (0.218)	-0.263 (0.195)	-0.149 (0.174)
Place to leave children (school/nursery)	0.0574 (0.840)	0.131 (0.798)	0.359 (0.782)	-1.051** (0.463)	-1.022** (0.460)	-1.117** (0.437)	-0.561 (0.464)	-0.122 (0.384)	-0.0219 (0.401)	-0.164 (0.245)	-0.219 (0.221)	-0.109 (0.203)
No children	-0.205 (0.787)	-0.443 (0.760)	-0.360 (0.748)	-1.138* (0.677)	-0.749 (0.680)	-0.640 (0.738)	-0.283 (0.413)	-0.227 (0.436)	-0.176 (0.459)	-0.0170 (0.235)	-0.0896 (0.214)	-0.0347 (0.193)
Socio-economic controls	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes
Socio-spatial controls	No	No	Yes	No	No	Yes	No	No	Yes	No	No	Yes
Constant	1.946 (1.244)	0.911 (1.424)	4.663 (2.993)	1.031 (1.029)	1.602 (1.115)	-0.455 (2.328)	-0.436 (0.737)	-0.802 (1.017)	0.321 (0.769)	0.879** (0.362)	0.720* (0.398)	1.953*** (0.646)
Observations	96	94	94	75	73	73	96	94	94	96	94	94
R-squared	0.403	0.431	0.466	0.347	0.449	0.472	0.182	0.253	0.270	0.220	0.325	0.386

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

ANNEX 7: INDEPENDENT AND DEPENDENT VARIABLES FOR STREET VENDORS

In Chapter 5, section three I have evaluated the impacts of supportive policies on four street-vendors performance indicators associated with their objectives of improved economic, social and working condition outcomes and in reducing the negative externalities. This annex complements this discussion by providing a description of indicators, evaluated policies, running variables, as well as by analysing the impact of supportive policies on additional performance indicators commonly discussed in the literature (see Table A.7.1). As for Chapter 5, OLS models are employed to disentangle the impact of supporting policies on street vendors' performance indicators, using the same specifications and significance levels. For intellectual transparency, Tables A.7.5 through A.7.7 also report all coefficients in the regression, and the way that the coefficients change as more controls are added. As before, qualitative analysis is used to report explanations for mechanisms driving policy impact.

Table A.7.4 reports the significant results of OLS regressions for eight additional indicators with all controls. Model 1.b shows the impact of supportive policies on economic indicators; Models 2.b and 2.c assess the impact of policies on social indicators; Models 3.b, 3.c, 3.d report the results of supportive policies on working condition indicators; and Models 4.b and 4.c analyse the impact of municipal policies on reducing negative externalities. Qualitative analysis supports these results through quotes from interviews and group discussions, commenting on the mechanisms at play.

Table A.7. 1: Sustainable Performance Indicators for 'Feriantes' (Dependent Variables)

<i>Response Variables</i>	<i>Authors</i>	<i>n</i>	<i>Indicator</i>	<i>Model</i>
1. Economic efficiency				
<i>Feriante productivity</i>	<i>Cross 1998, de Soto 1989; Williams & Gurtoo 2012</i>	<i>1.a</i>	<i>Earnings per hour worked</i>	<i>MLR</i>
<i>Feriante monthly income</i>	<i>Cross 1998, de Soto 1989; Williams & Gurtoo 2012</i>	<i>1.b</i>	<i>Feriante earnings per month</i>	<i>MLR</i>
2. Social equity				
<i>Poverty reduction</i>	<i>Peattie 1980</i>	<i>2.a</i>	<i>Feriante's total income relative to the poverty line</i>	<i>MLR</i>
<i>Gender inequality</i>	<i>Kinyanjui 2014,</i>	<i>2.b</i>	<i>Female feriante income relative to average men's feriante income</i>	<i>MLR</i>
<i>Employment generation</i>	<i>de Soto 1989, Williams and Gurtoo 2012</i>	<i>2.c</i>	<i>Number of jobs generated per stall</i>	<i>MLR</i>
3. Quality of work				
<i>Working week</i>	<i>Núñez 1993</i>	<i>3.a</i>	<i>Number of hours worked per week</i>	<i>MLR</i>
<i>Accidents at the workplace</i>	<i>Kapoor 2007; Williams & Gurtoo 2012; Alfors et al. 2016</i>	<i>3.b</i>	<i>Accident at the workplace in the last six months (yes/no)</i>	<i>BLR</i>
<i>Pension access</i>	<i>Kapoor 2007; Williams & Gurtoo 2012</i>	<i>3.c</i>	<i>Access to pension (yes/no)</i>	<i>BLR</i>

Health contribution	Kapoor 2007; Williams & Gurtoo 2012	3.d	Health contribution (yes/no)	BLR
4. Negative externalities				
Child labour (a)	Peattie 1980	4.a	Perception scale of child work (a)	MLR
Neighbourhood life disturbance (b)	Bromley 1979, Cross 1998, Harrison and McVey 1997, Kinyanjui 2014, p.34, de Soto 1989	4.b	Perception scale of neighbourhood life disturbance	MLR
Food security (c)	Bromley 2000	4.c	Prices of feriantes' products relative to large retail	BLR

a) On a perceptual continuous scale, where 1 represents 'I never take my children to work' and 7 represents 'I always take my children to work'

b) On a perceptual continuous scale where 1 represents 'Neighbours living on the street of the market are unhappy with my business' and 7 represents 'Neighbours living on the street of the market are happy with my business'.

c) Declared price of products compared with large retail prices, where 0 represents cheaper and 1 represents equal price or more expensive

MLR: Multiple Linear Regressions

BLR: Binary Logistic Regressions

Table A.7. 2: Control Variables

Explanatory Variables		Description
A. Individuals socio-economic conditions (control variables)		
1	Gender	Gender of the respondent (male/female)
2	Nationality	Chilean / foreigner
3	Household size	Number of children per household
4	Age	Age of the street vendor in years
5	Experience	Age of the business in years
6	Education	None, primary, secondary or tertiary education
7	Feriante income	Monthly feriante net income
8	Working week	Number of hours worked per week
B. Enterprise characteristics (control variables)		
9	Enterprise size	Number of workers employed by the enterprise
10	Enterprise sector	Fruit and vegetables, fish and seafood, dry fruits, chicken and eggs, groceries, clothing, cleaning products, seasoning and cereals, others.
11	Type of products	Elaborated, primary, mixed
12	Formalisation	Number of national and local regulations satisfied
B. Spatial or 'entourage' conditions (control variables)		
13	Distance to large retail	Number of blocks to the closest large retail shop
14	Distance to high street	Number of blocks to the closest high street
15	Distance to underground station	Number of blocks to the closest underground station
C. Municipal conditions (control variables)		
16	Municipal inhabitant income	Average inhabitant income in municipality
17	Municipal budget per person	Average municipal budget per inhabitant
18	Municipal poverty rate	Percentage of people in poverty per municipality

Source: Own elaboration.

Table A.7. 3: Types of Local Policies Implemented

<i>Explanatory Variables</i>	<i>Description</i>
D. Supportive local policies (explanatory variables)	
D.1 Human capital	
19 Training	Have received a public training (yes/no)
D.2 Individual capital	
20 Electronic scale	Analogue, digital, none
21 Working uniform	Using special clothing for production or selling (yes/no)
22 Freezer	Freezer used in the stall (yes/no)
23 Electric generator	Electric generator used in the stall (yes/no)
24 Other machines	Another type of machine used in the stall (yes/no)
25 Type of stall	Precarious, standard, permanent
26 Storage space	None, on a plot, in a house, in a warehouse, in refrigerated storage
27 Type of vehicle	Hand cart, rental car, relatives' car, shared transport, car, van, pi
D.3 Collective capital	
28 Electricity access	Having access to electricity in the street market (yes/no)
29 Potable water	Having access to potable water in the street market (yes/no)
30 Common roof	Street market equipped with a shared permanent roof (yes/no)
31 Children's playground	Street market equipped with a shared children's playground (yes/no)
32 Green space	Street market equipped with green spaces (yes/no)
33 Parking facilities	In the street, on a street island, in designated market parking space
34 Toilet facilities	None, request from neighbours, chemical toilet, permanent toilet
D.4 Financial Access	
35 Local fund	Having received a national grant (yes/no)
36 National financial fund (individual)	Having received a national individual grant (yes/no)
37 National financial fund (collective)	Having received a national collective grant (yes/no)
38 Access to credit	Having access to credit (yes/no)
D.5 Market access and regulation	
39 Stall size	Street vendor's stall size in square metres
40 Number of stalls	Number of stalls per street vendor
41 Number of feriantes	Number of street vendors per market
42 Hours per permit	Number of hours of work per week permitted by municipal permit
43 Cost of local permit	Cost of the local permit in Chilean pesos
44 Diversity of selling methods	Number of different strategies used to sell products
45 Debit card payment	Accepting debit card payments (yes/no)
D.6 Organisation	
46 Unionisation	Belonging to an organisation (yes/no)
D.7 Other	
47 Child care	No access, access through personal network or public nursery
Police support	Perception level of police support for the activity
48 Municipal support	Perception level of local government support for the activity

Source: Own elaboration.

Table A.7. 4: Summary of the Impacts of Municipal Policies on the Performance of Feriante

Respose Variable	Positively Impacting Policy	Negatively Impacting Policy	Magnitude	SE	Type of policy	Overall Impact (a)	
1. Economic Efficiency							
Indicator 1.b: Feriantes's Earnings per month	Truck		534,106***	-195,002	Physical Capital	A	
	Warehouse storage		400,967**	-162,669	Physical Capital	A	
	Fridge at the stall		717,810**	-328,139	Physical Capital	A	
	Electric generator		1.908e+06*	-1,016,000	Physical Capital	A	
	National Small Fund		364,678**	-184,592	Financial Capital	A	
	Municipal support		44,869**	-18,453	Other support	A	
2. Social Equity							
Indicator 2.b: Feriantess women income relative to average Feriantess men income	Plot storage		1.241**	-0.474	Physical Capital	A	
	Warehouse storage		1.380***	-0.352	Physical Capital	A	
	Fridge at the stall		1.653**	-0.665	Physical Capital	A	
	Potable Water at the street market		0.669**	-0.332	Physical Capital	A	
		State Large Fund		-1.102*	-0.554	Financial Capital	C
		Permit Cost		-2.35e-06*	-2.35e-06*	Regulation	C
Indicator 2.c: Employment generated per HBE	Standard stall		0.602***	-0.188	Physical Capital	A	
	Permanet stall		0.737***	-0.227	Physical Capital	A	
3. Quality of work							
Indicator 3.b: Access to Pension (yes/no)	Square meters stall		0.0985*	-0.0535	Regulation	B	
		Chemical toilet in the street market	-2.444***	-0.888	Colletive Capital	B	
Indicator 3.c: Healht Contribution (yes/no)	House storage		0.976**	-0.486	Physical Capital	A	
	Uniform		1.247**	-0.494	Physical Capital	A	
	Potable Water at the street market		2.000**	-7.89E-01	Colletive Capital	A	
		Built toilet in the street market		-21.21***	-2.70E+00	Colletive Capital	B
Indicator 3.d: Frequency of workplace accidents	Uniform		-3.830***	-1.12E+00	Physical Capital	A	
	Permanent Roof		-2.872*	-1.58E+00	Colletive Capital	A	
	Childcare access (other)		-3.796***	-1.423	Neg. Externalities	A	
	Police support		-0.426***	-0.161	Regulation	A	
		Square meters stall		0.157***	-6.07E-02	Regulation	B
		Diversity of payment		2.187***	-7.69E-01	Access to markets	C
4. Negative Externalities							
Indicator 4.b: Neighbourhood life disturbance (c)	Provision of green space		-0.770**	-3.79E-01	Neg. Externalities	A	
	Parking in a street island		-4.442***	-1.03E+00	Neg. Externalities	A	
		Diversity of payment		0.694**	-0.277	Access to markets	C
Indicator 4.c: Food security and Affordability (d)	Number of street vendors		-0.0141***	-0.00546	Regulation	B	
	Street market parking provision		-3.967*	-2.32	Colletive Capital	A	
		Pick up van		6.489***	-2.303	Physical Capital	B

Notes:

a) Overall Impact A denotes municipal policies that have only a positive impact across indicators; B refers to municipal policies that have both positive and negative impacts across indicators; C denotes policies that have only negative impacts across indicators.

b) In a perceptual continous scale where 1 means never go with my child/children to collect and 7 means always go to collect with my child/children

c) In a perceptual continous scale where 1 means neighbours living in my same street are unhappy with my business and 7 means hneighbours living in my same street are happy with my business.

d) Declare price of products compared with large retail prices where 0 means is cheaper and 1 means equal or more expensive

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$: Robust standard errors in parentheses

Feriante Profitability: Earnings Per Month (indicator 1.b)

The monthly income of *feriantes* is increased by 534,106 pesos (USD 864.46) with access to a large motorised vehicle, 400,967 pesos (USD 646.72) with access to a warehouse storage space, 1,908,000 pesos (USD 3,077.42) by having an electric generator, 717,810 pesos (USD 1,157.76) by having a freezer in their stall and 364,678 pesos (USD 588.19) by the provision of small national funds. Since large motorised vehicles and storing in a warehouse increase productivity per hour (indicator 1.a, see chapter 5), this naturally translates into higher monthly incomes. Similarly, for the same reasons explained for indicator 2.a (in Chapter 5) an electric generator and a freezer increases monthly *feriantes* incomes.

Small national funds allow *feriantes* to acquire the equipment necessary to produce or preserve larger quantities and add value to products. Sara (45), a food and salad vendor in Conchalí:

S: I received a grant from (the government fund) SERCOTEC... I bought a semi-industrial cooker and large stock pots to cook in large quantities... I used to sell 100 salads at 400 pesos, making 40,000 per day, and now I sell 150 salads at 1000 pesos and I make 150,000.

Feriante Gender Equality: Average Female Income Relative to Average Male Income (indicator 2.b)

This subsector is unique regarding gender income inequality (indicator 2.b), as women in *feriante* work earn more than men on average (see Table 6.2). Their incomes can be further increased by having access to a freezer or refrigerator at their stall, increasing women's incomes by 165% and 250% over average male incomes respectively, by having access to potable water, leading to a 70% increase, and by accessing storage facilities, increasing by 124%. Given the disproportionate representation of women in stalls selling prepared food, the positive impact of freezers and refrigerators renders a larger effect on women. Sara (45), a food and salad seller in Conchalí:

S: I prepare 'chapsui', 'cazuela' and 'pastelera'. All of them are pre-prepared... For this, I have the freezer to preserve them... Of course, I earn much more (than when I only sold salads).

The provision of potable water has a double impact: it improves the hygiene of prepared food, particularly for raw salads, raising client trust, while also allowing female *feriantes* to produce at their stall rather than only at home. As Carolina (46) a salad seller in Macul, notes:

C: In containers, water can (stagnate) for two or three days... When there is potable water, things are cleaner, and people are more confident to buy... If you run out of something you can make it on the spot.

Women sell manufactured or elaborate products such as accessories, clothing and groceries in a higher proportions than men, and so benefit more significantly from access to storage facilities, – allowing them to buy in large quantities when prices are cheaper. Roberta (41), a seller of accessories in Maipú, explains:

R: In winter we prepare for September or Christmas because prices are lower. It doesn't matter that you buy a lot, you will sell it later. Some colleagues start buying two days before Christmas because they don't have anywhere for storage. Things are already expensive by that time.

Women's incomes are however reduced by expensive municipal permits and the provision of large funds. As municipal permits are on average 10% more expensive for elaborate products than for primary products, the high concentration of women in the trade of these products (58% versus 42% for men) translates into a disproportional impact on their incomes.

My qualitative data did not contain information helping to establish a mechanism behind the negative impact of large national fund investment on gender equality outcomes. One possible explanation could be that these resources are allocated in a larger proportion to the more traditional stalls selling fish, seafood, fruit and vegetables, in which men are over-represented.

Employment Generation: Number of Jobs Generated per Street Vending Enterprise (indicator 2.c)

The results show that more successful and established stalls tend to create higher amounts of employment. Street markets generate three main types of associated informal employment: sales, unloading and assembly, and delivery. When compared with less-established stalls, a more elaborate stall (with digital scales, a strong structure, a tent and large tables for display) sees an increase of 0.6 jobs per stall. The visual and hygienic appeal of these stalls increase thereof demand, which leads to the need for additional workers to help with the extra workload. As Sebastian (50), a potato vendor in Conchalí, explains:

S: Some of us used to have stalls, and others only had a tent or a piece of fabric on the pavement. Now, instead, all of our stalls match in colour and size... Our sales have improved a lot...so, two people come now to help me at the counter on weekends to cope with clients.

Creating a permanent *feria* –such as the *ferias modelos* – creates 0.7 more jobs. As with the previous example, more clients are attracted because of the higher standard of the market, once again necessitating additional casual employment.

Workplace Accidents: Accidents Occurring at the Workplace in the Last Six Months (indicator 3.b)

The data suggest that the occurrence of accidents or illnesses related to street market activity (indicator 3.b) can be significantly reduced through several methods. The provision of

work-specific clothing is essential to reduce workplace hazards, such as steel gloves for fishmongers to reduce knife cuts, heat-resistant gloves to reduce burns when cooking food, lifting belts to avoid lumbago when loading trucks or setting up stalls, reflective jackets to decrease the potential for *feriantes* to be hit by vehicles in the early morning, or simply hats in summertime to reduce sunburn for those working in exposed stalls. Sara (45), a *feriante* leader in Conchalí, explains:

S: We all received uniforms... We bought specialised gloves... We even bought weightlifting belts... Everyone (in food sales) has to wear an apron, because they used to serve clients without a shirt on during summer.

In a similar manner, a permanent roof reduces weather exposure, reducing cold-induced illnesses and sunburn in summer, while also meaning that *feriantes* do not have to reinstall heavy stalls repeatedly or set up reducing the risk of strains. As Francisco (50), a *feriante* leader in Macul, explains:

F: The most common ailment in street markets is back pain, aching joints, mostly related to body pain... (The permanent roof) has improved quality of life, because you don't get wet in winter or burnt in summer, you don't need to be carrying metal (from the stall) to the 'feria'... Now, you just arrive with your merchandise and set up your products.

The provision of toilets at street markets also reduces workplace risks. Having nearby access to a toilet decreases the risk of stallholder, particularly women, from developing urinary tract infections, and also reduces the presence of stagnant urine around street markets. Guillermo (67), a *feriante* leader:

G: There are many hidden illnesses... (For example) prostate or urinary infections because many people 'hold it in', either because they don't want to leave their stall alone or because the toilets are too dirty – or there may be no toilets at all.

Collaborative policing efforts that work with street vendors to maintain security in street markets seem to reduce accidents resulting from defending against thieves and *feriantes* being hit by cars in the darkness. Paulo (54), a seller of plastic bags in Macul:

P: Clients feel safe coming to our 'feria'... The police frequently visit the market, and we can call the police if something happens, for example theft, or somebody looking at the vehicles suspiciously. There is someone that comes in the morning when we are setting up to provide more traffic-pedestrian security.

A larger diversity of payments accepted, particularly the acceptance of credit based on trust alone, is associated with a higher risk of *feriantes* being injured in fights with clients or other *feriantes* due to disputes over unpaid debts. Roberto (48), an egg vendor in Maipú, comments:

R: There are very few 'feriantes' that still offer credit, because in the end it just causes problems... There are people that don't pay, and sometimes there are even punch-ups... The other day, two people got into a fight in my 'feria'.

A larger stall size increases the need to carry heavier weight for both stalls and products, increasing the probability of injuries, cuts, back pain and other bodily pain. As Diego (60) a hardware seller in Maipú, comments:

D: That is the main (work-related) injury – back pain... Many people have had cuts or bruises because a piece of steel fell on their head or feet.

Pension Access: Having Access to the Pension System (indicator 3.c)

Having a larger stall size leads to an increase in pension membership by 9.9%, while it is reduced by the provision of chemical toilets. Unfortunately, my qualitative data do not help to provide any mechanisms driving this impact.

Access to Health: Having Any Type of Health Coverage (indicator 3.d)

Higher levels of access to health care seem to be associated with access to potable water, having a storage space and wearing work-specific clothing, and are reduced for those who have access to a permanent toilet. As with indicator 6, the qualitative data do not provide further explanation for possible mechanisms that could be driving these results.

Neighbourhood Life Disturbance: Perception of Street Market Disturbance in a Neighbourhood (indicator 4.b)

Neighbourhood disturbance (indicator 4.b) appears to be reduced by the provision of street island parking spaces for *feriantes* and clients, and the provision of green spaces associated with the street market. One of the main sources of conflict between *feriantes* and their neighbours is through blocking the street, increasing congestion and creating noise when setting up stalls. Parking facilities on a street island frees up these streets, minimising traffic disruptions and distancing markets from places of residence. Mario (55), a municipal officer in Macul:

M: The main benefit of 'ferias modelos' is first that they are not in the street, they are on a traffic island... Other 'ferias' block the street completely, cars cannot move, and also have the problem of noise with neighbours.

Moreover, investment in green and public space as an integral part of a street market infrastructure can transform neighbourhood perception, as these spaces can be used even on days when the market is not open. As Francisco (50) comments:

F: This street market has become the only public space for the community, there are practically no other public squares... (When we are not working), the community uses it as pedestrian walkway, or kids go to play on bikes or skate, because there is a green, covered space.

Food Security and Affordability: Prices of Feriante Products Relative to Large Retail (indicator 4.c)

The prices of street market food is reduced by having a higher number of street vendors in operation and the provision of *feria* parking space. A higher number of street vendors creates higher competition in each street market for each type of product, thus motivating *feriantes* to set lower prices. Tomas (44), a greengrocer in Macul:

T: Say I offer something and one day there are...fewer stalls (than normal) offering that product. You say: ' (Today) I am going to sell it for (a higher price), because there is so little (competition)'. On a bad day when the street market is full, you can't do that.

Having safe *feria* parking, such as that in *ferias modelos*, most likely reduces food costs as it reduces the chance of vehicle theft, a cost that would then be transferred onto product prices. Sara (45), a *feriante* leader in Conchalí:

S: (When you leave your car in the street) you risk having it stolen, in which case you would lose a working tool, and that increases your costs... It creates another expenditure that you have to make. It damages not only us, but also our clients... (and if your vehicle is stolen) you will have to increase the prices.

The apparent impact of pick-up vehicles creating higher product prices is driven by the fact that these traditional *feriante* vehicles – generally older, larger trucks – have high maintenance costs that are then similarly transferred into shop prices. Therefore, this result should be taken as a proxy for age of the vehicle, showing the need to incorporate new vehicles into *ferias*. Paulina (44), a clothing seller from La Granja:

P: We set prices with percentages. I work at twenty to twenty-five percent... The transport costs for purchasing, delivery costs for those without a vehicle, all of that becomes cost... If you have a vehicle in bad condition, that always breaks down...it becomes a cost (that is transferred on to prices).

Table A.7.5: Street vendors OLS Models Testing Local Policy Impact on Economic Efficiency and Social Equity (Continuation)

VARIABLES	1: Earnings per hour worked				2: Feriantes's Earnings per month				3: Income relative to poverty line				4: Feriantess women income relative to average Feriantess men income			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Market Access																
Number of street vendors	0.593 (-0.429)	0.543 (-0.461)	0.614 (-0.489)	0.591 (-0.46)	101 (-62.53)	100.9 (-64.92)	73.01 (-67.88)	81.2 (-68.75)	0.001*** (-0.0004)	0.001*** (-0.0004)	0.001** (-0.0004)	0.001*** (-0.0004)	0.0007 (-0.0005)	0.0007 (-0.0004)	0.0004 (-0.0006)	0.0006 (-0.0006)
Number hours permit	-88.93*** (-1660)	-95.26*** (-1696)	-98.67*** (-1734)	-69.87** (-1647)	3.624 (-135926)	3.350 (-135380)	2.581 (-140346)	5.052 (-143956)	0.0125 (-0.528)	0.013 (-0.525)	0.00977 (-0.545)	0.0186 (-0.563)	0.0062 (-0.439)	0.00627 (-0.464)	0.00608 (-0.488)	0.0111 (-0.554)
Diversity of payment	-370.3 (-614.2)	-201.2 (-660.5)	-301.8 (-655.1)	-493.9 (-654.3)	-32,827 (-84826)	-28,811 (-89505)	-10,752 (-87444)	-23,830 (-95103)	-0.0786 (-0.348)	-0.11 (-0.363)	-0.0427 (-0.353)	-0.122 (-0.385)	-0.112 (-0.172)	-0.112 (-0.174)	-0.147 (-0.174)	-0.139 (-0.216)
Organisation																
Unionisation	-912.6 (-841.5)	-960.9 (-840.9)	-938.1 (-801.6)	-820.5 (-800.8)	308.6 (-90742)	-13,526 (-91784)	-39,592 (-90639)	-23,050 (-94199)	-0.0831 (-0.347)	-0.146 (-0.352)	-0.224 (-0.349)	-0.176 (-0.363)	-0.231 (-0.24)	-0.225 (-0.259)	-0.355 (-0.252)	-0.356 (-0.259)
Negative Externalities																
Children Playground	-2,012 (-1420)	-2,309 (-1486)	-2,835* (-1588)	-3,842** (-1651)	-102,358 (-163470)	-155,047 (-168353)	-197,391 (-176297)	-287,245 (-185219)	-0.39 (-0.627)	-0.627 (-0.64)	-0.835 (-0.669)	-1.143 (-0.719)	-0.162 (-0.286)	-0.2 (-0.317)	-0.233 (-0.34)	-0.555 (-0.437)
Provision of green space	-331.6 (-1059)	-7,309 (-1105)	78.47 (-1150)	977.4 (-1237)	-104,284 (-139909)	-68,326 (-150486)	-50,138 (-150486)	-11,529 (-154554)	-0.519 (-0.538)	-0.39 (-0.55)	-0.317 (-0.571)	-0.182 (-0.597)	0.0235 (-0.205)	0.0593 (-0.227)	0.0268 (-0.25)	0.168 (-0.314)
Parking space (in the street)																
Parking in a street island	-764.9 (-1962)	-3,583 (-2950)	-3,625 (-3585)	-5,060 (-3140)	-281,650 (-487473)	-584,189 (-516989)	-747,542 (-528046)	-829,841* (-444322)	-1.453 (-1.773)	-2.482 (-1.861)	-3.168* (-1.806)	-3.421** (-1.603)				
Street market parking provision	864.5 (-1759)	-1,888 (-2677)	-1,786 (-3356)	-3,211 (-2881)	-82,513 (-486978)	-388,347 (-519327)	-516,157 (-528661)	-594,901 (-441684)	-0.591 (-1.775)	-1.673 (-1.87)	-2.222 (-1.808)	-2.48 (-1.591)	0.159 (-0.213)	0.125 (-0.218)	0.204 (-0.251)	0.214 (-0.273)
Other type of parking	1,311 (-2588)	-1,784 (-3516)	-1,676 (-4111)	-3,612 (-3893)	-75,048 (-541007)	-443,403 (-577564)	-652,558 (-596738)	-750,799 (-538124)	-0.661 (-1.989)	-2.021 (-2.102)	-2.898 (-2.088)	-3,278* (-1.984)	-0.12 (-0.304)	-0.177 (-0.328)	-0.272 (-0.344)	-0.358 (-0.373)
Toilet facilities (none)																
2.Toilet_StreetMarket	1,683** (-823.4)	1,751** (-839.6)	2,044** (-928.2)	2,054** (-964.3)	117,610 (-94855)	122,563 (-95593)	146,195 (-106614)	166,926 (-114313)	0.383 (-0.371)	0.4 (-0.377)	0.502 (-0.415)	0.55 (-0.444)	0.0415 (-0.203)	0.0274 (-0.207)	0.0442 (-0.208)	0.188 (-0.261)
3.Toilet_StreetMarket	1,441 (-2474)	3,428 (-3388)	4,064 (-3657)	3,459 (-2992)	-178,725 (-255081)	49,975 (-317122)	9,524 (-321592)	48,549 (-287135)	-0.109 (-0.958)	0.714 (-1.066)	0.61 (-1.104)	0.773 (-1.066)	-0.596 (-0.495)	-0.553 (-0.524)	-0.437 (-0.531)	-0.414 (-0.573)
4.Toilet_StreetMarket	-767.4 (-1254)	-902.1 (-1245)	-472.7 (-1249)	-251.9 (-1482)	-132,271 (-185790)	-130,263 (-184089)	38,308 (-174808)	20,244 (-234801)	-0.482 (-0.764)	-0.431 (-0.747)	0.212 (-0.689)	0.0682 (-0.941)	-0.65 (-0.72)	-0.608 (-0.739)	-0.519 (-0.597)	-0.641 (-0.595)
5.Toilet_StreetMarket	-1,381 (-1398)	-1,504 (-1470)	-1,629 (-1490)	-1,288 (-1663)	-434,109 (-295042)	-453,282 (-296838)	-445,253 (-303355)	-388,570 (-315420)	-1.725 (-1.152)	-1.791 (-1.157)	-1.751 (-1.19)	-1.597 (-1.248)	0.074 (-0.386)	0.0592 (-0.386)	-0.184 (-0.426)	0.0506 (-0.504)
Childcare facilities (none)																
2.Childcare access (network)	-1,567 (-2254)	-1,546 (-2300)	-1,806 (-2306)	-1,728 (-2200)	-147,614 (-164556)	-157,870 (-164797)	-145,749 (-172995)	-132,509 (-175144)	-0.76 (-0.646)	-0.85 (-0.644)	-0.796 (-0.669)	-0.753 (-0.673)	0.0295 (-0.401)	0.042 (-0.412)	-0.0693 (-0.434)	-0.00966 (-0.445)
3.Childcare access (public provision)	-1,723 (-2158)	-1,715 (-2216)	-1,965 (-2268)	-1,621 (-2173)	-76,253 (-162236)	-86,143 (-164682)	-34,535 (-168332)	-9,845 (-169319)	-0.505 (-0.638)	-0.592 (-0.64)	-0.414 (-0.645)	-0.344 (-0.646)	-0.0808 (-0.401)	-0.0867 (-0.406)	-0.0681 (-0.436)	-0.0153 (-0.467)
4.Childcare access (other)	-1,513 (-2244)	-1,500 (-2297)	-1,823 (-2354)	-1,947 (-2233)	-113,807 (-151934)	-126,025 (-151252)	-94,828 (-160062)	-99,924 (-161856)	-0.523 (-0.598)	-0.626 (-0.587)	-0.535 (-0.611)	-0.552 (-0.615)	-0.242 (-0.343)	-0.254 (-0.349)	-0.205 (-0.382)	-0.229 (-0.408)
Police support	-158.1 (-113.8)	-155.3 (-118.6)	-153.4 (-120.2)	-161.7 (-117)	-23,934 (-15386)	-25,491 (-15531)	-22,261 (-16046)	-25,824 (-17098)	-0.0735 (-0.0597)	-0.0844 (-0.0599)	-0.0726 (-0.0623)	-0.0847 (-0.0671)	-0.0662 (-0.0555)	-0.0671 (-0.0559)	-0.0646 (-0.0564)	-0.0936 (-0.0709)
Other Municipal support	160.2 (-108.5)	158.8 (-108.1)	160.2 (-113.5)	180.5 (-117.3)	47,096** (-18113)	46,148** (-18037)	41,412** (-17963)	44,869** (-18453)	0.192*** (-0.0691)	0.186*** (-0.0683)	0.166*** (-0.0678)	0.177** (-0.0705)	0.0586 (-0.0449)	0.054 (-0.0463)	0.0574 (-0.0483)	0.0592 (-0.0528)
Socio-Demographic Controls	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Enterprise controls	no	yes	yes	yes	no	yes	yes	yes	no	yes	yes	yes	no	yes	yes	yes
Spatial Controls	no	no	yes	yes	no	no	yes	yes	no	no	yes	yes	no	no	yes	yes
Municipal Controls	no	no	no	yes	no	no	no	yes	no	no	no	yes	no	no	no	yes
Constant	4,765 (-3327)	7,693** (-3793)	7,181* (-4315)	9,396** (-4246)	433,278 (-590003)	611,490 (-612925)	1,125e+06* (-623718)	1,264e+06** (-581820)	2,401 (-2,216)	2,39 (-2,317)	4,402* (-2,285)	4,842** (-2,233)	0,476 (-0,835)	0,0655 (-1,002)	1,648 (-1,048)	0,898 (-1,249)
Observations	343	343	335	333	345	345	337	333	345	345	337	333	154	154	151	149
R-squared	0.343	0.351	0.363	0.407	0.41	0.416	0.441	0.457	0.408	0.415	0.438	0.451	0.598	0.6	0.628	0.642

*** p<0.01; ** p<0.05; * p<0.1. Robust standard errors in parentheses

Table A.7.6: Street vendors OLS Models Testing Local Policy Impact on Work Quality (Continuation)

VARIABLES	5: Employment generated per HBE				6: Access to Pension (yes/no)				7: Health Contribution (yes/no)				8: Frequency of workplace accidents			
	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Market Access																
Number of street vendors	0.000133 (-0.0002)	0.000121 (-0.0002)	0.000145 (-0.0002)	0.00011 (-0.0002)	0.00102 (-0.001)	0.00106 (-0.001)	0.00287*** (-0.001)	0.00365*** (-0.001)	-0.000372 (-0.0003)	-0.000432 (-0.0003)	-0.000478 (-0.0003)	-0.000601 (-0.0004)	0.000968 (-0.001)	0.00104 (-0.001)	0.000251 (-0.0003)	0.000347 (-0.0004)
Number hours permit	-0.00335 (-0.296)	-0.005 (-0.283)	-0.00214 (-0.3)	-0.00659 (-0.295)	-0.0144 (-1.043)	-0.00458 (-1.176)	0.00591 (-1.144)	0.0353 (-1.28)	0.00564 (-0.658)	0.00468 (-0.648)	0.00146 (-0.681)	-0.0645*** (-0.725)	-0.023 (-0.739)	-0.0222 (-0.755)	-0.0175 (-0.742)	-0.0162 (-1.187)
Diversity of payment	0.276* (-0.16)	0.315* (-0.162)	0.297* (-0.163)	0.26 (-0.169)	-0.556 (-0.618)	-0.448 (-0.614)	-0.725 (-0.714)	-0.352 (-0.769)	0.153 (-0.409)	0.147 (-0.432)	0.291 (-0.453)	0.141 (-0.503)	1.018** (-0.487)	1.000* (-0.527)	1.174** (-0.538)	2.187*** (-0.769)
Organisation																
Unionisation	-0.138 (-0.136)	-0.172 (-0.142)	-0.142 (-0.145)	-0.194 (-0.147)	-0.495 (-0.539)	-0.598 (-0.555)	-0.46 (-0.57)	-0.0557 (-0.76)	0.568 (-0.347)	0.479 (-0.369)	0.478 (-0.389)	0.858 (-0.535)	0.567 (-0.492)	0.624 (-0.479)	0.483 (-0.49)	0.697 (-0.705)
Negative Externalities																
Children Playground	-0.198 (-0.324)	-0.333 (-0.326)	-0.416 (-0.342)	-0.199 (-0.365)	-1.742 (-1.448)	-2.339* (-1.358)	-2.417* (-1.233)	-3.150** (-1.529)	-0.941 (-0.737)	-0.908 (-0.73)	-0.867 (-0.776)	-0.986 (-0.865)	0.353 (-0.82)	0.505 (-0.847)	0.824 (-0.84)	0.0619 (-1.179)
Provision of green space	0.333 (-0.257)	0.427* (-0.258)	0.460* (-0.262)	0.343 (-0.274)	1.081 (-0.891)	1.243 (-0.865)	1.393 (-0.987)	2.139 (-1.328)	0.988* (-0.56)	0.869 (-0.559)	1.154** (-0.561)	1.409** (-0.644)	0.106 (-0.679)	0.0235 (-0.709)	0.281 (-0.717)	0.939 (-1.226)
Parking space (in the street)																
Parking in a street island	0.534 (-0.539)	-0.345 (-0.67)	-0.863 (-0.635)	-0.325 (-0.508)	1.474 (-1.323)	2.174* (-1.304)	2.735* (-1.531)	3.360** (-1.669)	1.086 (-2.006)	1.828 (-2.353)	1.419** (-0.707)	1.554* (-0.856)	-2.654* (-1.537)	-1.839 (-1.667)	-2.317 (-1.97)	-6.126** (-2.772)
Street market parking provision	0.356 (-0.537)	-0.492 (-0.664)	-1.056* (-0.635)	-0.544 (-0.5)	1.208 (-1.354)	1.724 (-1.32)	1.918 (-1.514)	3.048* (-1.582)	0.17 (-2.001)	1.014 (-2.356)	0.451 (-0.706)	0.576 (-0.825)	-1.728 (-1.491)	-0.908 (-1.667)	-1.248 (-1.992)	-3.724 (-2.615)
Other type of parking	0.914 (-0.616)	-0.0925 (-0.752)	-0.595 (-0.736)	-0.0653 (-0.646)	-	-	-	-	-	-	-	-	-4.527** (-1.967)	-3.516* (-2.126)	-3.822* (-2.298)	-7.985** (-3.24)
Toilet facilities (none)																
2.Toilet_StreetMarket	0.141 (-0.166)	0.154 (-0.164)	0.185 (-0.166)	0.212 (-0.168)	-1.658*** (-0.64)	-1.776*** (-0.648)	-2.195*** (-0.715)	-2.444*** (-0.888)	-0.52 (-0.434)	-0.561 (-0.438)	-0.76 (-0.493)	-1.083* (-0.61)	-0.74 (-0.462)	-0.761 (-0.476)	-1.141** (-0.534)	-1.385** (-0.699)
3.Toilet_StreetMarket	0.591 (-0.57)	1.220** (-0.498)	1.338*** (-0.485)	1.225*** (-0.447)	-	-	-	-	-4.680*** (-1.407)	-4.856*** (-1.433)	-5.235*** (-1.479)	-21.21*** (-2.696)	1.295 (-1.644)	0.759 (-1.606)	0.0143 (-1.688)	2.644 (-2.878)
4.Toilet_StreetMarket	-0.139 (-0.359)	-0.14 (-0.378)	-0.216 (-0.37)	-0.531 (-0.438)	-	-	-	-	-1.062 (-1.377)	-0.95 (-1.559)	-1.386 (-1.516)	-1.299 (-1.837)	-	-	-	-
5.Toilet_StreetMarket	-0.278 (-0.589)	-0.329 (-0.63)	-0.343 (-0.638)	-0.0275 (-0.549)	1.521 (-1.467)	1.08 (-1.457)	1.719 (-1.859)	2.209 (-1.917)	-	-	-	-	2.306* (-1.237)	2.391* (-1.257)	2.772** (-1.233)	2.366* (-1.395)
Childcare facilities (none)																
2.Childcare access (network)	0.0316 (-0.457)	0.0368 (-0.457)	0.0552 (-0.453)	0.145 (-0.41)	0.49 (-1.065)	-0.162 (-1.047)	0.512 (-1.339)	-0.318 (-1.372)	-0.232 (-0.778)	0.0393 (-0.763)	0.353 (-0.819)	0.738 (-0.903)	-1.651 (-1.162)	-1.634 (-1.137)	-1.656 (-1.108)	-3.267** (-1.378)
3.Childcare access (public provision)	0.282 (-0.436)	0.285 (-0.441)	0.189 (-0.44)	0.141 (-0.401)	-0.23 (-1.13)	-0.81 (-1.074)	-0.347 (-1.396)	-0.646 (-1.382)	-0.559 (-0.742)	-0.291 (-0.705)	-0.131 (-0.754)	-0.165 (-0.804)	-1.693 (-1.053)	-1.671 (-1.041)	-1.738 (-1.079)	-2.913** (-1.356)
4.Childcare access (other)	0.082 (-0.432)	0.0859 (-0.44)	0.0438 (-0.441)	0.0738 (-0.396)	0.522 (-0.967)	-0.112 (-0.995)	0.469 (-1.273)	0.193 (-1.392)	0.245 (-0.703)	0.539 (-0.669)	0.648 (-0.731)	1.151 (-0.83)	-1.646* (-0.994)	-1.632* (-0.965)	-1.609* (-0.96)	-3.796*** (-1.423)
Police support	-0.0112 (-0.0295)	-0.0125 (-0.0298)	-0.0113 (-0.0271)	-0.00447 (-0.0241)	-0.0201 (-0.132)	-0.0185 (-0.136)	-0.0838 (-0.146)	-0.101 (-0.2)	0.0775 (-0.0628)	0.0725 (-0.062)	0.0834 (-0.0721)	0.0944 (-0.0931)	-0.236** (-0.111)	-0.236** (-0.11)	-0.275** (-0.123)	-0.426*** (-0.161)
Other Municipal support	0.0225 (-0.0274)	0.0211 (-0.0276)	0.0232 (-0.0281)	-0.00472 (-0.029)	-0.0566 (-0.114)	-0.0633 (-0.125)	-0.149 (-0.145)	-0.0705 (-0.175)	-0.0609 (-0.0765)	-0.0516 (-0.0835)	-0.0514 (-0.0892)	-0.0819 (-0.106)	0.0258 (-0.0929)	0.0262 (-0.0915)	0.0327 (-0.0957)	0.136 (-0.129)
Socio-Demographic Controls	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Enterprise controls	no	yes	yes	yes	no	yes	yes	yes	no	yes	yes	yes	no	yes	yes	yes
Spatial Controls	no	no	yes	yes	no	no	yes	yes	no	no	yes	yes	no	no	yes	yes
Municipal Controls	no	no	no	yes	no	no	no	yes	no	no	no	no	yes	no	no	yes
Constant	-0.282 (-0.897)	0.629 (-1.059)	0.334 (-1.089)	-1.001 (-0.956)	-0.494 (-2.439)	-4.466 (-3.702)	-3.221 (-3.965)	-1.811 (-5.791)	0.119 (-2.453)	2.408 (-2.81)	3.045 (-2.158)	1.43 (-2.589)	-0.908 (-2.384)	-1.287 (-3.129)	-1.016 (-3.28)	6.386 (-4.789)
Observations	351	351	343	326	245	245	243	233	345	345	335	319	308	308	302	291
R-squared	0.409	0.422	0.441	0.532	0.293	0.307	0.32	0.431	0.17	0.186	0.201	0.278	0.300	0.302	0.335	0.474

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$: Robust standard errors in parentheses

Table A.7.7: Street vendors OLS Models Testing Local Policy Impact on Negative Externalities(Continuation)

VARIABLES	9: Work week					10: Child work				11: Neighbourhood life disturbance (reverse)				12: Food security and Affordability			
	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	
Market Access																	
Number of street vendors	-0.000237 (-0.002)	-0.000246 (-0.002)	-0.00018 (-0.002)	5.98E-05 (-0.002)	0.00111 (-0.001)	0.000948 (-0.001)	0.00170** (-0.001)	0.00257*** (-0.001)	-0.000109 (-0.0001)	-9.47E-05 (-0.0001)	-9.15E-05 (-0.0001)	-0.000136 (-0.0001)	-0.00416** (-0.002)	-0.00433* (-0.002)	-0.00483** (-0.002)	-0.0141*** (-0.005)	
Number hours permit	1.097*** (-2.989)	1.089*** (-3.28)	1.069*** (-3.312)	1.129*** (-4.298)	-0.0155 (-0.994)	-0.0185 (-1.01)	-0.0152 (-0.963)	-0.0154 (-0.949)	-0.00987 (-0.427)	-0.0102 (-0.438)	-0.00979 (-0.434)	-0.0129 (-0.459)	0.0241 (-1.11)	0.0222 (-1.169)	0.0256 (-1.153)	0.179** (-2.121)	
Diversity of payment	-1.153 (-2.692)	-1.127 (-2.913)	-0.72 (-2.762)	-2.089 (-3.012)	0.143 (-0.404)	0.425 (-0.458)	0.375 (-0.461)	0.235 (-0.562)	0.488* (-0.25)	0.522** (-0.246)	0.527** (-0.248)	0.694** (-0.277)	1.17 (-0.738)	1.196 (-0.785)	1.480* (-0.8)	2.514** (-1.139)	
Organisation																	
Unionisation	1.171 (-2.795)	0.456 (-2.373)	0.396 (-2.499)	-0.155 (-3.009)	-0.990** (-0.464)	-0.874* (-0.485)	-0.594 (-0.508)	-0.831 (-0.509)	-0.209 (-0.23)	-0.151 (-0.229)	-0.121 (-0.235)	0.0148 (-0.257)	0.569 (-0.718)	0.488 (-0.686)	0.621 (-0.646)	2.704** (-1.087)	
Negative Externalities																	
Children Playground	-19.75 (-15.76)	-21.45 (-17.26)	-22.72 (-17.95)	-24.35 (-20.86)	-0.0323 (-0.734)	-0.126 (-0.769)	-0.485 (-0.806)	-0.639 (-0.944)	0.177 (-0.453)	0.111 (-0.439)	-0.0185 (-0.449)	-0.141 (-0.528)	0.146 (-1.031)	0.107 (-1.151)	0.51 (-1.15)	4.14 (-3.184)	
Provision of green space	17.6 (-15.88)	18.36 (-16.55)	19.85 (-16.94)	22 (-18.53)	0.464 (-0.6)	0.668 (-0.634)	0.486 (-0.676)	0.14 (-0.749)	-0.920*** (-0.341)	-0.784** (-0.326)	-0.669** (-0.318)	-0.770** (-0.379)	0.952 (-0.871)	0.972 (-0.997)	1.276 (-1.03)	2.777 (-2.404)	
Parking space (in the street)																	
Parking in a street island	2.316 (-15.72)	-4.459 (-14.76)	-19.74** (-9.447)	-23.06** (-9.181)	-2.218* (-1.138)	-4.037*** (-1.399)	-3.456** (-1.59)	-4.261** (-1.881)	-2.344** (-1.38)	-3.227* (-1.671)	-4.974*** (-0.96)	-4.442*** (-1.03)	-1.767 (-1.776)	-2.115 (-1.946)	-3.716 (-2.434)	0.702 (-1.897)	
Street market parking provision	2.91 (-16.55)	-3.683 (-15.24)	-18.53* (-9.775)	-21.33** (-9.77)	-1.385 (-1.096)	-3.153** (-1.415)	-2.491 (-1.644)	-3.425* (-1.795)	-1.946 (-1.37)	-2.886* (-1.65)	-4.671*** (-0.906)	-4.152*** (-0.987)	-3.118* (-1.622)	-3.446* (-1.9)	-5.233** (-2.464)	-3.967* (-2.32)	
Other type of parking	-6.455 (-14.44)	-15.18 (-14.69)	-30.74*** (-11.57)	-37.55*** (-12.85)	-3.148** (-1.365)	-4.875*** (-1.725)	-4.162** (-1.845)	-4.644** (-2.065)	-2.122 (-1.513)	-3.077* (-1.792)	-4.736*** (-1.153)	-4.197*** (-1.22)	-	-	-	-	
Toilet facilities (none)																	
2.Toilet_StreetMarket	0.978 (-2.776)	0.81 (-2.764)	1.882 (-3.21)	3.163 (-3.84)	-0.619 (-0.599)	-0.542 (-0.604)	-0.665 (-0.622)	-0.578 (-0.63)	0.278 (-0.239)	0.361 (-0.237)	0.359 (-0.261)	0.392 (-0.286)	0.193 (-0.665)	0.112 (-0.679)	-0.0514 (-0.653)	-0.125 (-2.014)	
3.Toilet_StreetMarket	-12.62 (-18.45)	-7.307 (-15.57)	-5.599 (-15.99)	-4.152 (-14.69)	0.0696 (-2.168)	0.667 (-1.521)	0.938 (-1.395)	0.77 (-1.49)	-0.5 (-0.64)	0.134 (-1.019)	0.312 (-1.089)	0.401 (-1.2)	1.353 (-1.673)	1.403 (-1.758)	1.15 (-1.913)	5.712 (-4.232)	
4.Toilet_StreetMarket	0.881 (-6.5)	1.367 (-6.712)	0.94 (-7.027)	-1.013 (-8.091)	0.226 (-1.355)	0.191 (-1.371)	0.233 (-1.445)	-0.786 (-0.485)	-0.377 (-0.523)	-0.456 (-0.614)	-0.689 (-0.699)	-0.527 (-0.699)	-	-	-	-	
5.Toilet_StreetMarket	3.778 (-7.407)	2.798 (-7.055)	2.689 (-7.035)	0.562 (-7.127)	-2.886*** (-0.936)	-2.826*** (-1.03)	-2.611** (-1.077)	-2.678** (-1.167)	-0.479 (-1.027)	-0.389 (-1.028)	-0.26 (-1.093)	-0.0907 (-1.008)	-	-	-	-	
Childcare facilities (none)																	
2.Childcare access (network)	-1.449 (-5.932)	-1.348 (-5.856)	-2.566 (-5.788)	-1.658 (-6.145)	-1.45 (-1.156)	-1.523 (-1.133)	-1.631 (-1.097)	-1.826 (-1.13)	-0.317 (-0.694)	-0.435 (-0.664)	-0.352 (-0.667)	-0.515 (-0.7)	-2.870* (-1.555)	-2.836* (-1.541)	-2.734* (-1.489)	-1.639 (-2.033)	
3.Childcare access (public provision)	6.749 (-9.478)	6.971 (-9.293)	6.181 (-9.312)	6.667 (-9.237)	-1.118 (-1.075)	-1.217 (-1.061)	-1.317 (-1.017)	-1.462 (-1.025)	-0.666 (-0.651)	-0.808 (-0.622)	-0.885 (-0.619)	-1.066* (-0.631)	-2.766** (-1.345)	-2.618** (-1.287)	-2.649** (-1.29)	-1.905 (-1.951)	
4.Childcare access (other)	-2.527 (-5.2)	-2.396 (-5.165)	-3.703 (-5.22)	-3.025 (-5.989)	-0.637 (-1.103)	-0.743 (-1.079)	-0.944 (-1.029)	-1.421 (-1.073)	-0.755 (-0.635)	-0.899 (-0.608)	-0.967 (-0.601)	-1.105* (-0.628)	-1.514 (-1.095)	-1.38 (-1.015)	-1.423 (-0.914)	2.555 (-1.649)	
Police support	-0.0689 (-0.556)	-0.139 (-0.636)	-0.0752 (-0.611)	-0.136 (-0.726)	0.0955 (-0.0821)	0.0949 (-0.0829)	0.101 (-0.083)	0.0691 (-0.0884)	-0.0136 (-0.0407)	-0.0113 (-0.0413)	-0.00899 (-0.0361)	-0.00889 (-0.0351)	-0.0331 (-0.0886)	-0.0392 (-0.0968)	-0.0394 (-0.0924)	0.489* (-0.267)	
Other Municipal support	0.494 (-0.449)	0.48 (-0.441)	0.434 (-0.425)	0.701 (-0.568)	-0.125 (-0.0905)	-0.122 (-0.0919)	-0.127 (-0.0965)	-0.122 (-0.101)	-0.0324 (-0.0422)	-0.0369 (-0.0432)	-0.0277 (-0.043)	-0.0489 (-0.0464)	0.188 (-0.15)	0.188 (-0.14)	0.2 (-0.145)	0.534** (-0.253)	
Socio-Demographic Controls																	
Enterprise controls	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	
Spatial Controls	no	no	yes	yes	no	no	yes	yes	no	no	yes	yes	no	no	yes	yes	
Municipal Controls	no	no	no	yes	no	no	no	yes	no	no	no	yes	no	no	no	yes	
Constant	-5.481 (-28.75)	2.608 (-28.48)	15.97 (-22.03)	18.32 (-23.68)	6.823*** (-2.392)	8.189*** (-2.822)	6.963** (-2.915)	6.690** (-3.225)	5.305*** (-1.721)	4.744** (-1.964)	5.739*** (-1.482)	4.801*** (-1.574)	0.7 (-2.81)	2.043 (-3.629)	4.245 (-4.352)	16.28 (-10.6)	
Observations	356	356	348	333	249	249	243	230	358	358	350	333	290	290	284	251	
R-squared	0.5	0.503	0.509	0.53	0.311	0.321	0.338	0.378	0.194	0.211	0.248	0.288	0.292	0.294	0.314	0.485	

*** p<0.01; ** p<0.05; * p<0.1 : Robust standard errors in parentheses

ANNEX 8: INDEPENDENT AND DEPENDENT VARIABLES FOR HOME-BASED ENTERPRISES

This annex complements the discussion of Chapter 6, section three, by describing in detail evaluated policies, running variables. This section also complements this discussion by evaluating the impact of supportive policies on additional HBEs' performance commonly discuss in the literature. As previously, OLS models were built to disentangle the impacts of existing policies on additional seven HBE performance indicators (Table A.8.3). Explanatory, control variables and significance levels are the same used for models on chapter 6 (see Table A.8.2).

The results of these complementary regression models are summarised in Tables A.8.3. Model 1.b reports the impact of policies on economic outcomes; Models 2.b and 2.c report the impact of policies on social outcomes; Models 3.b, 3.c and 3.d assess the impact of policies on outcomes for working conditions; and Model 4.b analyses the impact of policies on the reduction of negative externalities for HBEs. Full models are presented in Tables A.8.4 through A.8.6. As for Chapter 6, qualitative analysis is used to report explanations for mechanisms driving policy impact. Qualitative analyses is also used to complement the quantitative analysis through quotes taken from group discussions and interviews.

Table A.8. 1: Performance Indicators for Home-Based Enterprises (dependent variables)

<i>Response Variable</i>	<i>Authors</i>	<i>n</i>	<i>Indicators</i>	<i>Model</i>
1. Economic efficiency				
<i>HBE productivity</i>	<i>Ezeadichie 2012, Gough 2003</i>	<i>1.a</i>	<i>Earnings per hour worked</i>	<i>MLR</i>
<i>HBE monthly income</i>	<i>Ezeadichie 2012, Ligthlm 2005, Gough 2003</i>	<i>1.b</i>	<i>HBE earnings per month</i>	<i>MLR</i>
2. Social equity				
<i>Poverty reduction</i>	<i>Ezeadichie 2012, Gough et al. 2003</i>	<i>2.a</i>	<i>HBE household income relative to the poverty line</i>	<i>MLR</i>
<i>Gender inequality</i>	<i>Carr et al. 2000, Chant 2014, Chant and McIlwaine 2009</i>	<i>2.b</i>	<i>Average female HBE income relative to average male HBE income</i>	<i>MLR</i>
<i>Employment generation</i>	<i>Carr et al. 2000, May & Stravrou 1990, Snyman 1990, Tipple 2004, WIEGO 2014b.</i>	<i>2.c</i>	<i>Number of jobs generated per HBE</i>	<i>MLR</i>
3. Quality of work				
<i>Working week</i>	<i>Tipple 2005</i>	<i>3.a</i>	<i>Number of hours worked per week</i>	<i>MLR</i>
<i>Workplace accidents</i>	<i>Tipple 2006, Tipple and Kellet 2003, Chen and Sinha 2016.</i>	<i>3.b</i>	<i>Accident at the workplace in the last six months(yes/no)</i>	<i>BLR</i>
<i>Pension access</i>	<i>Tipple 2005</i>	<i>3.c</i>	<i>Access to pension (yes/no)</i>	<i>BLR</i>
<i>Health contribution</i>	<i>Tipple 2005</i>	<i>3.d</i>	<i>Health contribution scheme (yes/no)</i>	<i>BLR</i>
4. Negative externalities				
<i>Child labour</i>	<i>Beneria and Floro 2005, Gough et al. 2003</i>	<i>4.a</i>	<i>Perception scale of child work (a)</i>	<i>MLR</i>
<i>Family life disturbance</i>	<i>Tipple 2004, Chant and McIlwaine 2009, Gove et al 1983</i>	<i>4.b</i>	<i>Perception scale of family life disturbance (b)</i>	<i>MLR</i>

a) On a perceptual continuous scale, where 1 represents 'I never work with my child/children' and 7 represents 'I always work with my child/children'.

b) On a perceptual continuous scale, where 1 represents 'Having my business at home does not affect my family life' and 7 represents 'Having my business at home does affect my family life'.

c) On a perceptual continuous scale, where 1 represents 'Neighbours living on my street are unhappy with my business' and 7 represents 'Neighbours living on my street are happy with my business'.

MLR: Multiple Linear Regression

BLR: Binary Logistic Regression

Table A.8. 2: Types of Local Policies Implemented and Control Variables

<i>Explanatory Variables</i>	<i>Description</i>
A. Individual socio-economic conditions (control variables)	
1 Gender	Gender of the respondent (male/female)
2 Nationality	Chilean / non-Chilean
3 Household size	Number of people living in the house
4 Age	Age in years of HBE owner
5 Experience	Age in years of HBE enterprise
6 Education	Primary, secondary or tertiary education
7 Working week	Number of hours of work per week
B. Enterprise characteristics (control variables)	
7 HBE income	Monthly net income of HBE
8 Enterprise size	Number of workers in HBE
9 Enterprise sector	Manufacturing, retail or service
B. Spatial or 'entourage' conditions (control variables)	
10 Distance to large retail	Number of blocks to the closest large retail shop
11 Distance to high street	Number of blocks to the closest high street
12 Distance to underground station	Number of blocks to the closest underground station
C. Municipal conditions (control variables)	
13 Municipal inhabitant income	Average inhabitant income for municipality
14 Municipal budget per person	Average municipal budget per inhabitant
15 Municipal poverty rate	Poverty as percentage of municipality inhabitants
D. Supportive local policies (explanatory variables)	
16 Home ownership	Owner or not owner
17 Storage space	Type of storage space (no storage, at home, specialised space or at the shop)
18 Plot size	Size in square meters of area where HBE operates
19 Parking facilities	Availability of parking space at home
20 Branch office	Having a external branch (yes/no)
21 Machinery (level of technology)	Use of machines for production/storage (none, basic, advanced)
22 Work clothing	Use of special clothing for production or selling
23 National financial fund	Receipt of national grant (yes/no)
24 Local financial support	Receipt of local grant (yes/ no)
25 Access to credit	Access to credit (yes/no)
26 Diversity of payments	Number of payment alternatives
27 Unionisation	Belonging to an organisation (yes/no)
28 Technical support	Receipt of local support for project applications
29 Provider contact support	Receipt of local support for contact and negotiation with providers
30 Client contact support	Receipt of local support for client contact
31 Place to leave children	Access to child care (none, network or public nursery)
32 Vehicle	Access to vehicle (none, non-motorised, family/friend transport, collective transport, rental vehicle, own car, own van, own pick-up, own truck)
33 Exterior visibility	Visibility of enterprise from the street (non-recognisable, precarious, standard, superior)
34 Diversity of selling methods	Number of different strategies for selling products
35 Value of local permit	Value of local permit
B. Repressive local policies (explanatory variables)	
37 Harassment and policing	Perception level of local taxation and police harassment

Source: Own elaboration.

Table A.8.3: Summary of the Impacts of Municipal Policies on the Performance of Home-Based Enterprises

<i>Respose Variable</i>	<i>Positively Impacting Policy</i>	<i>Negatively Impacting Policy</i>	<i>Magnitude</i>	<i>SE</i>	<i>Type of policy</i>	<i>Overall Impact (a)</i>
1. Economic Efficiency						
Indicator 1.b:	<i>Branch office</i>		702,449**	-308,853	<i>Access to markets</i>	A
<i>HBE's Earnings per month</i>	<i>Advanced machinery</i>		233,912*	-51727	<i>Physical Capital</i>	A
	<i>Diversity of accepted payments</i>		136,014***	-616713	<i>Access to markets</i>	A
	<i>Child care (network)</i>		237,479*	-130,994	<i>Neg. Externalities</i>	A
		<i>Private parking</i>	-300,273**	-127,640	<i>Physical Capital</i>	C
2. Social Equity						
Indicator 2.b:	<i>Plot size</i>		0.000740*	-0.00042	<i>Physical Capital</i>	A
<i>HBE's women income relative to average HBE's men income</i>	<i>Access to credit</i>		0.248**	-0.113	<i>Financial Capital</i>	B
Indicator 2.c:	<i>Working cloths</i>		0.385**	-0.186	<i>Physical Capital</i>	A
<i>Employment generated per HBE</i>	<i>Relative and friends (borrow car)</i>		1.086***	-0.291	<i>Financial Capital</i>	B
	<i>Pick-up van (owned)</i>		0.649***	-0.234	<i>Physical Capital</i>	B
	<i>Standard selling space</i>		0.414**	-0.183	<i>Physical Capital</i>	B
	<i>Superior selling space</i>		0.818**	-0.318	<i>Physical Capital</i>	B
		<i>Unionisation</i>	-0.695***	-0.233	<i>Organisation</i>	C
		<i>Technical support</i>	-0.582**	-0.292	<i>Human Capital</i>	B
3. Quality of work						
Indicator 3.a:	<i>Plot size</i>		-0.00387***	-1.45E-03	<i>Physical Capital</i>	A
<i>Frequency of workplace accidents</i>	<i>Branch office</i>		-2.246**	-1.07E+00	<i>Access to markets</i>	A
	<i>Access to credit</i>		-0.949*	-5.20E-01	<i>Financial Capital</i>	B
		<i>National fund</i>	2.682***	-7.06E-01	<i>Financial Capital</i>	B
Indicator 3.b:			-	-		-
<i>Access to Pension (yes/no)</i>						
Indicator 3.c:	<i>Child care (network)</i>		1.573*	-0.937	<i>Neg. Externalities</i>	A
<i>Health Access (yes/no)</i>		<i>Plot size</i>	-0.00615**	-0.0024	<i>Physical Capital</i>	B
4. Negative Externalities						
Indicator 4.a:	<i>Branch office</i>		-1.758***	-0.555	<i>Access to markets</i>	C
<i>Family Life disturbance (c)</i>	<i>Basic machinery</i>		-0.804**	-0.338	<i>Physical Capital</i>	A
	<i>Advanced machinery</i>		-0.858**	-0.432	<i>Physical Capital</i>	A
		<i>Local financial support</i>	1.010*	-0.539	<i>Financial Capital</i>	B
		<i>Precarious selling space</i>	0.820*	-0.485	<i>Physical Capital</i>	B
		<i>Storage at home</i>	0.858***	-0.247	<i>Physical Capital</i>	

Notes:

a) Overall Impact A denotes municipal policies that have only a positive impact across indicators; B refers to municipal policies that have both positive and negative impacts across indicators; C denotes policies that have only negative impacts across indicators.

b) Where 1 signifies 'I never go with my child/children to collect waste' and 6 signifies 'I always go with my child/children to collect waste'

c) Where 1 signifies 'I always clean up after collecting/sorting waste' and 6 signifies 'I never clean up after collecting/sorting waste'

c) Level of formality is measured as the number of legal regulations that they accomplish with a maximum of five

*** p<0.01; ** p<0.05; * p<0.1 : Robust standard errors in parentheses

HBE Profitability: Earnings per month (indicator 1.b)

An HBE owner's income per month faces a significant rise with policies that promote branch offices, increasing monthly income by CLP 702,449 (USD 1377.35), along with the incorporation of advanced machinery by CLP 233,912 (USD 458.65), diversifying payment methods by CLP 136,014 (USD 266.69) and access to childcare facilities by CLP 237,479 (USD 465.65). Seeing as the first three policies lead to an increase in HBE productivity (indicator 1), it follows logically that this translates into a higher net income per month. The availability of childcare facilities helps those HBE owners who have children – particularly female owners – by allowing them to separate their work and family time, enabling them to contribute more hours of work and increasing their monthly earnings. In the contrasting experiences of Mariana (41), a chocolate maker and Nelly (37), a garment producer, both from Lo Prado:

M: Well, in my case as a woman, the children are an issue, because you have no time (to make products). It is very difficult to organise your schedule because you have to cook and look after them.

N: In my case, I know my working hours because I leave them in the nursery...so I can produce in a quiet space.

Similar to indicator 1.a (in Chapter 6), the negative impact of allocating parking spaces leads to an overall decrease CLP 300,273 (USD 588.77) in HBEs' monthly income.

Gender Equality: Average female HBE income relative to average male HBE income (indicator 2.b)

Regarding gender income inequality (indicator 4), providing larger plot sizes to female-owned HBEs closes the male/female income gap by a tiny 0.075% per each extra ten square meter, while facilitating access to credits for female entrepreneurs closes the gap by 24.8%. Due to historical disparities in income, male hereditary privileges and gender bias in the state allocation of social housing, women in Chile have typically had unequal access to property and tend to own smaller plots than men do (Leon 2011; Ramm 2013). Plot size, as directly related to house size, is a key element affecting the production outcomes of HBEs, as it restricts the availability of space to sell, produce and store products, and so women face relatively restricted opportunities for income generation. Rosa (34) a balloon decorator, explain the relevance of space for productivity outcomes:

R: I have a large number of clients, big enterprises. I have ideas, a good product, I have every-

thing but I have neither the capital to invest nor the space to produce. I have things that are very expensive, some special bags and I don't have where to leave them... I am going to have to give them away.

Some not-for-profit organisations such as *Fondo Esperanza* (the larger provider of microfinance in Chile) have preferential microcredit access for women, providing the opportunity to slowly close the gap of capital endowments with their male counterparts³. As Tomas (49), chief of the EDUS, and Carmen (56), a cosmetics producer from Santiago Centro, explain:

T: In the case of Santiago...we undertake a serious exercise that translates into easier access to credits for women.

C: The credit was useful... I bought some tools for production, like having a table for welcoming clients, or to implement more services.

Employment generation: Number of jobs generated per HBE (indicator 2.c)

The number of jobs within an HBE seems to increase with support policies – facilitating access to vehicles creates between 0.65 and 1.1 new positions, and rendering HBEs more visible to the public between 0.7 and 0.8. With access to a pick-up or a truck, an HBE can create additional employment in roles such as collecting inputs, delivering products or using vehicles as informal points of sale, as Raul (52), a national leader of CONUPIA, and Carlos (50), the director of the DIDLP, describe:

R: With a vehicle I can access markets in other locations, I can take over a street corner and send someone to sell empanadas on the highway... A micro-entrepreneur with a vehicle can grow.

C: People working in car repair start from (Lo Prado)... They send workers to clean cars or repair vehicles (in other surrounding municipalities)... They take the vehicle with everything inside and go to do repairs... Also, the furniture industry...sells in other places where people pay for the design...and they send a worker to deliver it.

Increasing HBE visibility through vending sites or public advertising increases an HBE's demand, as it attracts new clients, which in turn increases the number of jobs in production and sales. Sandra (44), owner of a hairdressing salon in La Granja, illustrates:

A: In the beginning I worked only through contacts. So, only people that have heard through word of mouth... Then when I installed my billboard, people started coming. Where I live, the buses and the taxis come past, so people started coming and coming, wow! So you need more space, more production workers and you offer more services.

³ A recent study analysing four major NGOs providing access to microcredit shows that 87% of beneficiaries are women, and almost half of these women have used the PAM programme (FOSIS 2015, p.20).

The positive results of supportive policies for indicator 1.a (in Chapter 6, section three) can also have an indirect impact on employment generation, as HBEs that generate more income tend to produce a higher number of jobs. This employment can be on a permanent or part-time, contractless basis, as illustrated by Ana (48), owner of a fast food shop in La Granja:

A: I work with a girl on a permanent basis but without a contract...and on the weekend I work with four people but without contracts.

However, the unionisation of HBEs seems to reduce the number of jobs by 0.7, as HBEs operating in a cluster or in cooperatives have a reduced number of redundant jobs, mostly of redundant workers paid by the hour. Nicolas (56), a public officer of DIDLP:

N: Organisations are important... We have the experience with furniture makers where, instead of every (business) hiring someone different to do the delivery, they hire one person that delivers for all of them, so it is cheaper.

Furthermore, the provision of technical support results in a reduction of 0.6 jobs as it decreases the need for administrative tasks and paperwork, as these roles are assumed by the municipality, and then taught to the HBE owners themselves. This came up in my discussion with Carmen (56) and Rosa (34), both entrepreneurs in Santiago Centro:

C: I have a problem with the tax system, I owe around 400,000 [USD 600]... I hired a guy to do my tax declaration and he did it wrong.

R: Can I say something? Haven't you thought about going to the municipality to ask for help with this? They helped me a couple of times with my (tax) declaration.

Workplace accidents: Accidents occurring at the workplace in the last six months (indicator 3.b)

Providing access to larger plots creates a very small reduction in work-related accidents of 0.04 incidents every six months for each additional ten square meters, the creation of extra branches by 2.25 accidents per month, and facilitating access to credits by 0.95 accidents every six months (indicator 8). Larger work areas, and particularly the creation of additional branches, separates family and work spaces and creates opportunities for separated storage areas, minimising the exposure of workers and family members to hazards and the necessity of manipulating heavy materials. Hector (52) a furniture maker in Lo Prado, describes the effect of workplace size:

H: When I started, I didn't have a workshop. In summer I was working on the patio, but in winter I had to work inside the house. So, sunburn in summer and cold in winter... I had muscle pain, and sometimes cuts because I had to keep moving everything – nails, saws, the woodboards. Not now – I got rid of the parking space and made a decent atelier.

Similarly, with access to credit, HBEs are able to invest in security equipment and the renovation of tools and machinery, as well as improving infrastructure that can reduce the risk of house fires. Hector (52) again, and Susana (48), owner of a hairdressing salon in Lo Prado:

H: I received a credit for 400,000 pesos [USD 645.16] ...and I installed a concrete floor, ventilators, lighting, a fire extinguisher and security equipment... Before, I was producing without anything like that... I went to the doctor...and in the radiographies my lungs were horrible... I realised that it was (due to) the dust.

S: When you use a lot of machines, the electrical switches jump. You plug in a boiler or a machine and it trips... The problem is that changing the electricity system is expensive. I received a credit of 250,000 [USD 375.41] and did it with that.

However, receipt of national financial funding correlates with an increase of 2.7 work-related accidents every six months. These funds restrict expenditure almost exclusively to investments that grow productivity, in turn increasing the risk of injury in a limited house space. Nicolas (56), a public officer at the DIDLP, notes:

C: The problem is that national funds...don't allow expenditure on house extensions or upgrading electricity, but favour investment in machinery and tools... An enterprise that was producing four (products) now produces eight, but in the same space. Thus, they have less free space, more of a risk of accidents, a higher fire risk.

Pension Access: Having Access to the Pension System (indicator 3.c)

The results show that none of the current supportive municipal policies seem to be effective in increasing the pension contributions of HBE owners. This could be the result of two complementary alternatives. First, national government has traditionally assumed the task of promoting pension access, and so non-specific types of supportive policies have been designed at the local level. Second, local governments also seem ill-equipped to design, finance and regulate pension schemes given their lack of detailed information, resources and legal competence. Camila (31), a public officer of La Granja:

C: We don't provide help with pension access. I think this is rather a national government task, and also we don't have the resources to do this...

It is also not clear that HBE owners have worse access to pension than other formally contracted workers. At the time of data collection, 'independent workers' – representing 22.5% of the workforce in Chile – who are formally hired for specific services but must contribute to pension voluntarily, have very similar levels of access to pension schemes (41% for independ-

ent workers versus 38% for HBEs) (Jimenez & Catalan 2014). Francisca (39), a public officer of Las Condes, expands on this:

F: I think that (not having a pension) is not a problem unique to microenterprises. It is also a problem for all independent workers... You see TV actors that work all their lives and have no pension, who never thought about having one. It is a problem of Chilean working conditions rather than one of microenterprises.

Access to Health: Having Any Type of Health Coverage (indicator 3.d)

The provision of childcare facilities increases the likelihood of HBE owners having health access by 57%. Although the Chilean health system does provide a basic public health service for free, four out of five HBE owners are not registered. It seems that the bureaucratic process of registration, the excessive workday length that HBE owners face, along with their time dedicated to parenting, seems to be a significant barrier to filing the required paperwork. The reduced time constraints created by childcare access can thus free up enough time to enrol in the health system. Ana (48), owner of a fast food restaurant in La Granja:

A: I work from 11 a.m. to 8 p.m... I just have one little girl... I am not registered (in the health system), I'm going to start the paperwork now... For two months my husband has been (working) with me...so now I have time to do (the paperwork)... In this way, we'll all have our health (covered).

Access to a larger land area seems to have a significant negative impact, although off a smaller magnitude. Whilst my qualitative data does not provide support for a specific mechanism, this may also be the result of time constraints, as larger plots tend to be located in peripheral areas where there is less easy access to healthcare facilities, again making the process of registration more time-consuming.

Family Life Disturbance: Perception of HBE's Disturbance on Owner's Family Life (indicator 4.b)

Family life disturbance (indicator 11) can be minimised by facilitating access to home ownership, creating separate business branches and providing machinery. When they own their own home, an HBE owner is more likely to invest in housing infrastructure, often resulting in a separation of work and family space and minimising disruption of family life. Having a separate business branch works in a similar way. Susana (48), a hairdresser and Ana (41), owner of a dog grooming shop in Lo Prado, comment:

S: I used to work in a corner of one square metre in my living room... It affected (family life) – for instance, you couldn't cook because then everything smelt like food and you can't welcome clients... (Now), I own my house, so...I extended into the parking space.

A: I have my shop close to home. I open a door and I leave the shop, so I can disconnect... I work there with small and big dogs, I have most of all my things there... so, (my HBE) doesn't affect (my family life) much.¹

The provision of specialised machinery maximises the use of space and can result in fewer noisy or polluting production processes, improving family quality of life. As explained by Hector (52) a furniture maker in Lo Prado:

H: I bought a new wood planer. The old one, I made it myself, but the axle broke... It was spreading kindling around and making too much noise... (The new machine) makes less noise and I don't disturb my family or neighbours.

Local financial support, using home storage and low visibility to the public seem to increase family disturbance. Support in the form of cash transfers often go towards the purchasing of inputs without a proportional increase of space to accommodate them. As Susanna (48), a hairdresser, commented:

S: I received a municipal grant of 400,000 pesos [USD 645.16] ... I bought 100 boxes of hair dye, and it was like – hooray! Now that I have the hair dye, I can charge more... I have a room full of boxes at home, but it was fantastic.

Using home storage effectively works in a way opposite to having an external branch, where storage space takes over part of the living space, reducing the size of the area for family activities. Similarly, the lack of a specialised vending space also reduces the home living space.

Table A.8.5: HBEs OLS Models Testing Local Policy Impact on Work Quality (Continuation)

VARIABLES	6: Pension Access				7: Health Access				8: Quantity of Accidents				9: Workweek				10: Frequency of Childwork			
	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
Market Access																				
Diversity of accepted payments	0.278* (-0.163)	0.321* (-0.19)	0.298 (-0.192)	0.27 (-0.203)	-0.125 (-0.251)	0.151 (-0.256)	0.182 (-0.261)	0.256 (-0.276)	0.333* (-0.182)	0.420* (-0.223)	0.316 (-0.266)	0.295 (-0.281)	-0.319 (-1.374)	-0.643 (-1.547)	-0.362 (-1.546)	-0.246 (-1.577)	-0.13 (-0.212)	-0.0319 (-0.216)	-0.034 (-0.219)	-0.0741 (-0.217)
Diversity of selling methods	0.194 (-0.191)	0.0439 (-0.219)	0.0551 (-0.219)	0.0166 (-0.224)	-0.169 (-0.243)	0.0978 (-0.303)	0.0789 (-0.303)	0.222 (-0.326)	0.00335 (-0.23)	0.0178 (-0.298)	0.129 (-0.3)	0.0747 (-0.302)	-3.243* (-1.69)	-2.811 (-1.84)	-3.172* (-1.823)	-2.876 (-1.853)	-0.0425 (-0.231)	0.274 (-0.228)	0.309 (-0.234)	0.322 (-0.24)
Contacting providers	-1.017 (-0.677)	-1.535* (-0.892)	-1.445* (-0.878)	-1.412 (-0.889)	-0.1 (-0.975)	0.445 (-1.222)	0.859 (-1.364)	0.794 (-1.383)	2.178** (-0.852)	2.085* (-1.178)	1.709 (-1.248)	1.662 (-1.222)	-10.05 (-6.732)	-13.95* (-7.835)	-12.75 (-8.24)	-12.78 (-8.386)	-0.939 (-1.045)	-2.234** (-0.92)	-2.243** (-0.914)	-2.191** (-0.914)
Contacting clients	-0.47 (-1.166)	0.0164 (-1.271)	-0.0274 (-1.319)	0.00647 (-1.302)	-0.584 (-1.296)	-1.195 (-1.673)	-1.507 (-1.768)	-1.431 (-1.797)	0.905 (-1.386)	0.9 (-1.647)	1.035 (-1.715)	1.114 (-1.715)	14.62* (-8.119)	15.19* (-8.872)	15.56* (-8.955)	15.38* (-9.117)	1.254 (-1.014)	1.829* (-0.95)	1.779* (-0.957)	1.593* (-0.931)
Precarious (street view)	0.179 (-0.487)	0.142 (-0.594)	0.261 (-0.6)	0.501 (-0.627)	0.52 (-0.7)	-0.119 (-0.802)	-0.108 (-0.8)	-0.299 (-0.751)	0.417 (-0.64)	-0.21 (-0.774)	-0.0399 (-0.831)	-0.0353 (-0.865)	1.222 (-4.345)	-1.281 (-4.762)	-2.344 (-4.785)	-3.127 (-4.918)	1.185** (-0.59)	1.049* (-0.585)	1.145* (-0.614)	1.265** (-0.635)
Standard (street view)	0.217 (-0.369)	0.313 (-0.482)	0.343 (-0.485)	0.515 (-0.516)	0.599 (-0.564)	-0.179 (-0.65)	-0.15 (-0.664)	-0.415 (-0.663)	0.482 (-0.558)	0.222 (-0.662)	0.366 (-0.708)	0.405 (-0.711)	5.386 (-3.612)	4.601 (-3.858)	4.029 (-3.903)	3.318 (-4.113)	0.353 (-0.457)	0.446 (-0.439)	0.485 (-0.46)	0.548 (-0.467)
Superior (street view)	0.355 (-0.646)	0.653 (-0.82)	0.642 (-0.82)	0.698 (-0.826)	0.809 (-0.781)	0.563 (-0.809)	0.762 (-0.821)	0.742 (-0.8)	0.759 (-0.714)	0.599 (-0.867)	0.402 (-0.935)	0.169 (-1.062)	9.388 (-6.045)	5.629 (-6.379)	5.629 (-6.402)	6.157 (-6.46)	5.822 (-6.46)	0.0659 (-0.721)	-0.174 (-0.774)	-0.244 (-0.778)
Other (street view)													14.81** (-6.484)	16.93** (-8.475)	21.56** (-8.807)	21.31** (-8.856)				
Organisation																				
Unionisation	0.422 (-0.488)	0.635 (-0.556)	0.609 (-0.564)	0.505 (-0.592)	0.179 (-0.674)	-0.19 (-0.843)	-0.145 (-0.858)	-0.047 (-0.822)	-0.272 (-0.711)	0.177 (-0.764)	-0.147 (-0.772)	-0.321 (-0.759)	5.094 (-3.903)	7.079* (-4.028)	7.692* (-4.113)	7.965* (-4.101)	0.519 (-0.605)	0.176 (-0.59)	0.135 (-0.61)	0.00996 (-0.639)
Negative Externalities																				
Child care (network)	0.735 (-1.07)	0.26 (-1.075)	0.429 (-1.084)	0.522 (-1.115)	1.556** (-0.781)	1.753* (-0.916)	1.607* (-0.944)	1.573* (-0.937)	0.697 (-1.154)	0.751 (-1.244)	1.296 (-1.317)	1.247 (-1.247)	-2.901 (-10.84)	-1.446 (-12.05)	-3.831 (-12.79)	-3.874 (-12.89)	-1.187 (-1.039)	-1.363 (-0.941)	-1.227 (-0.977)	-1.163 (-1.019)
Child care (public nursery)	-0.195 (-0.41)	-0.081 (-0.444)	-0.0871 (-0.463)	-0.16 (-0.48)	0.785* (-0.43)	0.609 (-0.452)	0.820* (-0.461)	0.890* (-0.48)	-0.062 (-0.499)	0.0166 (-0.564)	-0.315 (-0.637)	-0.426 (-0.616)	3.201 (-3.108)	4.09 (-3.134)	4.666 (-3.132)	4.959 (-3.258)	-0.812** (-0.382)	-0.452 (-0.398)	-0.397 (-0.415)	-0.374 (-0.414)
Child care (other)	-0.00792 (-0.296)	-0.449 (-0.368)	-0.471 (-0.365)	-0.453 (-0.37)	0.34 (-0.378)	0.0742 (-0.439)	0.151 (-0.453)	0.186 (-0.455)	0.273 (-0.43)	0.0396 (-0.505)	-0.029 (-0.527)	-0.139 (-0.508)	-0.513 (-2.891)	-0.795 (-3.205)	-0.797 (-3.151)	-0.765 (-3.16)	0.172 (-0.365)	0.368 (-0.407)	0.395 (-0.408)	0.368 (-0.405)
Harrasment policy	0.107* (-0.0632)	0.109 (-0.0738)	0.116 (-0.077)	0.121 (-0.0791)	-0.111 (-0.0718)	-0.101 (-0.0782)	-0.141* (-0.0808)	-0.123 (-0.08)	-0.0178 (-0.0879)	-0.0717 (-0.092)	-0.0227 (-0.102)	-0.0557 (-0.103)	-0.593 (-0.545)	-0.876 (-0.587)	-1.016* (-0.591)	-0.983 (-0.597)	0.147* (-0.0782)	0.170** (-0.0768)	0.170** (-0.0771)	0.162** (-0.0781)
Value of the local permit	-6.27E-06* (-0.000003)	-2.33E-06 (-0.000003)	-2.36E-06 (-0.000003)	-2.52E-06 (-0.000003)	-4.62E-07 (-0.000003)	4.88E-07 (-0.000003)	1.06E-06 (-0.000003)	1.15E-06 (-0.000003)	-5.98E-06 (-0.000004)	-4.35E-06 (-0.000004)	-6.51E-06 (-0.000005)	-5.29E-06 (-0.000004)	8.06E-06 (-0.00002)	1.51E-05 (-0.00002)	1.62E-05 (-0.00002)	1.57E-05 (-0.00002)	1.10E-06 (-0.000005)	4.90E-07 (-0.000004)	5.41E-07 (-0.000004)	6.34E-09 (-0.000004)
Enterprise controls	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Socio-Demographic Controls	no	yes	yes	yes	no	yes	yes	yes	no	yes	yes	yes	no	yes	yes	yes	no	yes	yes	yes
Spatial Controls	no	no	yes	yes	no	no	yes	yes	no	no	yes	yes	no	no	yes	yes	no	no	yes	yes
Municipal Controls	no	no	no	yes	no	no	no	yes	no	no	no	yes	no	no	no	yes	no	no	no	yes
Constant	-2.253** (-1.114)	-1.247 (-1.327)	-1.151 (-1.304)	-1.457 (-1.669)	-1.571 (-1.128)	-2.437 (-1.682)	-2.027 (-1.692)	-1.089 (-2.023)	-0.789*** (-0.233)	-0.152 (-0.288)	-0.221 (-0.304)	-0.0544 (-0.339)	77.44*** (-11.05)	49.85*** (-13.87)	50.19*** (-14.23)	47.29*** (-17.6)	4.360*** (-1.395)	-1.544 (-1.865)	-1.437 (-1.934)	-2.943 (-2.505)
Observations	346	319	317	317	348	321	319	319	346	320	318	318	344	324	322	322	242	229	228	228
R-squared									0.263	0.317	0.335	0.344	0.191	0.232	0.243	0.246	0.259	0.392	0.398	0.409

*** p<0.01; ** p<0.05; * p<0.1 : Robust standard errors in parentheses

Table A.8.6: HBEs OLS Models Testing Local Policy Impact on Negative Externalities

VARIABLES	11: Family Life Disturbance				12: Neighborhood Life Disturbance				13: Level Formalisation				14: Happiness			
	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56
Market Access																
Diversity of accepted payments	0.262*	0.235	0.226	0.311*	-0.0169	-0.0369	-0.0323	0.0143	-0.0213	-0.0054	0.00222	0.000403	-0.0103	-0.0424	-0.0427	-0.0352
	(-0.143)	(-0.156)	(-0.156)	(-0.158)	(-0.086)	(-0.0959)	(-0.097)	(-0.102)	(-0.061)	(-0.0667)	(-0.0658)	(-0.0671)	(-0.0859)	(-0.0874)	(-0.0879)	(-0.0909)
Diversity of selling methods	0.271*	0.306*	0.371**	0.393**	0.0201	-0.0858	-0.0806	-0.073	0.0454	0.015	0.00565	0.0292	0.0307	-0.0009	-0.00601	-0.00221
	(-0.157)	(-0.171)	(-0.174)	(-0.178)	(-0.106)	(-0.101)	(-0.105)	(-0.106)	(-0.0802)	(-0.0871)	(-0.0876)	(-0.0898)	(-0.092)	(-0.104)	(-0.105)	(-0.109)
Contacting providers	0.941	0.141	-0.401	-0.583	-0.147	0.11	0.134	0.0404	-0.31	-0.186	-0.0137	0.00858	-0.179	-0.278	-0.147	-0.16
	(-0.603)	(-0.649)	(-0.638)	(-0.615)	(-0.332)	(-0.306)	(-0.344)	(-0.317)	(-0.292)	(-0.313)	(-0.337)	(-0.333)	(-0.287)	(-0.278)	(-0.305)	(-0.313)
Contacting clients	-0.599	-0.0645	-0.04	0.218	0.485	0.495	0.471	0.619	0.0283	-0.0573	-0.118	-0.179	0.219	0.387	0.338	0.358
	(-0.818)	(-0.85)	(-0.859)	(-0.845)	(-0.455)	(-0.439)	(-0.452)	(-0.455)	(-0.566)	(-0.571)	(-0.575)	(-0.571)	(-0.398)	(-0.418)	(-0.428)	(-0.439)
Precarious (street view)	1.210***	0.857*	0.932*	0.820*	0.121	0.286	0.271	0.204	0.169	0.0342	0.0406	0.0144	-0.0142	-0.046	-0.0198	-0.0404
	(-0.443)	(-0.471)	(-0.473)	(-0.485)	(-0.302)	(-0.31)	(-0.317)	(-0.311)	(-0.247)	(-0.274)	(-0.266)	(-0.272)	(-0.272)	(-0.276)	(-0.279)	(-0.291)
Standard (street view)	0.667**	0.446	0.5	0.351	0.34	0.412	0.422*	0.341	0.402**	0.29	0.254	0.228	-0.096	-0.186	-0.187	-0.207
	(-0.325)	(-0.345)	(-0.342)	(-0.367)	(-0.244)	(-0.255)	(-0.255)	(-0.242)	(-0.174)	(-0.196)	(-0.194)	(-0.2)	(-0.202)	(-0.211)	(-0.211)	(-0.229)
Superior (street view)	1.223**	1.017	0.893	0.73	0.212	0.277	0.266	0.18	0.534***	0.348	0.342	0.341	-0.123	-0.261	-0.26	-0.274
	(-0.621)	(-0.685)	(-0.667)	(-0.65)	(-0.396)	(-0.43)	(-0.435)	(-0.421)	(-0.201)	(-0.231)	(-0.235)	(-0.237)	(-0.343)	(-0.354)	(-0.347)	(-0.356)
Other (street view)	5.120***	6.307***	5.989***	5.743***	0.791**	0.442	0.412	0.267	0.558**	0.724	0.74	0.782*	0.732**	0.379	0.375	0.35
	(-0.55)	(-0.602)	(-0.648)	(-0.662)	(-0.374)	(-0.499)	(-0.555)	(-0.532)	(-0.264)	(-0.445)	(-0.461)	(-0.469)	(-0.365)	(-0.419)	(-0.436)	(-0.455)
Organisation																
Unionisation	-0.405	-0.27	-0.335	-0.28	0.182	0.213	0.22	0.244	0.0657	0.0363	0.0104	0.0274	0.267	0.199	0.192	0.199
	(-0.394)	(-0.399)	(-0.378)	(-0.385)	(-0.278)	(-0.301)	(-0.3)	(-0.274)	(-0.203)	(-0.222)	(-0.224)	(-0.224)	(-0.196)	(-0.208)	(-0.217)	(-0.221)
Negative Externalities																
Child care (network)	-0.631	-1.604**	-1.368**	-1.339**	0.326	0.291	0.3	0.308	-0.855	-0.946	-0.997	-0.994	-0.472	-0.358	-0.335	-0.336
	(-0.994)	(-0.645)	(-0.629)	(-0.67)	(-0.382)	(-0.556)	(-0.548)	(-0.595)	(-0.588)	(-0.645)	(-0.656)	(-0.638)	(-0.574)	(-0.645)	(-0.671)	(-0.669)
Child care (public nursery)	-0.38	-0.214	-0.381	-0.494	0.184	0.287	0.347	0.286	-0.0116	0.0166	0.00898	0.0418	0.14	0.116	0.149	0.145
	(-0.343)	(-0.359)	(-0.374)	(-0.386)	(-0.218)	(-0.21)	(-0.223)	(-0.215)	(-0.175)	(-0.181)	(-0.182)	(-0.188)	(-0.211)	(-0.217)	(-0.221)	(-0.228)
Child care (other)	-0.459	-0.335	-0.292	-0.245	-0.0543	-0.129	-0.119	-0.0956	-0.0998	-0.136	-0.143	-0.141	0.177	0.203	0.189	0.192
	(-0.292)	(-0.326)	(-0.325)	(-0.327)	(-0.166)	(-0.194)	(-0.199)	(-0.203)	(-0.133)	(-0.152)	(-0.151)	(-0.152)	(-0.169)	(-0.19)	(-0.193)	(-0.195)
Harrasment policy	0.0252	-0.0171	0.00611	0.0104	0.0425	0.032	0.0264	0.028	0.0125	-0.00146	-0.00615	-0.00212	0.131***	0.125***	0.124***	0.124***
	(-0.0543)	(-0.0586)	(-0.059)	(-0.0593)	(-0.036)	(-0.0386)	(-0.0404)	(-0.0415)	(-0.0261)	(-0.0272)	(-0.0282)	(-0.0285)	(-0.0367)	(-0.0363)	(-0.0366)	(-0.0373)
Value of the local permit	1.42E-06	4.96E-07	2.22E-07	-9.48E-08	1.53E-06	2.36e-06*	2.47e-06**	2.38e-06*	5.58E-08	4.57E-07	2.06E-07	1.56E-07	2.81E-07	-4.33E-08	-1.06E-07	-1.17E-07
	(-0.000003)	(-0.000003)	(-0.000003)	(-0.000003)	(-0.000001)	(-0.000001)	(-0.000001)	(-0.000001)	(-0.000009)	(-0.000001)	(-0.000001)	(-0.000001)	(-0.000002)	(-0.000003)	(-0.000003)	(-0.000003)
Enterprise controls	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Socio-Demographic Controls	no	yes	yes	yes	no	yes	yes	yes	no	yes	yes	yes	no	yes	yes	yes
Spatial Controls	no	no	yes	yes	no	no	yes	yes	no	no	yes	yes	no	no	yes	yes
Municipal Controls	no	no	no	yes	no	no	no	yes	no	no	no	yes	no	no	no	yes
Constant	5.399***	1.008	0.832	2.049	-0.847	3.613***	3.658***	4.467***	1.615***	2.281**	2.401**	1.793	4.374***	5.254***	5.282***	5.391***
	-1.227	-1.812	-1.862	-2.27	-0.675	-1.383	-1.392	-1.493	-0.57	-1.068	-1.043	-1.116	-0.695	-1.003	-1	-1.094
Observations	346	321	319	319	350	324	322	322	350	324	322	322	350	324	322	322
R-squared	0.209	0.271	0.3	0.316	0.14	0.155	0.157	0.172	0.101	0.13	0.15	0.159	0.166	0.21	0.211	0.211

*** p<0.01; ** p<0.05; * p<0.1 : Robust standard errors in parentheses

ANNEX 9: INTERVIEWS AND FOCUS GROUPS

Table A.9. 1: *Participants in Interviews and Focus Groups with Waste-Pickers and Local Authorities*

<i>N</i>	<i>Pseudonym</i>	<i>Gender</i>	<i>Age</i>	<i>Nationality</i>	<i>Category</i>	<i>Municipality</i>	<i>Local Policy Approach</i>	<i>Method of data collection</i>	<i>Duration of the interview</i>
1	Esteban	M	52	Chile	National Waste-picker Leader	National	n.a	Interview	01:46:00
2	Angel	M	39	Chile	Public Officer	Peñalolén	Strong support	Interview	01:02:00
3	Olivia	F	27	Chile	Public Officer	Peñalolén	Strong support	Interview	00:45:00
4	Sofia	F	46	Chile	Local Waste-picker Leader	Peñalolén	Strong support	Interview	00:40:00
5	Claudia	F	48	Peru	waste-picker	Peñalolén	Strong support	Group Discussion	01:05:00
6	Natalia	F	50	Chile	waste-picker	Peñalolén	Strong support	Group Discussion	01:05:00
7	Paula	F	28	Chile	waste-picker	Peñalolén	Strong support	Group Discussion	01:05:00
8	Ximena	F	51	Chile	waste-picker	Peñalolén	Strong support	Group Discussion	01:05:00
9	Victor	M	60	Chile	waste-picker	Peñalolén	Strong support	Group Discussion	01:05:00
10	Antonio	M	52	Chile	waste-picker	Peñalolén	Strong support	Group Discussion	01:05:00
11	David	M	48	Chile	waste-picker	Peñalolén	Strong support	Group Discussion	01:05:00
12	Karina	F	39	Chile	Public Officer	La Reina	Strong support	Interview	01:39:00
13	Fernanda	F	55	Chile	Public Officer	La Reina	Strong support	Interview	00:49:00
14	Carlos	M	48	Chile	Local Waste-picker Leader	La Reina	Strong support	Interview	00:55:00
15	Santiago	M	42	Chile	Public Officer	Recoleta	Weak support	Interview	00:45:00
16	Lorenzo	M	45	Chile	Local Waste-picker Leader	Recoleta	Weak support	Interview	00:51:00
17	Gloria	F	54	Chile	waste-picker	Recoleta	Weak support	Group Discussion	01:02:00
18	Daniela	F	60	Chile	waste-picker	Recoleta	Weak support	Group Discussion	01:02:00
19	Hugo	M	55	Chile	waste-picker	Recoleta	Weak support	Group Discussion	01:02:00
20	Fernando	M	56	Chile	waste-picker	Recoleta	Weak support	Group Discussion	01:02:00
21	Lorenzo	M	45	Chile	waste-picker	Recoleta	Weak support	Group Discussion	01:02:00
22	Rafael	M	39	Chile	waste-picker	Recoleta	Weak support	Group Discussion	01:02:00

Table A.9. 1: *Participants in Interviews and Focus Groups with Waste-Pickers and Local Authorities (Continuation)*

<i>N</i>	<i>Pseudonym</i>	<i>Gender</i>	<i>Age</i>	<i>Nationality</i>	<i>Category</i>	<i>Municipality</i>	<i>Local Policy Approach</i>	<i>Method of data collection</i>	<i>Duration of the interview</i>
23	<i>Gabriel</i>	<i>M</i>	53	<i>Chile</i>	<i>Public Officer</i>	<i>Cerrillos</i>	<i>Tolerance</i>	<i>Interview</i>	<i>00:50:00</i>
24	<i>Ignacio</i>	<i>M</i>	65	<i>Chile</i>	<i>Local Waste-picker Leader</i>	<i>Cerrillos</i>	<i>Tolerance</i>	<i>Interview</i>	<i>00:42:00</i>
25	<i>Ramon</i>	<i>M</i>	57	<i>Chile</i>	<i>waste-picker</i>	<i>Cerrillos</i>	<i>Tolerance</i>	<i>Group Discussion</i>	<i>01:03:00</i>
26	<i>Cristian</i>	<i>M</i>	35	<i>Chile</i>	<i>waste-picker</i>	<i>Cerrillos</i>	<i>Tolerance</i>	<i>Group Discussion</i>	<i>01:03:00</i>
27	<i>Isabel</i>	<i>F</i>	52	<i>Chile</i>	<i>waste-picker</i>	<i>Cerrillos</i>	<i>Tolerance</i>	<i>Group Discussion</i>	<i>01:03:00</i>
28	<i>Nicolas</i>	<i>M</i>	62	<i>Chile</i>	<i>waste-picker</i>	<i>Cerrillos</i>	<i>Tolerance</i>	<i>Group Discussion</i>	<i>01:03:00</i>
29	<i>Max</i>	<i>M</i>	42	<i>Chile</i>	<i>Public Officer</i>	<i>Pudahuel</i>	<i>Displacement</i>	<i>Interview</i>	<i>00:55:00</i>
30	<i>Pedro</i>	<i>M</i>	44	<i>Chile</i>	<i>Public Officer</i>	<i>Pudahuel</i>	<i>Displacement</i>	<i>Interview</i>	<i>00:55:00</i>
31	<i>Sebastian</i>	<i>M</i>	62	<i>Chile</i>	<i>Local Waste-picker Leader</i>	<i>Pudahuel</i>	<i>Displacement</i>	<i>Interview</i>	<i>00:53:00</i>
32	<i>Jose</i>	<i>M</i>	45	<i>Chile</i>	<i>waste-picker</i>	<i>Pudahuel</i>	<i>Displacement</i>	<i>Group Discussion</i>	<i>01:00:00</i>
33	<i>Daniela</i>	<i>F</i>	43	<i>Chile</i>	<i>waste-picker</i>	<i>Pudahuel</i>	<i>Displacement</i>	<i>Group Discussion</i>	<i>01:00:00</i>
34	<i>Veronica</i>	<i>F</i>	46	<i>Chile</i>	<i>waste-picker</i>	<i>Pudahuel</i>	<i>Displacement</i>	<i>Group Discussion</i>	<i>01:00:00</i>
35	<i>Emilio</i>	<i>M</i>	65	<i>Chile</i>	<i>waste-picker</i>	<i>Pudahuel</i>	<i>Displacement</i>	<i>Group Discussion</i>	<i>01:00:00</i>

Table A.9. 2: *Participants in Interviews and Focus Groups with Street Vendors and Local Authorities*

<i>N</i>	<i>Pseudonym</i>	<i>Gender</i>	<i>Age</i>	<i>Nationality</i>	<i>Category</i>	<i>Municipality</i>	<i>Local Policy Approach</i>	<i>Method of data collection</i>	<i>Duration of the interview</i>
1	Agustin	M	31	Chile	Manager for Procter and Gamble	National	n.a	Interview	01:23:00
2	Ian	M	54	Chile	Manager of Lo Valledor	Regional	n.a	Interview	01:01:00
3	Gabriel	M	55	Chile	National Street Vendor Leader	National	n.a	Interview	00:45:00
4	Guillermo	M	67	Chile	National Street Vendor Leader	National	n.a	Interview	02:07:00
5	Mario	M	55	Chile	Public Officer	Macul	Strong support	Interview	00:53:00
6	Ignacio	M	35	Chile	Public Officer	Macul	Strong support	Interview	00:45:00
7	Pablo	M	42	Chile	Local Street Vendor Leader	Macul	Strong support	Interview	00:47:00
8	Rodrigo	M	52	Chile	Street Vendor	Macul	Strong support	Group Discussion	01:37:00
9	Alejandro	M	54	Chile	Street Vendor	Macul	Strong support	Group Discussion	01:37:00
10	Raul	M	58	Chile	Street Vendor	Macul	Strong support	Group Discussion	01:37:00
11	Benjamin	M	44	Chile	Street Vendor	Macul	Strong support	Group Discussion	01:37:00
12	Emilio	M	50	Chile	Public Officer	Conchali	Weak support	Interview	01:04:00
13	Marina	F	45	Chile	Local Street Vendor Leader	Conchali	Weak support	Interview	01:29:00
14	Claudio	M	54	Chile	Street Vendor	Conchali	Weak support	Group Discussion	01:04:00
15	Roberto	M	50	Chile	Street Vendor	Conchali	Weak support	Group Discussion	01:04:00
16	Mariela	F	49	Chile	Street Vendor	Conchali	Weak support	Group Discussion	01:04:00
17	Marta	F	52	Chile	Street Vendor	Conchali	Weak support	Group Discussion	01:04:00
18	Pilar	F	54	Chile	Public Officer	Maipu	Tolerance	Interview	00:48:00
19	Sandra	F	42	Chile	Local Street Vendor Leader	Maipu	Tolerance	Group Discussion	01:37:00
20	Oscar Gálvez	M	52	Chile	Local Street Vendor Leader	Maipu	Tolerance	Group Discussion	01:37:00
21	Germán Avello	M	54	Chile	Local Street Vendor Leader	Maipu	Tolerance	Group Discussion	01:37:00
22	Gaston	M	43	Chile	Street Vendor	Maipu	Tolerance	Group Discussion	01:03:00
23	Victor	M	34	Chile	Street Vendor	Maipu	Tolerance	Group Discussion	01:03:00
24	Aucan	M	50	Chile	Street Vendor	Maipu	Tolerance	Group Discussion	01:03:00
25	Felipe	M	49	Chile	Street Vendor	Maipu	Tolerance	Group Discussion	01:03:00
26	Paulo	M	58	Chile	Street Vendor	Maipu	Tolerance	Group Discussion	01:03:00

Table A.9. 2: *Participants in Interviews and Focus Groups with Street Vendors and Local Authorities (Continuation)*

<i>N</i>	<i>Pseudonym</i>	<i>Gender</i>	<i>Age</i>	<i>Nationality</i>	<i>Category</i>	<i>Municipality</i>	<i>Local Policy Approach</i>	<i>Method of data collection</i>	<i>Duration of the interview</i>
26	<i>Alberto</i>	<i>M</i>	52	<i>Chile</i>	<i>Street Vendor</i>	<i>Maipu</i>	<i>Tolerance</i>	<i>Group Discussion</i>	<i>01:03:00</i>
27	<i>Sara</i>	<i>F</i>	49	<i>Chile</i>	<i>Public Officer</i>	<i>La Granja</i>	<i>Repression</i>	<i>Interview</i>	<i>01:09:00</i>
28	<i>Claudio</i>	<i>M</i>	48	<i>Chile</i>	<i>Local Street Vendor Leader</i>	<i>La Granja</i>	<i>Repression</i>	<i>Interview</i>	<i>01:30:00</i>
29	<i>Maria</i>	<i>F</i>	52	<i>Chile</i>	<i>Street Vendor</i>	<i>La Granja</i>	<i>Repression</i>	<i>Group Discussion</i>	<i>01:27:00</i>
30	<i>Luis</i>	<i>M</i>	54	<i>Chile</i>	<i>Street Vendor</i>	<i>La Granja</i>	<i>Repression</i>	<i>Group Discussion</i>	<i>01:27:00</i>
31	<i>Eduardo</i>	<i>M</i>	52	<i>Chile</i>	<i>Street Vendor</i>	<i>La Granja</i>	<i>Repression</i>	<i>Group Discussion</i>	<i>01:27:00</i>
32	<i>Paulina</i>	<i>F</i>	44	<i>Chile</i>	<i>Street Vendor</i>	<i>La Granja</i>	<i>Repression</i>	<i>Group Discussion</i>	<i>01:27:00</i>
33	<i>Claudio</i>	<i>F</i>	48	<i>Chile</i>	<i>Street Vendor</i>	<i>La Granja</i>	<i>Repression</i>	<i>Group Discussion</i>	<i>01:27:00</i>

Table A.9. 3: Participants in Interviews and Focus Groups with Home-Base Entrepreneurs and Local Authorities

<i>N</i>	<i>Pseudonym</i>	<i>Gender</i>	<i>Age</i>	<i>Nationality</i>	<i>Category</i>	<i>Municipality</i>	<i>Local Policy Approach</i>	<i>Method of data collection</i>	<i>Duration of the interview</i>
1	<i>Axel</i>	<i>M</i>	52	<i>Chile</i>	<i>National Union of HBEs</i>	<i>National</i>	<i>n.a</i>	<i>Interview</i>	<i>01:22:00</i>
2	<i>Javier</i>	<i>M</i>	55	<i>Chile</i>	<i>Public Officer</i>	<i>Santiago</i>	<i>Strong support</i>	<i>Interview</i>	<i>01:22:00</i>
3	<i>Francisca</i>	<i>F</i>	36	<i>Chile</i>	<i>Home-Base Entrepreneur</i>	<i>Santiago</i>	<i>Strong support</i>	<i>Group Discussion</i>	<i>01:23:00</i>
4	<i>Marta</i>	<i>F</i>	45	<i>Chile</i>	<i>Home-Base Entrepreneur</i>	<i>Santiago</i>	<i>Strong support</i>	<i>Group Discussion</i>	<i>01:23:00</i>
5	<i>Sofia</i>	<i>F</i>	47	<i>Chile</i>	<i>Home-Base Entrepreneur</i>	<i>Santiago</i>	<i>Strong support</i>	<i>Group Discussion</i>	<i>01:23:00</i>
6	<i>Carmen</i>	<i>F</i>	56	<i>Chile</i>	<i>Home-Base Entrepreneur</i>	<i>Santiago</i>	<i>Strong support</i>	<i>Group Discussion</i>	<i>01:23:00</i>
7	<i>Rosa</i>	<i>F</i>	34	<i>Chile</i>	<i>Home-Base Entrepreneur</i>	<i>Santiago</i>	<i>Strong support</i>	<i>Group Discussion</i>	<i>01:23:00</i>
8	<i>Silvia</i>	<i>F</i>	40	<i>Chile</i>	<i>Home-Base Entrepreneur</i>	<i>Santiago</i>	<i>Strong support</i>	<i>Group Discussion</i>	<i>01:23:00</i>
9	<i>Nicolas</i>	<i>M</i>	56	<i>Chile</i>	<i>Public Officer</i>	<i>Lo Prado</i>	<i>Weak Support</i>	<i>Interview</i>	<i>00:45:00</i>
9	<i>Emilio</i>	<i>M</i>	50	<i>Chile</i>	<i>Public Officer</i>	<i>Lo Prado</i>	<i>Weak support</i>	<i>Interview</i>	<i>01:14:00</i>
10	<i>Rodrigo</i>	<i>M</i>	53	<i>Chile</i>	<i>Home-Base Entrepreneur</i>	<i>Lo Prado</i>	<i>Weak support</i>	<i>Group Discussion</i>	<i>01:39:00</i>
11	<i>Ana</i>	<i>F</i>	41	<i>Chile</i>	<i>Home-Base Entrepreneur</i>	<i>Lo Prado</i>	<i>Weak support</i>	<i>Group Discussion</i>	<i>01:39:00</i>
12	<i>Mariela</i>	<i>F</i>	50	<i>Chile</i>	<i>Home-Base Entrepreneur</i>	<i>Lo Prado</i>	<i>Weak support</i>	<i>Group Discussion</i>	<i>01:39:00</i>
13	<i>Susana</i>	<i>F</i>	48	<i>Chile</i>	<i>Home-Base Entrepreneur</i>	<i>Lo Prado</i>	<i>Weak support</i>	<i>Group Discussion</i>	<i>01:39:00</i>
14	<i>Claudia</i>	<i>F</i>	61	<i>Chile</i>	<i>Home-Base Entrepreneur</i>	<i>Lo Prado</i>	<i>Weak support</i>	<i>Group Discussion</i>	<i>01:39:00</i>
15	<i>Mariana</i>	<i>F</i>	41	<i>Chile</i>	<i>Home-Base Entrepreneur</i>	<i>Lo Prado</i>	<i>Weak support</i>	<i>Group Discussion</i>	<i>01:39:00</i>
16	<i>Maria Teresa</i>	<i>F</i>	49	<i>Chile</i>	<i>Public Officer</i>	<i>Las Condes</i>	<i>Tolerance</i>	<i>Interview</i>	<i>00:46:00</i>
17	<i>Maria Eugenia</i>	<i>F</i>	39	<i>Chile</i>	<i>Public Officer</i>	<i>Las Condes</i>	<i>Tolerance</i>	<i>Interview</i>	<i>00:46:00</i>
18	<i>Elisabeth</i>	<i>F</i>	55	<i>Chile</i>	<i>Home-Base Entrepreneur</i>	<i>Las Condes</i>	<i>Tolerance</i>	<i>Group Discussion</i>	<i>01:39:00</i>
19	<i>Elena</i>	<i>F</i>	34	<i>Rusia</i>	<i>Home-Base Entrepreneur</i>	<i>Las Condes</i>	<i>Tolerance</i>	<i>Group Discussion</i>	<i>01:39:00</i>
20	<i>Nancy</i>	<i>F</i>	53	<i>Chile</i>	<i>Home-Base Entrepreneur</i>	<i>Las Condes</i>	<i>Tolerance</i>	<i>Group Discussion</i>	<i>01:39:00</i>
21	<i>Gabriel</i>	<i>M</i>	50	<i>Chile</i>	<i>Home-Base Entrepreneur</i>	<i>Las Condes</i>	<i>Tolerance</i>	<i>Group Discussion</i>	<i>01:39:00</i>
22	<i>Rene</i>	<i>M</i>	62	<i>Chile</i>	<i>Home-Base Entrepreneur</i>	<i>Las Condes</i>	<i>Tolerance</i>	<i>Group Discussion</i>	<i>01:39:00</i>

Table A.9.3: *Participants in Interviews and Focus Groups with Home-Base Entrepreneurs and Local Authorities (Continuation)*

<i>N</i>	<i>Pseudonym</i>	<i>Gender</i>	<i>Age</i>	<i>Nationality</i>	<i>Category</i>	<i>Municipality</i>	<i>Local Policy Approach</i>	<i>Method of data collection</i>	<i>Duration of the interview</i>
23	<i>Camila</i>	<i>F</i>	49	<i>Chile</i>	<i>Public Officer</i>	<i>La Granja</i>	<i>Repression</i>	<i>Interview</i>	<i>00:52:00</i>
24	<i>Maria</i>	<i>F</i>	52	<i>Chile</i>	<i>Home-Base Entrepreneur</i>	<i>La Granja</i>	<i>Repression</i>	<i>Group Discussion</i>	<i>01:07:00</i>
25	<i>Sandra</i>	<i>F</i>	48	<i>Chile</i>	<i>Home-Base Entrepreneur</i>	<i>La Granja</i>	<i>Repression</i>	<i>Group Discussion</i>	<i>01:07:00</i>
26	<i>Ana</i>	<i>M</i>	52	<i>Chile</i>	<i>Home-Base Entrepreneur</i>	<i>La Granja</i>	<i>Repression</i>	<i>Group Discussion</i>	<i>01:07:00</i>
27	<i>Paula</i>	<i>F</i>	44	<i>Chile</i>	<i>Home-Base Entrepreneur</i>	<i>La Granja</i>	<i>Repression</i>	<i>Group Discussion</i>	<i>01:07:00</i>

ANNEX 10: TOPIC GUIDES WITH WASTE-PICKERS

Interview Guide: National waste-picker leaders

Section 1: Organisation (national & local)

1. How is your organisation structured, and what are the organisation's objectives?
2. Are there other organisations that are not part or that are parallel to this organisation? Which ones? Why?

Section 2: Entry to and exit from the informal economy

Entry and exit

1. How did you begin to engage in waste-picking as a job?
2. Why do you think other waste-pickers began recycling?
3. Why do you think the majority of waste-pickers continue to recycle?
4. Do you think that if there were more jobs in the formal sector that waste-pickers would stop recycling? Why? Why not?
5. Under which conditions or factors would waste-pickers be willing to stop recycling?

Relation to the economy

1. Does s/he think unemployment or economic crises affect waste-picking? In what ways?
2. Which factors does s/he think determine whether a waste-picker stays in the business for a long or a short periods of time?
3. Based on informant's opinion, what are the benefits of waste-picking, and what are some of the problems?

Section 3: How does waste-picking function?

Production

1. What are main materials that are recycled in the metropolitan region?
2. How or what determines which type of materials are recycled and which ones are not?
3. Which factors determine the waste-picker's collection route? How are the routes distributed, organised, or negotiated?

Distribution

1. Does the type of vehicle affect the quantity of material or type of materials that are collected?

Gathering

1. Where / Which places do waste-pickers commonly pick-up/collect recycled materials?
2. Is having a place to accumulate waste a relevant factor in the recycling business? Why? Why not?
3. Do the collected materials receive any type of treatment before they are sold? Is there a value added for this treatment?

Sale

1. Whom do the waste-pickers sell the recycled materials to?
2. What are the factors that determine where the recycled materials are sold? Proximity? Price? Other?
3. Do you think the type of vehicle used affects the place and prices where and for how the collected materials are sold? Are the prices for recycled materials homogenous across the city?
4. How is the sale price for the collected materials determined?
5. Which companies are the final consumers of the recycled products? Do they vary per sector? Bottles? Papers? Cans and metals? Plastics?

Section 4: Economic rationale and public policy

1. What initiatives are most successful in supporting waste-pickers in Chile?
2. Do waste-pickers have access to any type of credit? Do you think this has had any positive impact on the practice of waste-picking?
3. Which politics or regulations have been implemented that have had a repressive, fiscal, or harmful attitude towards waste-pickers? Which of them have impacted the activity?
4. What qualities must a waste-picker have to reach maximum potential of productivity or income?
5. How do you think waste-pickers might be able to obtain higher prices at the point of sale?
6. How do you think waste-pickers might be able to pick-up/collect higher quantities of materials? Or collect materials with a higher value at the point of sale?
7. How do you think recyclers can add value to their products?
8. Do you think that the experience of a waste-picker plays an important role in earning better incomes, or better labour conditions for a recycler?
9. Are there training programs for waste-pickers? What do they consist of? Which training programs do you think would be useful to the waste-pickers?

Section 5: Social rationale and public policy

1. What do you think is the waste-pickers' range of incomes? Which factors determine their income?
2. Do you think there more females than males in the recycling business? Do they earn less or more? What are the reasons?
3. Do you think there are more migrants in waste-picking than other sectors of the economy? Do they earn less or more than national waste-pickers? What are the reasons?

Section 6: Negative externalities and public policy

1. Do you think there is child labour deeper in the waste-picking business? Why do you think this happens? How do you think this problem can improve?
2. Do you think there is a problem of trash dispersion on the part of the waste-picking? How can this problem be improved?
3. What are the accidents that waste-pickers are exposed to in their jobs? How can these accidents be reduced?
4. Do you think waste-pickers have access to pensions? What can be done to improve this situation?
5. What level of healthcare do you think waste-pickers have access to? Do you think it's sufficient? Why? What can be done to improve this situation?
6. How many days a week and average hours does a waste-picker work? Why do you think this is?

Section 7: Selection of four municipalities

1. Which municipal departments liase most closely with waste-pickers?
2. I need to choose four representative municipalities of policies or norms with an approximation of: 1) negative or repressive, 2) tolerance or indifference (without major regulations), 3) support to build base organisations, 4) high social and economic support to the activity.
3. Do you have a list of organisations and/or its members? How complete would you say these lists are?

Interview Guide: Local waste-Picker leaders

Section 1: Entry and exit in informal economy

1. How have you got involved in this activity?
2. What were you doing before entering into this activity?
3. Why have you undertaken this activity?
4. How do you feel about this activity? Are you happy with the activity that you undertook? Why?
5. Which are the main benefits and problems of this activity?

6. Would you quit your current activity if formal work was offered to you? Why?

Section 2: Economic rationality

1. How does your business work?
2. What do you do in a normal working day? In a week?
3. How do you get the products that you sell? Do you pay for them? How do you collect them?
4. Where do you store your products?
5. Do you classify your products? Do you process your products? Do you repair your products? Why?
6. How do you transport the products that you collect? If you have a vehicle, how did you get the vehicle? E.g. credit, saving, other?
7. Who do you sell your products to?
8. Do they pay the market price? Below? Above? Why do you sell products to them?
9. Do you sell your own products? Why?
10. How do you determine the products that you collect and sell?
11. Do you sell in small or large amounts? Why?
12. Do you have any plan of expanding your business? Why?
13. How important do you consider the collaboration of enterprises or households in the selection of material? Why?

Section 3: Supportive policies

1. How do you think you could improve your earnings?
2. How do you think you could get better prices when selling products?
3. How do you think you could collect higher quantities?
4. How do you think you could process (add value to) your products?
5. How do you think you could sell more or/and get higher prices?
6. What do you think the municipality can do to help you improve your earnings or working conditions?

Section 4: Working conditions and negative externalities

1. Do children work in the activity? What do they do? Why do you think this happens?
2. If waste-pickers earned more, do you think that children would keep working? Why?
3. What do you think could be done to reduce child work?
4. Do you make contributions to the pension system? Why?
5. Do you have access to health? What type? Why?
6. What are the main accidents that you or your colleagues have suffered working in this activity?
7. How many hours do you work per day? How many days do you work per week?
8. What factors determine the number of hours you work in a week?
9. Do you take "annual leave" once a year? Why? If yes, how much time off do you take?
10. Do you clean after collecting recycling materials from household garbage? Why?

Section 5: Physical and human capital

1. Do you use any tools or equipment in your work? Can you list them?
2. Which are the most useful ones? Why?
3. If you had extra money, what type of equipment would you buy?
4. If you had 2 million to invest in your business, what would you do with this money?
5. How many years have you been working in this activity?
6. Compared with when you started, do you think you have learnt more efficient ways of performing in your activity? Give examples.
7. Have you received any formal training? Was it useful? Why?
8. What are the main factors that affect your daily income?
9. Over which factors (that affect your income) do you have control?
10. Over which factors (that affect your income) do you have no control?

Section 6: Informal organisation involvement

1. Do you belong to any waste-picker organisation? which one/s?
2. How is the composition of its committee board decided? Is it democratically elected?
3. What is the role of the organisation towards its members?
4. What is the role of the organisation towards local authorities?
5. Do you feel that being involved in an organisation is useful to improve your income or working conditions? Why?

Section 7: Relation with local public authorities

1. What is your relationship with the local authorities?
2. Which authority or department of the local council do you normally address your problems or suggestion to?
3. Do you think that the local council supports, ignores or represses waste-pickers' activities?
4. Which positive/negative actions related to waste-picking has the local council taken?
5. How have these policies affected your business and/or working conditions?
6. Do you have a positive or negative relationship with the police? How does it impact on your activity?
7. Does the authority restrict the schedules of your work?
8. In your opinion, what are the main concerns that the authority has regarding your activity? Are these justified?
9. Do you think that there is a way to solve these problems?
10. What is the authority's attitude to the proposed solutions?

Interview Guide: Municipal officers

Section 1: Entry and exit in informal economy

1. In your opinion which is the profile of people working in waste-picking activities?
2. In your opinion, what was their activity before becoming street vendor?
3. Why do you think they have undertaken this activity?
4. What do you think the future of the activity should be?
5. Do you think they would accept a formal job if they were offered one? Why?
6. Do you think waste-pickers make a positive or negative contribution to the quality of life in the municipality? And to local economy?

Section 2: Economic rationality and link with formality

1. In your opinion, how does the waste-picking business work?
2. How do you think street vendors get the products or materials they sell in your municipality?
3. Where do you think waste-pickers store their products before selling them? Does this cause any problem?
4. Do you know if they process or repair the products that they sell?
5. Do you know to whom they sell their product?
6. Does the municipality intervene in/contribute to any step of this process?

Section 3: Vision regarding waste-pickers

1. Do you think waste-picking make a positive or negative contribution to the quality of life in the local borough? Why?
2. What are the main contributions and problems of street vendors' activities in your municipality?
3. Do you think that waste-pickers make a significant contribution to recycling in your municipality? Why?
4. Do you think that waste-pickers make a significant contribution to increasing the diversity of materials recycled in your municipality? Why?
5. Do you think that waste-pickers' activities can provide a significant source of local employment? Why?

6. Do you think that waste-pickers' activities can provide a decent source of employment? Why?
7. What are the main problems caused by waste-pickers' activities in your municipality?
8. Do you have any problems with waste disposal?
9. Do you think waste-pickers make an economic contribution to local industries? Why?
10. Do you think waste-pickers make an economic contribution to local consumers? Why?

Section 4: Informal organisation involvement

1. Has the municipality got a relationship with any waste-picker organisation. Which one/s?
2. In the recent period, have you had a conflictive or a collaborative relationship?
3. What are the main requests from waste pickers?
4. Do organisations provide support in addressing the concerns of waste-pickers or is it preferable for you if they work independently? Why?
5. What are the main issues or problems that the municipality and the organisations are trying to solve now?
6. Are you trying to coordinate or integrate waste-pickers into the formal municipal solid waste management system? How?
7. How would it work? What would the main constraints be?

Section 5: Economic policies towards waste pickers

1. What is the approach of the municipality towards waste-pickers?
2. Does the municipality have policies targeting waste-pickers? Which ones?
3. Do you restrict waste-pickers' collection schedules? why?
4. Do you confiscate the material collected by waste-pickers?
5. Do you restrict the areas where material is collected or sold? Why?
6. Do you have any other policy to restrict or regulate the waste-picking activity?
7. Does the municipality support the activity in any form? How?
8. Can waste-pickers access any funding opportunity through the municipality? Which ones?
9. Have you provided any tool/equipment? Which ones? What is the expected impact?
10. Have you provided or helped get any vehicle to transport products? What is the expected impact of this policy?
11. Have you provided any machinery, tools or infrastructure to help the processing of materials or storage? Which ones? What is the expected impact?
12. Have waste-pickers attended any training provided by your municipality? Which ones? What was the expected impact of the training?
13. Has the municipality helped to link waste-pickers with enterprises for selling recyclable materials?
14. Has the municipality organised points of collection or/and sorting of recyclable materials at the household level?
15. Has the municipality helped to link waste-pickers with enterprises for the collection of recyclable materials?
16. Has the municipality helped waste-pickers to improve access to existing buyers or access to new buyers?
17. What is the policy of the inspectors and police towards waste-pickers?
18. Do waste-pickers pay any municipal tax to work in the municipal areas?

Section 6: Social policy

1. Does the municipality provide any particular social policy towards waste-pickers?
2. Do you think there are children working in this activity? Why do you think this happens?
3. Do you provide childcare facilities? What are the opening and closing hours? Do they match waste pickers' working hours?
4. Does the municipality provide training on health hazards associated with waste picking? Does it provide any equipment to reduce accidents?
5. Does the municipality provide any access to health security and treatments? How?
6. Does the municipality provide or facilitate access to pension in any form? Which one?
7. Do you think waste-pickers work extensive hours? More or less than formal workers? Why?
8. What do you think the municipality can do to regulate workday?
9. In your opinion, which are the best policies to increase the quality of life of people involved in waste-picking activities?

Group discussion: Waste-pickers

Section 1: Entry and exit in informal economy

1. How have you got involved in this activity?
2. What were you doing before undertaking this activity?
3. How do you feel about this activity? Are you happy with the activity that you undertook? Why?
4. Which are the main benefits and problems of this activity?
5. Would you quit your current activity if formal work was offered to you? Why?

Section 2: Economic rationality

1. How does your business work?
2. What do you do in a normal working day? In a week?
3. How do you get the products that you sell? Do you pay for them?
4. Where do you store your products?
5. Do you process your products? Do you repair your products? Why?
6. How do you transport the products that you collect? How did you get the vehicle?
7. How do you choose the products that you collect and sell?
8. Do you sell in small or large amounts? Why?
9. Do you have any plan of expanding your business? Why?
10. In your opinion, how important the collaboration of enterprises or households in the selection of material is? Why?

Section 3: Supportive policies

1. How do you think you could improve your earnings?
2. How do you think you could get higher prices when selling products?
3. How do you think you could collect higher quantities?
4. What do you think the municipality could do to help you improve your earnings or working conditions?

Section 4: Working conditions and negative externalities?

1. Do children work in the activity? What do they do? Why do you think this happens?
2. If waste pickers earned more, do you think that children would keep working? Why?
3. Do you make contributions to the pension system? Why? Do you have access to health? What type? Why?
4. What are the main accidents that you or your colleagues have suffered working in this activity?
5. Do you clean recycling material after collecting it from household garbage? Why?

Section 5: Capital and Human Capital

1. Do you use any tools or equipment in their work? Please itemise.
2. Which are the most useful ones? Why?
3. If you had 2 million to invest in your business what would you do with this money?
4. How many years have you been working in this activity?
5. Compared with when you started, do you think you have learnt more efficient ways of performing in your activity? Give examples.
6. Have you attended any formal training? Was it useful? Why?

Section 6: Informal organisation involvement

1. Do you belong to any waste-picker organisation. Which one/s?
2. How is the composition of its committee board decided? Is it democratically elected?
3. Do you feel that being involved in an organisation is useful to improve your income or working conditions? Why?

Section 7: Relation with local public authorities

1. What is your relationship with the local authorities?
2. Do you think that the local council supports, ignores or represses waste-pickers' activities?
3. How have these policies affected your business and/or working conditions?
4. Do you have a positive or negative relationship with the police? How does it impact on your activity?
5. Does the authority restrict the schedules of your work?
6. How the municipality have helped you in your activity (e.g. organisation, capital, credit and training)

ANNEX 11: TOPIC GUIDES WITH STREET VENDORS

Interview Guide: National street vendors leaders

Section 1: Organization (nacional & local)

1. How is your organisation structured?
2. What are your organisation's objectives?
3. How many people or organisations do you represent?
4. Are there other organisations that are not part or that are parallel to this organisation? Which? Why is this?
5. How do the Street vendors organise themselves? Are they organised at the communal level? For the majority, only one part?
6. Do you have a listing of all the street markets, organisations and/or its members? How complete do you think these listings are?
7. How are the representatives of this organisation elected? How are decisions at the national and local level made?

Section 2: Entry to and exit from the informal economy

Entry and exit

1. How did you get begging doing this kind of work?
2. Why do you think the majority of the street vendors begin to engage in this activity? Are there any other reasons?
3. Do you think being a street vendor is their primary economic or commercial activity? What is this occupation's trajectory (economic backgrounds, presents, and futures)?
4. Why do you think the street vendors still continue to do this kind of job?
5. If there were more jobs in the formal sector, do you think that traders would stop doing this job? Why?
6. If the formal sector offered higher incomes than those gained in the markets, do you think traders would change their jobs? Why?
7. Under what conditions or what factors would lead street vendors to stop working in this business?
8. Who works in these HBEs? Only the owner, or other family members, and/or other persons under contract? What factors determine who works (familiar/external)?

Relation to the economy

1. Do you think unemployment or other periods of national economic crisis affect this business? In what ways? Do they impact the number of street vendors?
2. Do you think there is a permanent number of traders and another one that is more fluctuating number of Street vendors?
3. What factors determine the length of time (number of years) a trader stays in the business?

Vision

1. Which of the following adjectives describe best the reasons Street vendors do this activity and why?: 1) Unemployment in the formal sector, 2) lack of decent jobs, 3) microenterprises, 4) working under exploitative conditions or 5) by choice
2. What are the main benefits of doing this kind of work?
3. What are the main problems?

Section 3: How does recycling work?

Production

1. What are the main rubrics on sale in the street markets in the metropolitan region?
2. How or what determines what kind of product sells and what doesn't sell?
3. How do the traders get the products they sell? What factors determine where to buy / whom to buy from?
4. Do they buy from small, medium, or large scale producers?
5. Who are the providers of the products sold? Are they products of big companies? What percentage, approximately?

6. How do you get providers as well as their integrity and loyalty?
7. What factors determine the buying price? How do you think you can negotiate a better buying price?
8. Is the collaboration between neighbours or enterprises an important factor for the street vendors? Why?

Distribution

1. How are the products purchased transported from the point of sale to the site of storage, and from there to the street market?
2. What kind of vehicle do you use?
3. How does having a vehicle, or the type of vehicle, factor into the quantity sold or the amount income street vendors earn?

Storage

1. Where are the products for sale commonly stored? Are there any other places used?
2. Are there traders that sell what they buy on the same day? How does this affect their income?
3. Is the availability of a good place for storage a relevant factor in the Street vendors' income or labour conditions? Why?
4. Are there any street vendors that treat or process their products in any way before selling them? Are products prepared? Washed or cut? Packed?
5. Would any machinery for storage or processing help improve the income or labour conditions of the street vendors? Would this also help improve hygiene of the products? Why?

Sale

1. What factors determine the localisation of the street markets? How are the stalls distributed? How is who sells what determined?
2. Does the size or number of stalls negatively or positively affect the traders' income and labour conditions?
3. Is the location of the market a key factor for the Street vendors' level of income? Why? What factors influence what is a good or bad street market location?
4. Does the number of sellers selling the same product have a positive or negative effect on the sellers' income?
5. Are there locations that are more privileged than others inside the market? Does this have an impact in the Street vendors income?
6. What is the infrastructure that is used to put on a market? Does the quality or quantity of the infrastructure have an impact on the traders' income? In what way? What about labour conditions? In what way?
7. What factors determine what products are sold in one place and not the other? Proximity? Price?
8. How is the selling price for the products determined? Who fixes/determines it? How is the competition amongst traders regulated?
9. How can you increase the price of products sold?
10. Who do they sell to and what strategy do they use to maintain their clientele?
11. Are products sold in small or large quantities? How is the price affected by quantity?
12. Approximately, how many street markets does a street vendor work in?
13. How many days and hours does a street market function in a particular location? Do the hours affect the price? And the days? How so?
14. Does the presence of the supermarkets in terms of proximity affect the Street vendors' income? Why?
15. What factors determine the street vendors' income?
16. What other factors affect the street vendors' labour conditions?

Section 4: Economic realisation and public policy

1. What initiatives are most successful in supporting street vendors in Chile?
2. What other initiatives do you think can be implemented to support the street vendors?
3. What are the Chilean municipalities that have a repressive, fiscal, or harmful attitude towards street vendors?
4. Do the markets sell more or less expensive than the prices in the supermarkets? Why is this the case?
5. Do municipal policies affect the street vendors' income or prices of the products? In what way?
6. What do street vendors need in order to maximise their productivity or income?

7. How do you think street vendors' might get better prices for their products or sell more?
8. Do you think the experience plays a role in improving the street vendors' income or labour conditions?
9. Are there training programs for the street vendors? What programs do you think are the most useful for the street vendors?

Section 5: Social rationale and public policy

1. Are there more women or men in this business? What are the reasons?
2. Are there more or less non-Chileans in this sector than other sectors of the economy?
3. What do you think the municipalities can do to improve the street vendors' labour conditions?

Section 6: Negative externalities and public policy

1. What are the major conflicts that municipalities have with the street vendors? Do you think they are justified?
2. Do you think that child labour is being used in this activity? Why does this happen? How do you think the situation can improve?
3. Do you think that there a trash dispersal problem after the street markets leave their locality? How do you think this situation can improve?
4. Do you think that street vendors have access to pensions? What do you think can be done to improve this situation?
5. Do you think the street vendors can count on adequate infrastructure to carry on with their jobs? How does this affect the labour conditions (toilet access, exposure to sun, etc.)? How can this situation be improved?
6. Do you think street markets can generate problems of congestion in the streets? Why? How can this situation be improved?
7. Do you think having access to electricity or water would help to increase the selling price, the quantity or selling new kinds of products? And would it help to better labour conditions? How so?

Section 7: Selection of four municipalities

1. Which municipal departments liase most closely with street-vendors?
2. What are the go to department or departments the street vendors, or which ones do the traders have more contact with?
3. I need to choose 4 representative municipalities of policies or norms with an approximation of: 1) negative or repressive, 2) tolerance or indifference (without major regulations), 3) support to build base organisations, 4) of high social and economic support to the activity.

Interview Guide: Local street vendors leaders

Section 1: Entry and exit of informal economy

1. How have you got involved in this activity?
2. What were you doing before entering into this activity?
3. Why have you undertaken this activity?
4. How do you feel about this activity? Are you happy with the activity that you undertook? Why?
5. Which are the main benefits and problems of this activity?
6. Would you quit your current activity if formal work was offered to you? Why?

Section 2: Economic rationality

1. How does your business work?
2. What do you do in a normal working day? In a week?
3. How do you get the products that you sell? Do you pay for them? How do you collect them?
4. Do you get them from large producers/distributors or from small producers? Why?
5. Do you buy these products in association with other street vendors? Why?
6. How do you transport your products? Why?

7. How did you get the vehicle? E.g. credit, saving, other? (If you have a vehicle)
8. Do you think that having a better or bigger vehicle would impact on your income? Why?
9. Where do you store your products? Do you lose products because of the lack of storage facilities?
10. Do you think that having a better (e.g. larger or/and safer) storage facility would improve your income or working conditions? Why?
11. Do you process or produce your products? Where do you make them? Do you use any equipment for this?
12. Do you sell your own products? Why?
13. Who are your clients?
14. How do you choose the products that you sell? Do you think that you sell the most profitable products? Why?
15. How do you determine your selling prices? Which are the main considerations to determine your selling prices?
16. Do you sell above/below or at the same price than supermarkets? Why?
17. Do you employ anyone else in your business? What do they do?
18. Does any other family member work in your business? Who? Do they receive any payment?
19. Do you have any plans of expanding your business? Why? What restricts the expansion of your business?
20. How does the competition with other street vendors affect your profits?
21. How does the competition with formal business affect your profits? Who are your main competitors?
22. Do you pay local or national taxes? Which ones? Why?
23. Does the weather affect your business? Why? (Impact on the number of clients or damage to products)

Section 3: Supportive policies

1. How do you think you could improve your earnings?
2. How do you think you could get better prices when selling products?
3. How do you think you could sell more or/and get higher prices?
4. Would you get higher profits by processing your products? Why? What prevents you from doing so?
5. Do you think that introducing water or electricity in your working place could improve the prices, quantities or type of products that you sell? How? Do you think this would improve your working conditions?
6. Do you think that the provision of physical infrastructure, such as a market roof, could improve your working conditions or your earnings? Why? Which is the most crucial infrastructure that you need?
7. Would you buy more equipments or products if you had access to a safe, secure and close storage place? How would this improve your business?
8. Do you think that having permission to work more days per week in the same place would improve your earnings? Why?
9. Do you prefer to work in a fix place or in different locations? Why?
10. What do you think the municipality can do to help your business' growth?

Section 4: Working conditions and negative externalities?

1. Do children work in the activity? What do they do? Why do you think this happens?
2. If street vendors earned more, do you think that children would keep working? Why?
3. What do you think could be done to reduce child work?
4. Do you make contributions to the pension system? Why?
5. Do you have access to health? What type? Why?
6. What are the main accidents that you or your colleagues have suffered working in this activity?
7. How many hours do you work per day? How many days do you work per week?
8. What factors determine the number of hours you work in a week?
9. Do you take "annual leave" once a year? Why? If yes, how much time off do you take?
10. Do you clean after leaving the street market? Why?
11. Where do you get water and electricity from? Where do you go to the toilet?
12. In your opinion, which is the perception of the community living close to a street market? Positive or negative? Why?

Section 5: Physical and human capital

1. Do you use any tools or equipment in your work? Can you list them?
2. Which are the most useful ones? Why?
3. If you had extra money, what type of equipment would you buy?
4. If you had 2 million to invest in your business, what would you do with this money?
5. How many years have you been working in this activity?
6. Compared with when you started, do you think you have learnt more efficient ways of performing in your activity? Give examples.
7. Have you received any formal training? Was it useful? Why?
8. What are the main factors that affect your daily income?
9. Over which factors (that affect your income) do you have control?
10. Over which factors (that affect your income) do you have no control?

Section 6: Informal organisation involvement

1. Do you belong to any waste-picker organisation? which one/s?
2. How is the composition of its committee board decided? Is it democratically elected?
3. What is the role of the organisation towards its members?
4. What is the role of the organisation towards local authorities?
5. Do you feel that being involved in an organisation is useful to improve your income or working conditions? Why?

Section 7: Relation with local public authorities

1. What is your relationship with the local authorities?
2. Which authority or department of the local council do you normally address your problems or suggestion to?
3. Do you think that the local council supports, ignores or represses waste-pickers' activities?
4. What are the main policies related to your business applied by the local authority? Please list them.
5. How have these policies affected your business and/or working conditions?
6. Do you have a positive or negative relationship with the police? How does it impact on your activity?
7. Does the authority restrict the schedules of your work?
8. In your opinion, what are the main concerns that the authority has regarding your activity? Are these justified?
9. Do you think that there is a way to solve these problems?
10. What is the authority's attitude to the proposed solutions?

Interview Guide: Municipal officers

Section 1: Entry and exit of informal economy

1. In your opinion, which is the profile of people working in street market activities? (Education, income, economic perspective)
2. In your opinion, what was their activity before becoming street vendor?
3. Why do you think they have undertaken this activity?
4. What do you think the future of the activity should be?
5. Do you think they would accept a formal job if they were offered one? Why?
6. Do you think street vendors make a positive or negative contribution to the quality of life in the municipality? And to local economy?

Section 2: Economic rationality and link with formality

1. How do you think the business of street vending works?
2. How do you think street vendors get the products they sell in your municipality? From which sources (e.g. large retail, central distribution points, local providers)?

3. Where do you think street vendors store their products before selling them? Does this cause any problem?
4. Do you know if they process their products before selling them?
5. Do you know to whom they sell their product?
6. Do you think they provide higher or lower quality products than formal retailers? Why?
7. Do they provide higher or lower priced products than formal retailers? Why?

Section 3: Vision towards street markets

1. Do you think that street vending makes a positive or negative contribution to the quality of life in the local borough? Why?
2. What are the main contributions and problems of street vendors' activities in your municipality?
3. Do you think street vendors make a significant contribution to the affordability of goods and services in your municipality? Why?
4. Do you think street markets increase the amount of fruits and vegetables consumed by citizens in your municipality? Why?
5. Do you think street markets improve the urban image of your municipality and attract people from other parts of the city? Why?
6. Do you think that the number of street vendors in your municipality is affected by the local unemployment rate?
7. Do you think that street vendors' activities can provide a significant source of local employment? Why?
8. Do you think that street vendors' activities can provide a decent source of employment? Why?
9. Do you think street vendors make an economic contribution to the local economy or do you think they harm it? Why?
10. What are the main problems caused by street vendors' activities in your municipality?
11. Do you have problems related to disposing the waste of street vendors?
12. Do you have problems related to hygiene or food poisoning from street vendors' products?
13. Compared to other formal businesses in your municipality (e.g. supermarket, industries, etc.), do you think that street vendors make a significant contribution to municipal budget?
14. Do you think street vendors increase, decrease or have no impact on criminality in your municipality?
15. Do you think street markets cause significant problems of congestion? Why?
16. Overall, do you think street vendors make a positive or negative contribution to the economy and quality of life in the municipality? Why?

Section 4: Informal organisation involvement

1. Has the municipality got a relationship with any street vendor organisations. Which one/s?
2. In the recent period, have you had a conflictive or a collaborative relationship?
3. What are the main requests from street vendors?
4. Do organisations provide support in addressing the concerns of street vendors or is it preferable for you if they work independently? Why?
5. What are the main issues or problems that the municipality and the organisations are trying to solve now?
6. Does the municipality help to create street vendor organisations? How?

Section 5: Economic policies towards street markets

1. Ask the participant what the approach of the municipality towards waste-pickers is.
2. Does the municipality have policies targeting waste-pickers? Which ones?
3. Do you define a yearly calendar, specific days and precise hours for opening and closure of street markets? Why?
4. Do you restrict the size and areas of operation of street markets? How does it work?
5. What is the policy of the inspectors and police towards street vendors?
6. Does the municipality have local inspectors and/or police to control street vendors' activity? What are they duties?
7. Do they confiscate products? Why?
8. Do you have any other policy to restrict or regulate the activity?
9. Does the municipality support the activity in any form? How?

10. Can street vendors access any funding opportunity through the municipality? Which ones?
11. Have you provided any tool/equipment? Which ones? What is the expected impact?
12. Have you provided or helped get any vehicle to transport products? What is the expected impact of this policy?
13. Have you provided any infrastructure to help processing, storing or selling products? Which ones? What is the expected impact?
14. Has the municipality provided or helped provide access to credits?
15. Has the municipality helped link street vendors with enterprises for purchasing or selling products?
16. Has the municipality advertised street markets in local newspapers or organised them in the public space?
17. Do you have a system of waste collection targeting street markets? How does it work?
18. Do street vendors pay a local tax to work in your municipality? How do you control payments? Which are the consequences if taxes are not paid?
19. Do you currently give new permits to street vendors? If yes, how are the new-comers distributed in the street markets? If not, why?

Section 6: Social policy

1. Does the municipality provide any particular social policy towards street vendors?
2. Do you think there are children working in this activity? Why do you think this happens?
3. Do you provide childcare facilities? What are the opening and closing hours? Do they match waste pickers' working hours?
4. Does the municipality provide training on health hazards associated with street vending? Does it provide any equipment to reduce accidents?
5. Does the municipality provide any access to health security and treatments? How?
6. Does the municipality provide training on management and food conservation?
7. Does the municipality provide or facilitate access to pension in any form? Which one?
8. Do you think street vendors work extensive hours? More or less than formal workers? Why?
9. What do you think the municipality can do to regulate workday?
10. Does the municipality provide access to toilets, electricity or drinkable water?
11. In your opinion, which are the best policies to increase the quality of life of people involved in street vending activities?

Group discussion: Street vendors (*feriantes*)

Section 1: Entry and exit of informal economy

1. How have you got involved in this activity?
2. What were you doing before undertaking this activity?
3. How do you feel about this activity? Are you happy with the activity that you undertook? Why?
4. Which are the main benefits and problems of this activity?
5. Would you quit your current activity if formal work was offered to you? Why?

Section 2: Economic rationality

1. How does your business work?
2. What do you do in a normal working day? In a week?
3. Do you get them from large producers or small producers? Why?
4. Who do you sell your products to? Local clients? Why?
5. Who are your main competitors? E.g. retailers, *coleros*, *los cachureros*? Why?
6. Do you sell above/below or at the same price than supermarkets or other competitors? Why?
7. How do you set the prices of your products? How do you decide what to sell?
8. Which are the main salaried people working in street markets?
9. What are the main constraints to the expansion of your business?
10. Does the weather affect your business? Why? (Impact in the number of clients or damage to products)

Section 3: Supportive policies

1. How do you think you could improve your earnings?
2. How do you think you could get higher prices when purchasing products?
3. How do you think you could get better prices when selling products?
4. Would you obtain higher profits by processing your products? Why? What prevents you to do so?
5. Which do you think would be the impact of having water or electricity in your working place? could improve prices, type of products that you sell, working conditions?
6. Do you think that the provision of physical infrastructure, such as a market roof, could improve your working conditions or your earnings? Why? Which is the most crucial infrastructure that you need?
7. Do you think that working more days per week in the same place would improve your earnings? Why?
8. Do you prefer to work in a fix place or in different locations? Why?
9. What do you think the municipality can do to help your business' growth?

Section 4: Working conditions and negative externalities?

1. Do children work in the activity? What do they do? Why do you think this happens?
2. If street vendors earned more, do you think that children would keep working? Why?
3. Do you make contributions to the pension system? Why? Do you have access to health? What type? Why?
4. What are the main accidents that you or your colleagues have suffered working in this activity?
5. How many hours do you work per day? How many days do you work per week?
6. Do you have toilet facilities? Where?
7. Do you and your colleagues clean the street after leaving the market? Why?
8. In your opinion, which is the perception of the community living close to the street market? Positive or negative? Why?

Section 5: Physical and human capital

1. Do you use any tools or equipment in your work? Please itemise.
2. If you had 2 million to invest in your business, what would you do with this money
3. Compared with when you started, do you think you have learnt more efficient ways of performing in your activity? Give examples.
4. Have you received any formal training? Was it useful? Why?

Section 6: Informal organisation involvement

1. Do you belong to any street vendor organisation? which one/s?
2. How are the committee board defined? Is it democratically elected?
3. Do you feel that being involved in an organisation is useful to improve your income or working conditions? Why?

Section 7: Relation with local public authorities

1. What is your relationship with the local authorities?
2. Which authority or department of the local council do you normally address your problems or suggestion to?
3. Do you think that the local council supports, ignores or represses waste-pickers' activities?
4. Which positive/negative actions related to street vendors has the local council taken? Can you list them?
5. How have these policies affected your business and/or working conditions?
6. Do you have a positive or negative relationship with the police? How does it impact on your activity?
7. Does the authority restrict the schedules of your work?
8. In your opinion, what are the main concerns that the authority has regarding your activity? Are these justified?

ANNEX 12: TOPIC GUIDES WITH HOME-BASED ENTERPRISES

Interview Guide: National home-based enterprises (HBEs) leaders

Section 1: organisation (national & local)

1. How is your organisation structured?
2. What are your organisation's objectives?
3. How many people or organisations do you represent? How many HBEs?
4. Are there other organisations that are not part or that are parallel to this organisation? Which? Why is this?
5. How do the HBEs organise themselves? Are they organised at the communal level? For the majority, only one part?
6. Do you have a listing of all the HBEs, organisations and/or its members? How complete do you think these listings are?
7. How are the representatives of this organisation elected? How are decisions at the national and local level made?

Section 2: Entry to and exit from the informal economy

Entry and exit

1. How did you get involved with this kind of work?
2. Why do you think the majority of the HBEs begin to engage in this activity? Are there any other reasons?
3. Do you think being a HBE is their primary economic or commercial activity? What is this occupation's trajectory (economic backgrounds, presents, and futures)?
4. What is the potential for expansion of these HBEs? What impedes their growth?
5. Why do you think HBEs continue to doing this kind of job?
6. If there were more jobs in the formal sector, do you think that people in HBEs would stop doing this job? Why?
7. If the formal sector offered higher incomes than those gained in the HBEs, do you think micro-entrepreneurs would change their jobs? Why?
8. Under what conditions or what factors would lead HBEs to stop working in this business?
9. Who works in these microenterprises? Only the owner, or other family members, and/or other persons under contract? What factors determine who works (familiar/external)?

Relation to the economy

1. Do you think unemployment or other periods of national economic crisis affect this business? In what ways? Do they impact the number of HBEs?
2. Do you think there is a permanent number of HBEs and another one that is more fluctuating number of HBEs?
3. What factors determine the length of time (number of years) a HBE stays in the business?

Vision

1. Which of the following adjectives describe best the reasons HBEs do this activity and why?: 1) Unemployment in the formal sector, 2) lack of decent jobs, 3) micro-entrepreneurship, 4) working under exploitative conditions or 5) by choice
2. Which of the four adjectives describe microenterprises that stay in business for a period of five or more years? Why?
3. What are the main benefits of doing this kind of work?
4. What are the main problems?

Section 3: How does this HBE work?

Production

1. What are the main products on sale in the HBEs in Chile? And in the Metropolitan region?
2. In the case of HBEs that are dedicated to production, how do the HBEs determine what type of products they produce and which ones they do not? In the case of HBEs that focus on the sale of processed foods, what determines which products are sold and which ones are not?

3. How do HBEs get the products they sell? What factors determine where to buy / whom to buy from? What factors determine how much they buy?
4. Do you buy from small, medium, or large scale producers?
5. Who are the providers of the products or input sold? Are they products from big brand or big corporations or just smaller ones? What percentage, approximately?
6. Through what networks are providers secured?
7. What factors determine the buying price? How do you think you can negotiate a better buying price?
8. Is the collaboration between neighbours or enterprises an important factor for HBEs? Why?
9. Are there associations that allow the HBEs to get better prices or buy in higher volumes?
10. What might reduce the selling prices?

Distribution

1. How are the products purchased transported from the point of sale to the site of storage? How are they transported to the point of sale?
2. What kind of vehicle do you use? Are they property of the HBE?
3. How does having a vehicle or the type of vehicle, factor into the cost, quantity sold or the amount income HBEs earn?
4. Does the type of vehicle impact the selling price?
5. In the case of HBEs that manufacture, how do they determine their networks of distribution and sale? Whom do they sell directly to?
6. Who puts in purchase orders? Where the products that they produce finally are sold?
7. What approximate percentage of the final sale price do HBEs receive?

Storage

1. Where do HBEs commonly store the products for sale? Are there any other places used?
2. Is the size of the home a limiting factor for expansion?
3. Is the availability of a good place for storage a relevant factor of the HBE's income, labour conditions, or quality of life? Why?
4. Are there HBEs of any kind that treat or process their products before selling them? Are they processed? Washed or cut? Packed?
5. Would any machinery for storage or processing help improve the income or labour conditions of the HBEs? Would this also help improve hygiene of the products? Why?

Sale

1. Who are the major competitors of HBEs?
2. What are the major problems HBEs face if they want to expand? If they were able to store or produce more, do you think they would be able to sell more?
3. What factors determine the localisation of the HBEs? How are the locales distributed? How is who sells what determined in relation to their locality?
4. Does the size or number of HBEs negatively or positively affect their income and labour conditions?
5. Is the location of the HBE a key factor for the microenterprises' level of income? Why? What factors influence what is a good or bad location?
6. Does the number of sellers selling the same product in the same vicinity have a positive or negative effect on the HBEs' income? What about manufacturers? And in the sale of product? Why?
7. What is the infrastructure that is used to put on a HBE? Does the quality or quantity of the infrastructure have an impact on the HBEs' income? In what way? What about labour conditions? In what way?
8. What are the regulations that HBEs must be met in order to sell or produce? What percentage of HBEs comply with these prerequisites?
9. How is the price for the products determined? What about in the case of manufacturers? And in the case of retail HBEs?
10. Do you think HBEs sell more smaller or larger quantities? To larger enterprises or smaller enterprises?
11. How is the competition regulated? Is it a competition to the lowest price?
12. How can they increase their prices or volume of sale of their products?
13. How many days and hours does a HBEs function?
14. Does the presence of the supermarkets in terms of proximity affect the HBEs' income? Why?
15. What factors determine the HBEs' income?
16. What other factors affect the HBEs labour conditions?

17. How can municipalities help HBEs grow?

Section 4: Economic realisation and public policy

1. What initiatives are most successful in supporting HBEs in Chile?
2. In what ways have these initiatives been particularly helpful? And how does this help contribute to support the business (income, labour conditions, pension access, health, etc.)
3. What other initiatives do you think can be implemented to support HBEs?
4. Do HBEs have access to any type of credit? Which? Do you think this had had a positive or negative impact in this business? Why?
5. Are interest rates way too high? Are there alternative financing options?
6. Do they have access to government programs or any type of municipal program that can help them gain access to capital or financing? Which programs, examples? Are they effective? Why?
7. What are the Chilean municipalities that have a repressive, fiscal, or harmful attitude towards recyclers?
8. What are the policies or regulations that have been implemented? How have they impacted the business?
9. Do the HBEs sell higher or lower than the price of the supermarkets or larger stores? Why do you think this is?
10. Do you think municipal policy affects the HBEs' income, quantity sold, or prices of the materials? In what way?
11. Do you think being organised in cooperatives or social organisations can affect HBEs' incomes or productivity? In what way?
12. What should a HBE count on to reach their maximum potential in terms of productivity and income? Describe how this business should function ideally.
13. How do you think that HBEs can get better prices for their products, or sell in higher quantity?
14. How do you think HBEs can increase added value to their product or sell products that generate more profit?
15. How do you think HBEs can augment their network of distribution or market?
16. Do you think the experience or years under the rubric of a HBE plays an important role in improving their income or labour conditions? In what ways?
17. Are there training programs for HBEs? Which ones? What do they consist of? Which ones do you think are training programs that are useful to the HBEs? What would you change?
18. In what can the lack of infrastructure affect the income or quantities sold?
19. Are there any other policies, regulations, or other factors that influence the HBEs' income?

Section 5: Social rationale and public policy

1. Do you think HBEs contribute to people's purchasing power? In what way?
2. Do HBEs help to provide access to products to remote areas or areas with little to no services? In what way?
3. What about employment generation? In what way? What quality of employment?
4. What is the most common type of support that HBEs receive from municipalities? Are there other less common types?
5. What is the range of incomes that HBEs gain?
6. What is the level of education of most people in HBEs?
7. Are there more male or female working in HBEs? Why is this?
8. Are there non-Chilean managing HBEs? Are they more than other sectors of the economy?
9. Do you think women or migrants make less money than their male counterparts? Why?
10. Do you think HBEs that are organised get more or have better labour conditions than those that are not organised? Why?
11. Do you think that municipalities or the government can reduce income inequalities in the inner workings of the HBE? Why?
12. Do you think municipalities can do a better job in terms of improving incomes or labour conditions of the HBEs?

Section 6: Negative externalities and public policy

1. What are the major conflicts that municipalities have with the HBEs? Do you think they are justified?
2. What are the major conflicts neighbours have with HBEs?

3. Do HBEs pay taxes? National, or local?
4. Do you think that child labour is being used in this activity? What jobs do they do? Why does this happen? What about work by family members that is unpaid?
5. What are the labour conditions in which non-family workers work? ..., Pensions, contracts, cash payments?
6. How can this situation be improved?
7. What are they kinds of norms or taxes that are least complied or paid, or the ones that are most difficult to comply with for HBEs?
8. What kinds of accidents are people in HBEs exposed to in terms of fires, falls, etc.? Are they frequent?
9. How can these accidents be reduced?
10. Do you think people in HBEs have access to pension? And their workers (non-family)? What are the main reasons for this? What can be done to improve this situation?
11. What is the owners HBEs' level of access to healthcare? And their (non-family) workers? Do you think it's enough? Why? What can be done to improve this situation?
12. Do you think people in HBEs have a lengthy labour journey? How many days a week and hours a week do they work? What can be done to improve this situation?
13. Do you think HBEs count on adequate conditions of infrastructure to conduct their business? How does this affect labour conditions (access to toilet, exposure to sun, pollution, etc.)? What can be done to improve this situation?
14. Do you think HBEs are a nuisance to their neighbours? What can be done to improve this situation?
15. Do you think some HBEs generate problems in terms of noise pollution, pollution or produce large amounts of trash (toxic and non-toxic)?
16. Do you think HBEs use toxic materials? Which ones are they?
17. What is the level of compliance with planning rules and norms? Land use, pollution activities, irregular expansions? What is the main impediment in complying with these prerequisites?
18. Is the security in terms of crime or accidents a theme that affects HBEs? How and to what extent? How are these situations resolved?
19. Why do you think there is a general separation between how HBEs split their use of spaces for business and for domestic life? Do you think this affects their quality of life? In what way?

Section 7: Selection of four municipalities

1. In general, do you think HBEs are supported by the municipalities?
2. Which municipal departments liase most closely with HBEs?
3. I need to choose 4 representative municipalities of policies or norms with an approximation of: 1) negative or repressive, 2) tolerance or indifference (without major regulations), 3) support to build base organisations, 4) high social and economic support to the activity.

Interview Guide: Local home-based enterprises leaders

Section 1: Entry and exit of informal economy

1. How have you got involved in this activity?
2. What were you doing before entering into this activity?
3. Why have you undertaken this activity?
4. How do you feel about this activity? Are you happy with the activity that you undertook? Why?
5. Which are the main benefits and problems of this activity?
6. Which are the most relevant problems of this activity?
7. Would you quit your current activity if formal work was offered to you? Why?

Section 2: Economic rationality

1. How does your business work?
2. What do you do in a normal working day? In a week?
3. How do you get the products that you sell? Where do you buy them? Why?
4. Do you buy inputs in association with other enterprises? Why?
5. Where do you store your products? Do you lose products due to poor storage conditions?

6. Do you think that a better or larger storage facility would improve your income? Why?
7. Do you process your products? Do you repair your products?
8. Do you get them from large or small producers? Why?
9. How do you transport your products to your home and then to your clients? Why
10. How did you get the vehicle? E.g. credit, saving, other? (If you have a vehicle)
11. Who do you sell your products to? Do you sell in small or large amounts? Why?
12. How do you get access to these clients?
13. Do you sell your own products? Why?
14. Do you have any plan of expanding your business? Why?
15. Who are your main competitors?
16. Do you sell above/below or at the same price than supermarkets or other competitors? Why?
17. How does the competition in the neighbourhood affect your profits?
18. How do you set the prices of your products? Which are the main considerations that you take into account?
19. What are the factors that impact the most on the profits of your business? Credit payments?
20. How many people work in your HBE? Why?
21. Does any family member help you to run your business? Who? Do you pay him? Why?
22. How do you think you could expand or better develop your business?
23. What do you take into account to select the products that you sell?
24. Do you pay local taxes? Why?
25. What are the main constraints to the expansion of your business?

Section 3: Supporting policies

1. How do you think you could improve your earnings?
2. How do you think you could get better prices when purchasing products or inputs?
3. How do you think you could get better prices when selling products?
4. In your opinion, how could you increase your production?
5. If you were able to produce more, do you think you would be able to sell more? Why?
6. How do you think you could sell higher quantities?
7. Do you have problems with the stability or continuity of electricity in your business?
8. Which are the main constrains for expanding your business?
9. In your opinion, what can the municipality do to help you improve your business' growth and/or working conditions?
10. Have you received any support from the municipality (e.g. training, credit and capital)? How has this impacted on your business?

Section 4: Working conditions and negative externalities

1. Do children work in the HBEs? What do they do? Why do you think this happens?
2. If people in HBEs earned more, do you think that children would keep working? Why?
3. What do you think could be done to reduce child work?
4. Do you make contributions to the pension system? Why?
5. Do you have access to health? What type? Why?
6. What are the main accidents that you or your colleagues have suffered working in this activity?
7. How many hours do you work per day? How many days do you work per week?
8. Has your business been victim of crime? How often has this happened?
9. Do you have a separate space for your business and your home?
10. Excluding the space for your business, do you think you have enough living space in your house? Why?
11. Do you use any toxic material in your production? Does your activity produce any disturbing noise? Have your neighbours complained about this? Have you found any solution to this problem?
12. Does your business produce significant waste?
13. Do you think the community living close to you or your business has a positive or negative perception of your business? Why
14. What factors determine the number of hours that you work per week?
15. Do you take "annual leave" once a year? Why? If yes, how much time off do you take?

Section 5: Physical and human capital

1. Do you use any tools or equipment in your work? Can you list them?
2. Which are the most useful ones? Why?
3. If you had extra money, what type of equipment would you buy?
4. If you had 2 million to invest in your business, what would you do with this money?
5. How many years have you been working in this activity?
6. Compared with when you started, do you think you have learnt more efficient ways of performing in your activity? Give examples.
7. Have you received any formal training? Was it useful? Why?
8. What type of infrastructure do you have for storing, producing or selling your products?
9. What are the main factors that affect your daily income?
10. Have your profits increased or decreased over time? How do you explain this?
11. Over which factors (that affect your income) do you have control?
12. Over which factors (that affect your income) do you have no control?

Section 6: Informal organisation involvement

1. Do you belong to any HBEs organisation? which one/s?
2. How is the composition of its committee board decided? Is it democratically elected?
3. What is the role of the organisation towards its members?
4. What is the role of the organisation towards local authorities?
5. Do you feel that being involved in an organisation is useful to improve your income or working conditions? Why?

Section 7: Relation with local public authorities

1. What is your relationship with the local authorities?
2. Which authority or department of the local council do you normally address your problems or suggestion to?
3. Do you think that the local council supports, ignores or represses waste-pickers' activities?
4. How have these policies affected your business and/or working conditions?
5. Do you have a positive or negative relationship with the police? How does it impact on your activity?
6. Does the authority restrict the schedules of your work?
7. In your opinion, what are the main concerns that the authority has regarding your activity? Are these justified?
8. Do you think that there is a way to solve these problems?
9. What is the authority's attitude to the proposed solutions?
10. Which municipal policies are the most valuable to your business and working conditions?

Interview Guide: Municipal officers

Section 1: Entry and exit of informal economy

1. In your opinion, which is the profile of people working in HBEs? (Education, income, economic perspective)
2. In your opinion, what was their activity before becoming street vendor?
3. Why do you think they have undertaken this activity?
4. What do you think the future of the activity should be?
5. Do you think they would accept a formal job if they were offered one? Why?
6. Do you HBEs make a positive or negative contribution to the quality of life in the municipality? And to local economy?

Section 2: Economic rationality and link with formality

1. How do you think the business of HBEs work?
2. How do you think HBEs get the products they sell in your municipality? From which sources (e.g. large retail, central distribution points, local providers)?
3. Where do you think street vendors store their products before selling them? Does this cause any problem?
4. Do you think they have low or high economic return? Why?

5. Do you know to whom they sell the products? Local residents, local enterprises, large enterprises? Why?
6. Does the municipality intervene in/contribute to any step of this process?

Section 3: Vision regarding HBEs

1. Do you think that HBEs make a positive or negative contribution to the quality of life in the local borough? Why?
2. What are the main problems caused by HBEs in your municipality?
3. Do you think HBEs make a significant contribution to the availability and affordability of goods and services in your municipality? Why?
4. Do you think HBEs have a positive impact on the local economy? Why?
5. Do you think the number of HBEs in your municipality is affected by unemployment? How? Increasing or decreasing?
6. Do you think that HBEs can provide a significant source of local employment? Why?
7. Do you think that HBEs can provide a decent source of employment? Why?
8. Compared to other formal businesses in your municipality (e.g. supermarket, industries, etc.), do you think that HBEs make a significant contribution to municipal budget?
9. Do you think home-based enterprises significantly increase the local production of waste?
10. Do you think that HBEs have an impact on the living space of a household?
11. Overall, do you think HBEs make a positive or negative contribution to the economy and quality of life in the municipality? Why?

Section 4: Informal organisation involvement

1. Has the municipality got a relationship with any street vendor organisations. Which one/s?
2. In the recent period, have you had a conflictive or a collaborative relationship?
3. What are the main requests from HBEs?
4. Do organisations provide support in addressing the concerns of street vendors or is it preferable for you if they work independently? Why?
5. What are the main issues or problems that the municipality and the organisation are trying to solve now?
6. Does the municipality help to create HBEs organisations? How?

Section 5: Economic policies towards HBEs

1. What is the approach of the municipality towards HBEs?
2. Does the municipality have policies targeting HBEs? Which ones?
3. Do you restrict schedules or forbid days for them to work? Why?
4. Do you restrict the areas where HBE can operate? Why?
5. Does the municipality have inspectors that control home-based enterprises? What do they do?
6. Do you restrict the release of HBE permits?
7. Do you have any forbidden activities? Which ones?
8. Do you have any other policy to restrict or regulate the activity?
9. Does the municipality support the activity in any form? How?
10. In the last four years, do you think that the number of home-based enterprises in your municipality has increased or decreased? Why do you think this happened?
11. Can HBEs access any funding opportunity through the municipality? Which ones?
12. Have you provided any tool/equipment? Which ones? What is the expected impact?
13. Have you provided or helped get any vehicle to transport products? What is the expected impact of this policy?
14. Have you provided any machinery, tools or infrastructure to help the processing of materials or storage? Which ones? What is the expected impact?
15. Have owners of home-based enterprises attended any training provided by your municipality? Which one? What was the expected impact of the training?
16. Has the municipality helped to link HBEs with enterprises for selling products or buying materials?
17. Does the municipality charge any extra fees for waste collection to some home-based enterprises?
18. Has the municipality provided or helped provide access to credits?

19. Do HBEs pay a local tax to work in your municipality? How do you control payments? Which are the consequences if taxes are not paid?
20. Is the municipality currently giving new permits to HBEs to operate? Why?,
21. Other programmes that home-based enterprises can access in your municipality?

Section 6: Social policy

1. Does the municipality provide any particular social policy towards HBEs?
2. Do you think there are children working in this activity? Why do you think this happens?
3. Do you provide childcare facilities? What are the opening and closing hours? Do they match waste pickers' working hours?
4. Does the municipality provide training on health hazards associated with street vending? Does it provide any equipment to reduce accidents?
5. Does the municipality provide any access to health security and treatments? How?
6. Does the municipality provide or facilitate access to pension in any form? Which one?
7. Do you think HBEs work extensive hours? More or less than formal workers? Why?
8. What do you think the municipality can do to regulate workday?
9. In your opinion, which are the best policies to increase the quality of life of people in HBEs?

Group discussion: Home-based enterprises

Section 1: Entry and exit of informal economy

1. How have you got involved in this activity?
2. What were you doing before undertaking this activity?
3. How do you feel about this activity? Are you happy with the activity that you undertook? Why?
4. Which are the main benefits and problems of this activity?
5. Would you quit your current activity if formal work was offered to you? Why?

Section 2: Economic rationality

1. How does your business work?
2. What do you do in a normal working day? In a week?
3. How do you get the products that you sell? Where do you buy them? Why?
4. Where do you store your products? Do you lose products due to poor storage conditions?
5. Do you process your products? Do you repair your products? Why?
6. Do you get them from large or small producers? Why?
7. How do you transport your products to your home and then to your clients? Why?
8. Who do you sell your products to? Do you sell in small or large amounts? Why?
9. Who are your main competitors?
10. Do you sell above/below or at the same price than supermarkets or other competitors? Why?
11. How do you set the prices of your products? Which are the main considerations that you take into account?
12. How many people work in your HBE? Why?
13. What do you take into account when selecting the products that you sell?
14. What are the main constraints to the expansion of your business?

Section 3: Supporting policies

1. How do you think you could improve your earnings?
2. How do you think you could get higher prices when purchasing inputs/selling products?
3. In your opinion, how could you produce more?
4. If you were able to produce more, do you think you would be able to sell more? Why?
5. Do you have problems with the stability or continuity of electricity in your business?
6. Have you received any support from the municipality (e.g. training, credit and capital)? How has this impacted your business?

7. What do you think the municipality could do to help you improve your earnings or working conditions?

Section 4: Working conditions and negative externalities

1. Do you think that children work in HBE in general? What do they do? Why do you think this happens?
2. Do you make contributions to the pension system? Why?
3. Do you have access to health? What type? Why?
4. What are the main accidents that you or your colleagues have suffered working in this activity?
5. Has your business been victim of crime? How often has this happened?
6. Do you have separate spaces for your business and your home?
7. Excluding the space for your business, do you think you have enough living space in your house? Why?
8. Do you use any toxic material in your production? Does your activity produce any disturbing noise? Have your neighbours complained about this?
9. Do you think the community living close to you or your business has a positive or negative perception of your business? Why?

Section 5: Physical and human capital

1. Do you use any tools or equipment in their work? Please itemise.
2. If you had 2 million to invest in your business what would you do with this money?
3. How many years have you been working in this activity?
4. Compared with when you started, do you think you have learnt more efficient ways of performing in your activity? Give examples.
5. Have you attended any formal training? Was it useful? Why?
6. Have your profits increased or decreased over time? How do you explain this?

Section 6: Relation with local public authorities

1. Which authority or department of the local council do you normally address your problems or suggestion to?
2. Do you think that the local council supports, ignores or represses HBEs activities?
3. Which positive/negative actions related to your business has the local council taken? Please list them.
4. Do you have a positive or negative relationship with the police? How does it impact on your activity?
5. Does the authority restrict the schedules or days of your work?
6. In your opinion, what are the main concerns that the authority has regarding your activity? Are these justified?

ANNEX 13: QUESTIONNAIRE WASTE-PICKERS

This annex provides the Spanish version of the waste-pickers questionnaire survey in Santiago de Chile.

Cuestionario

El presente cuestionario se enmarca dentro de una investigación de políticas públicas que persigue tres objetivos: primero, contribuir al mejoramiento de las condiciones de trabajo de quienes trabajan como Recicladores Urbanos; segundo, elaborar argumentos técnicos para tratar de conseguir la legalización de la actividad; y tercero, buscar que los municipios apoyen el trabajo de los Recicladores Urbanos como usted.

Es por esto que le pedimos a usted que responda este cuestionario con la mayor sinceridad posible, y le garantizamos además que el cuestionario es completamente ANÓNIMO y por tanto la información proporcionada por usted será absolutamente confidencial. Recuerde que con su aporte podrá contribuir a mejorar sus condiciones de trabajo y las de otros Recicladores Urbanos.

1. ¿A qué Cooperativa de Recicladores Urbanos pertenece usted?

2. ¿Cuántos años tiene usted?

3. Sexo: 1 Hombre 0 Mujer

4. ¿Cuántas personas mayores de 18 años viven en su hogar?

5. ¿Cuántas personas menores de 18 años viven en su hogar?

6. ¿Hace cuántos años trabaja usted como Reciclador Urbano?

7. ¿Cuántos **días** de la semana trabaja usted como Reciclador Urbano?

8. ¿Cuántas **horas** al día trabaja usted como Reciclador Urbano?

9. ¿Cuál de los siguientes motivos lo llevaron a usted a dedicarse a la actividad de Reciclador Urbano?

- | | |
|--|--|
| <input type="checkbox"/> 1 Cesantía o falta de trabajo | <input type="checkbox"/> 4 Por invalidez o enfermedad |
| <input type="checkbox"/> 2 Por necesidad económica | <input type="checkbox"/> 5 Mi padre o madre se dedicaba a lo mismo |
| <input type="checkbox"/> 3 Por una satisfacción personal | <input type="checkbox"/> 6 Otro _____ |

10. ¿Cuáles son sus deseos a futuro respecto de su actual trabajo como Reciclador Urbano?

- 0 Encontrar trabajo en otra actividad 1 Continuar trabajando como Reciclador Urbano

11. ¿Cuántos kilos de material para reciclar cree usted que recolecta a la semana?

KILOS/semana

12. ¿Cuántos kilos de material para restaurar o vender en la feria cree usted que recolecta a la semana?

KILOS/semana

13. ¿Aproximadamente cuánto dinero gana usted al mes trabajando como Reciclador Urbano?

PESOS MENSUALES

14. ¿Aproximadamente cuánto dinero gana usted al mes por la venta de materiales reciclables (de todo tipo)?

PESOS MENSUALES

15. ¿Aproximadamente cuánto dinero gana usted al mes por la venta en la feria de objetos restaurados?

PESOS MENSUALES

16. ¿Cuenta usted con alguna otra fuente de ingreso mensual?

- 0 No 1 Si ¿Cuánto? PESOS MENSUALES (p16.1)

17. ¿Dónde guarda usted habitualmente el material que recolecta antes de venderlo?

- 1 En mi casa particular
- 2 En un lugar de la Cooperativa
- 3 En un sitio eriazo
- 4 Otro _____

18. ¿Tiene usted acceso a crédito bancario o de alguna otra entidad financiera?

- 0 No
- 1 Sí

19. ¿Tiene usted alguno de los siguientes vehículos para desarrollar su actividad?

- 1 Auto particular camioneta
- 2 Camión tres cuartos 3/4
- 3 Triciclo
- 4 Carreta de caballos
- 5 Carro de Supermercado
- 6 Otro _____
- 99 Ninguno

20. ¿Cómo obtuvo el vehículo con que desarrolla su actividad de Reciclador Urbano?

- 1 A través de un crédito bancario
- 2 Con ingresos propios o personales
- 3 Por medio del municipio
- 4 Otra forma de financiamiento ____

21. ¿Tiene usted alguna de las siguientes herramientas para desarrollar su actividad? (Marque todas las que tenga) (1 Si/ 0 No)

- Guantes
- Mascarilla
- Traje o uniforme
- Otras _____
- Luz
- Casco
- chaleco reflectante

22. ¿Cómo obtuvo las herramientas que utiliza para desarrollar su actividad de Reciclador Urbano?

- 1 A través de un crédito bancario
- 2 Con ingresos propios o personales
- 3 Por medio del municipio
- 4 Otra forma de financiamiento ____

23. ¿Algún otro Reciclador Urbano recolecta materiales donde usted lo hace?

0 No

1 Sí

24. ¿Tiene usted Ficha de Protección Social o Ficha CAS?

0 No

1 Sí

¿Cuál es su puntaje?

PUNTOS (p24.1)

25. ¿Qué cobertura de Salud tiene usted?

1 Fonasa A

3 Fonasa C

5 Isapre

2 Fonasa B

4 Fonasa D

6 No tiene

26. ¿Qué pensión de vejez tiene usted?

1 AFP

2 Caja de Compensación

3 INP

4 No tiene

27. ¿Ha sufrido alguno de los siguientes accidentes mientras trabajaba como Reciclador Urbano durante los últimos tres meses? (Marque todos los que haya sufrido) (1 Si/ 0 No)

Corte

Lumbago o lesión muscular

Quemadura

Atropello

Infección

Volcamiento

Otro _____

28. ¿Alguno de sus hijos y/o hijas menores de 18 años ha abandonado el colegio?

0 No

1 Sí

¿Cuántos?

(p28.1)

29. ¿Dónde deja a sus hijos y/o hijas menores de 18 años mientras usted trabaja? (Marque todas las opciones que utilice)

1 En mi Casa

5 Con un Vecino/Amigo

2 En el Colegio/Liceo

6 En un lugar de la Cooperativa

3 En Jardín Infantil

7 En un lugar de la Municipalidad

4 Los lleva con usted

8 Otro _____

30. ¿Qué tan de acuerdo está usted con las siguientes afirmaciones?

Afirmaciones	Completamente en desacuerdo	Muy en desacuerdo	En desacuerdo	De acuerdo	Muy de acuerdo	Completamente de acuerdo
Siempre alguno de mis hijos me acompaña y ayuda en la tarea de recolectar materiales.	1	2	3	4	5	6
La gente que vive donde recolecto separa los materiales antes de botarlos						
Siempre me preocupo de dejar limpio y ordenado cuando recojo materiales						
Siempre recolecto en los mismos lugares, en el mismo horario						
La mayoría de las casas saben el día en que paso recolectando materiales						
Estoy coordinado con los camiones recolectores de basura						
Los vecinos valoran mi trabajo						
Frecuentemente recolecto material en vertederos o basurales						
Pienso que mi trabajo es importante						
El municipio valora mi trabajo						

31. Por último, considerando el siguiente listado de materiales, ¿aproximadamente cuántos kilos recoge de cada uno y cuál es el precio estimado al que los vende?

Materiales	¿Recolecta este material? Si/No	¿Cuántos kilos recolecta?	Tiempo		¿Cuánto le pagan por kilo?
			Semanal	Mensual	
Chatarra			Semanal	Mensual	
Fierro			Semanal	Mensual	
Aluminio			Semanal	Mensual	
Cobre			Semanal	Mensual	
Latas de Bebidas			Semanal	Mensual	
Papel Blanco			Semanal	Mensual	
Papel de Diario			Semanal	Mensual	
Papel de Revista			Semanal	Mensual	
Cartón			Semanal	Mensual	
Botellas Plásticas			Semanal	Mensual	
Vidrios			Semanal	Mensual	
Baterías			Semanal	Mensual	
Computadores o televisores			Semanal	Mensual	
Madera			Semanal	Mensual	

¡Muchas gracias por su participación y buena disposición, ha sido un aporte muy valioso para nosotros!

ANNEX 14: QUESTIONNAIRE STREET VENDORS

This annex provides the Spanish version of the street vendors questionnaire survey in Santiago de Chile.

Estudio de Ferias Libres y Emprendimiento

Nombre del encuestador: _____	Nº de encuestador: _____
Fecha: ____: ____: ____	Hora de comienzo: __: __
	Hora de finalización: __: __
Código Identificador del Encuestado _____	

Presentación del encuestador

Buenos días/tardes, Mi nombre es _____

Estamos haciendo una encuesta para conocer las características de las ferias libres y dificultades que enfrentan los feriantes de la Región Metropolitana para hacer crecer sus negocios.

Este estudio es titulado 'Las Microempresas como motor de movilidad social: un nuevo rol para políticas locales de apoyo'. Este estudio es realizado Pablo Navarrete, dentro del marco de su estudio de doctorado en la London School of Economics and Political Science

Para esta investigación estamos utilizando los mecanismos de protección de encuestados. Es decir, toda la información que nos proporcione será absolutamente anónima y confidencial, y su uso será exclusivamente para fines académicos. Su nombre y localización no será revelada en ningún momento, ni a instituciones del estado, ni organizaciones comerciales.

Dada la relevancia del estudio en la recomendación de políticas públicas de apoyo a su actividad en Chile, le pedimos que responda con la mayor sinceridad posible y desde su propia experiencia. No hay respuestas buenas ni malas, sino que la única respuesta correcta es una respuesta sincera.

Estamos interesados en conocer su opinión, por favor, ¿sería tan amable de contestar el siguiente cuestionario? Dura aproximadamente 15-20 minutos.

P.0.1 Comuna
P.0.2 Nombre de la Feria

P.0.3	Estado del puesto (imagen puesto) NO PREGUNTAR SINO QUE EVALUAR VISUALMENTE
1	Puesto en el suelo
2	Puesto Precario
3	Puesto Convencional
4	Puesto Convencional Uniformado con otros puestos de la feria
5	Carro Precario
6	Carro Convencional
7	Carro Convencional Uniformado con otros carros de la feria
8	Otro, cual:

P.1	Incluyendo esta feria, en cuantas ferias trabaja?	
------------	--	--

P.2	En que comunas trabaja como feriante? (escriba el nombre)
P.2.1	.....
P.2.2	.....
P.2.3	.....

P.3	Localización de esta feria
1	En Bandejon
2	En Calle
3	Otro, Cual

P.4	Sexo
1	Hombre
2	Mujer

P.5	De que nacionalidad es Ud.?
1	Chileno/a
2	Extranjero

P.6	Qué año nació Ud.?	Años
------------	---------------------------	------

P.7	Aproximadamente, desde hace cuantos años trabaja como feriante?	
------------	--	--

P.8	Aproximadamente, Cuánto tiempo se demoró en hacer los trámites, frente al municipio y otros organismos públicos, antes de poder obtener su patente de funcionamiento?	Días
------------	--	------

P.9	Nivel educacional del informante
1	Sin estudios
2	Básica incompleta
3	Básica completa
4	Media incompleta
5	Media completa
6	Estudios técnicos / universitarios incompleta
7	Estudios técnico/ universitaria completa
99	No responde

P.10	Cuantos hijos o hijas tiene?	
-------------	-------------------------------------	--

P.11	Cuál es el nivel educacional que han alcanzado sus hijos? (solo para los hijos mayores de 6 años)	a	b
		Cuantos?	Cuantos siguen estudiando?
p.11.1	Sin estudios		
p.11.2	Básica incompleta		
p.11.3	Básica completa		
p.11.4	Media incompleta		
p.11.5	Media completa		
p.11.6	Estudios técnicos / universitarios incompleta		
p.11.7	Estudios técnico/ universitaria completa		

P.12	Rubro del puesto seleccionado? (Indicar todos los rubros que corresponda)	1	0
		Sí	No
p.12.1	Frutas frescas, Verduras y hortalizas, Papas	1	0
p.12.2	Pescados y Mariscos	1	0
p.12.3	Frutos secos	1	0
p.12.4	Productos Avícolas y Huevos	1	0
p.12.5	Abarrotes y/o Bazar	1	0
p.12.6	Ropa	1	0
p.12.7	Artículos de Aseo	1	0
p.12.8	Condimentos, Cereales y/o Legumbres	1	0
p.12.9	Bisutería o Accesorios	1	0
p.12.10	Yerbería y/o yerbas medicinales	1	0
p.12.11	Otra, ¿cuál?	1	0

P.13	Que días de la semana tiene postura en la feria?						
	Día de postura	a.		b.	c.	d.	e.
		Si	No	Horario de apertura	Horario de cierre o levante	A qué hora llega a la feria?	A qué hora se va de la feria?
p.13.1	Lunes	1	0	_____	_____	_____	_____
p.13.2	Martes	1	0	_____	_____	_____	_____
p.13.3	Miércoles	1	0	_____	_____	_____	_____
p.13.4	Jueves	1	0	_____	_____	_____	_____
p.13.5	Viernes	1	0	_____	_____	_____	_____
p.13.6	Sábado	1	0	_____	_____	_____	_____
p.13.7	Domingo	1	0	_____	_____	_____	_____

P.14	Día de compras	a.		b.
		Que días de la semana hace las compras o prepara productos para la feria?		Cuántas horas dedica en total a estas actividades?
		Si	No	
p.14.1	Lunes	1	0	EN HORAS
p.14.2	Martes	1	0	EN HORAS
p.14.3	Miércoles	1	0	EN HORAS
p.14.4	Jueves	1	0	EN HORAS
p.14.5	Viernes	1	0	EN HORAS
p.14.6	Sábado	1	0	EN HORAS
p.14.7	Domingo	1	0	EN HORAS

P.15	Cuál de los siguientes motivos lo llevaron a ser feriante (indique solo 1, el más relevante)
1	Cesantía o falta de trabajo
2	Por necesidad económica
3	Por una satisfacción personal o deseo de emprender
4	Por invalidez o enfermedad
5	Un familiar o amigo se dedicaba a esto
6	Poder cuidar a mis hijos
7	Otro, ¿cuál?

P.16	Si le ofrecieran un empleo formal por el sueldo mínimo la aceptaría? (no responder si posee un empleo formal además de ser feriante)	Sí	No
		1	0

P.17	Por el mismo ingreso que obtiene como feriante, estaría Ud. dispuesto a trabajar en una empresa como dependiente o empleado?	Sí	No
		1	0

P.18	→SI RESPONDIO NO EN LA PREGUNTA ANTERIOR. (p.17)	Sí	No
	Por cuál de las siguientes razones no lo aceptaría?		
p.18.1	La comodidad de los horarios / tener sus propios horarios	1	0
p.18.2	No tener un jefe	1	0
p.18.3	El contacto con los feriantes	1	0
p.18.4	El contacto con los clientes	1	0
p.18.5	Me permite estar más con mi familia/hijos	1	0
p.18.6	Otra, ¿cuál?	1	0

P.19	→SI RESPONDIO SI EN LA PREGUNTA ANTERIOR. (p.17)	Sí	No
	Por cuál de las siguientes razones lo aceptaría?		
p.19.1	Dejar de trabajar a la intemperie	1	0
p.19.2	El mal trato de la gente	1	0
p.19.3	Es muy cansador / muy sacrificado	1	0
p.19.4	Por tener acceso a pensión	1	0
p.19.5	Por tener acceso a salud	1	0
p.19.6	Tener un ingreso más estable	1	0
p.19.7	Evitar el trato de Carabineros y/o Inspectores	1	0
p.19.8	Otra, ¿cuál?.....	1	0

P.20	Realiza alguno de los siguientes pagos de impuestos? (En caso de pagar patente en más de una municipalidad ver pregunta 2)	a.		b.	c.	d.
		Sí	No	Cuánto paga? (municipalidad 1)	Cuánto paga? (municipalidad 2)	Cuánto paga? (municipalidad 2)
p.20.1	Patente Municipal	1	0	Pesos	pesos	pesos
p.20.2	Declaración de Rentas/ Ingresos	1	0	Pesos	pesos	pesos
p.20.3	IVA en compras	1	0	-	-	-
p.20.4	Da boleta	1	0	-	-	-
p.20.5	Otra, ¿cuál?.....	1	0	Pesos	pesos	pesos

P.21	Cuántas personas trabajan en este puesto de forma permanente?	
-------------	--	--

P.22	Cuántas personas se agregan los fin de semana?	
-------------	---	--

P.23	Cuál es su relación con estas personas?	a.		b.	c.	d.
		Sí	No	Número de trabajadores	Cuanto le paga a esa persona al día?	Cuántos días a la semana trabaja esa persona con Ud.?
p.23.1	Familiar no pagado	1	0		-----	
p.23.2	Familiar pagado	1	0		pesos	
p.23.3	Amigo, compadre, vecino	1	0		pesos	
p.23.4	Ayudante (pagado sin contrato)	1	0		pesos	
p.23.5	Trabajador pagado con contrato	1	0		pesos	

P.24	a.	b.						
		Sí	No	Qué porcentaje del total de sus compras (en pesos)?				
				0% (ninguno)	25% (un cuarto)	50% (la mitad)	75% (tres cuartos)	100% (Todos)
p.24.1	Produzco yo mismo	1	2	1	2	3	4	5
p.24.2	De pequeños productores	1	2	1	2	3	4	5
p.24.3	En centros de distribución de frutas, verduras, pescado u otro	1	2	1	2	3	4	5
p.24.4	En distribuidoras de productos importados	1	2	1	2	3	4	5
p.24.5	En distribuidoras de productos nacionales	1	2	1	2	3	4	5
p.24.6	Directamente de empresas o industrias nacionales	1	2	1	2	3	4	5
p.24.7	Otra, ¿cuál?.....	1	2	1	2	3	4	5

P.25	En su puesto, ¿Usted diría que en qué porcentaje vende?	0% (ninguno)	25% (1/4)	50% (la mitad)	75% (3/4)	100% (Todos)
p.25.1	Productos nacionales	1	2	3	4	5
p.25.2	Productos extranjeros	1	2	3	4	5

P.26	En su puesto, ¿Usted diría que porcentaje de sus clientes son...?	0% (ninguno)	25% (1/4)	50% (la mitad)	75% (3/4)	100% (Todos)
P.26.1	Vecinos de esta comuna	1	2	3	4	5
P.26.2	Vecinos de otras comunas	1	2	3	4	5

P.27	En su puesto, ¿Usted diría que porcentaje de sus clientes son...?	0% (ninguno)	25% (1/4)	50% (mitad)	75% (3/4)	100% (Todos)
1	Vecinos para consumo familiar	1	2	3	4	5
2	Restaurants y pequeño comercio de barrio	1	2	3	4	5
3	Grandes empresas	1	2	3	4	5
4	Otro, cual?.....	1	2	3	4	5

P.28	¿Dónde almacena sus productos?
1	No almacena, lo vende directamente
2	en un terreno abierto
3	En su casa
4	Bodega
5	Bodega Refrigerada
6	En otro lugar, ¿cuál?.....

P.29	Que vehículo utiliza para trasportar sus productos o trabajar en la feria?	Sí	No
P.29.1	Camión Propio	1	0
P.29.2	Camioneta propia	1	0
P.29.3	Furgón utilitario propio	1	0
P.29.4	Automóvil	1	0
P.29.5	Carro manual propio	1	0
P.29.6	Arriendo Flete	1	0
P.29.7	Consigue transporte con familiares o amigos	1	0
P.29.8	Transporte asociativo con otros feriantes	1	0

P.30	¿Qué tipo de cosas posee para hacer su trabajo?	SI	NO
P.30.1	Pesa no electrónica	1	0
P.30.2	pesa electrónica	1	0
P.30.3	Ropa de trabajo	1	0
P.30.4	Algún Refrigerador en la feria	1	0
P.30.5	Otra maquinaria de trabajo, Cual? (escriba en la línea inferior)	1	0
P.30.6	Otra, Cual?.....	1	0

P.31	Cuantos puesto tiene en esta feria?

P.32	Cuál es el tamaño de su puesto? (metros cuadrados)	a.	b.
		Largo	Ancho
p.32.1	Puesto 1	metros	metros
p.32.2	Puesto 2	metros	metros
p.32.3	Puesto 3	metros	metros

P.33	Cuál de las siguientes formas de pago se pueden utilizar en su puesto en la feria	Sí	No
p.33.1	Efectivo	1	0
p.33.2	Cheque	1	0
p.33.3	Fiar	1	0
p.33.4	Red compra	1	0
p.33.5	Tarjeta de crédito	1	0
p.33.6	Otro	1	0

		Sí	No
P.34	Tiene Acceso a crédito para su negocio?	1	0
P.35	Ha recibido algún financiamiento del municipio?	1	0
P.36	Ha recibido algún financiamiento del FOSIS?	1	0
P.37	Ha recibido algún financiamiento de SERCOTEC	1	0
P.38	Ha recibido capacitación	1	0

P.39	Comparado con un supermercado o gran comercio como Lider o Falabella, Ud. diría que los productos que vende son de...	Menor	Igual	Mayor	No aplica
p.39.1	Calidad?	1	2	3	99
p.39.2	Precio?	1	2	3	99

P.40	Ud. diría que la cercanía con _____ genera un impacto positivo, negativo o no afecta sus ventas?	Negativo (disminuye las ventas)	No afecta	Positivo (aumenta las ventas)
p.40.1	Kioscos	1	2	3
p.40.2	Supermercados o Gran Comercio (Retail)	1	2	3
p.40.3	Coleros	1	2	3
p.40.4	Cachureros	1	2	3
p.40.5	Feriante en su mismo rubro	1	2	3
p.40.6	Feriante de otros rubros	1	2	3
p.40.7	Otras ferias en la comuna	1	2	3

P. 41	Piensa Ud. que podría vender su patente a otro feriante?	Sí	No
		1	0

P.42	A cuanto cree que podría vender su patente? (escribir rango)	

P.43	Cuanta gente, más o menos, trabaja en esta feria con patente?	..... personas
P.44	Cuantos coleros Ud. Estima hay es esta feria?	..... personas
P.45	Que numero de cachureros estima Ud. que hay en esta feria	..... personas

P.46	A cuantas cuadra de distancia esta su puesto de...	Números de Cuadras
P.46.1	Una avenida principal	Cuadras
P.46.2	Una estación de metro	Cuadras
P.46.3	De un supermercado de gran superficie (Lider, Econo, etc)	Cuadras

P.47	Que infraestructura posee su feria?	Sí	No
p.47.1	Iluminación privada de la feria	1	0
p.47.2	Electricidad en cada puesto	1	0
p.47.3	Agua Potable en un punto	1	0
p.47.4	Techo permanente	1	0
p.47.5	Juegos Infantiles	1	0
p.47.6	Areas verdes	1	0

P.48	Donde se estacionan los vecinos que vienen a esta feria?	Si	No
P.48.1	En la calle	1	0
P.48.2	En el bandejon o terreno publico	1	0
P.48.3	En el estacionamiento que tiene la feria	1	0
P.48.4	Otro, cual?	1	0

P.49	Donde va al baño en esta feria?
1	En la casa de un vecino, kiosco, o propiedad privada?
2	Baños químicos
3	Baños edificados por el municipio o la feria
4	Otro, Cual?

P.50	Quien está a cargo de la limpieza después de la feria?
1	Cada feriante
2	La directiva de la feria
3	La municipalidad
4	Otro, Cual?

		Sí	No
P.51.1	Pertenece a alguna organización de esta feria?	1	0
P.51.2	Pertenece a alguna organización comunal de feriantes	1	0
P.51.3	Pertenece a alguna organización nacional de feriantes	1	0

P.52	Durante el último año, ¿ha sufrido algún accidente relacionado a su trabajo como feriante?	Sí	No
		1	0

P.53	Podría decirme, por favor, ¿si ha sufrido alguno de los siguientes accidentes en su trabajo en el último año?	Sí	No
P.53.1	Cortes, tajos, heridas o contusiones menores en manos, brazos o pies manipulando material	1	0
P.53.2	Heridas, contusiones o fracturas mayores	1	0
P.53.3	Choque entre su vehículo y otro vehículo	1	0
P.53.5	Atropello de vehículo	1	0
P.53.7	Quemaduras a la piel por fuego u objetos calientes	1	0
P.53.9	Insolacion	1	0
P.53.10	Otro motivo, ¿cuál?	1	0

P.54	→RESPUESTA ESPONTANEA. MARCAR UNA SOLA OPCION →SI TIENE MAS DE UN REGIMEN, MARCAR SOLO EL QUE MAS USA: INDAGAR. ¿En qué sistema de salud está usted afiliado? →INDAGAR: ¿Cómo se atiende usted en el sistema de salud?
1	No, no está afiliado, no tiene ninguna cobertura de salud
2	Sí, está en FONASA grupo A (indigentes, trabajadores con menos de un salario mínimo, PRAIS, personas que no pagan cotización)
3	Sí, está en FONASA grupo B
4	Sí, está en FONASA grupo C
5	Sí, está en FONASA grupo D
6	Sí, está en FONASA pero no recuerda su grupo
7	Sí, está en ISAPRE
8	Sí, si está afiliado pero no recuerda cuál es su sistema, régimen, seguro o programa
9	Otro sistema, especifique
99	No sabe

P.55	Se encuentra afiliado en algún sistema previsional (sistema de pensiones)	Sí	No
		1	0

P.56	→RESPUESTA ESPONTANEA. MARCAR UNA SOLA OPCION
	→SI TIENE MAS DE UN REGIMEN, MARCAR SOLO EL QUE MAS USA: INDAGAR.
	¿ en qué sistema de pensión está usted afiliado?
1	No, no está afiliado, no tiene ninguna cobertura de pensión
2	AFP cotización obligatoria
3	AFP cotización voluntaria
4	INP, ISP, Caja de Empleados particulares, Caja de Empleados Públicos
5	CAPREDENA, DIPRECA
6	Pensión Solidaria
7	Otro, Cual?

P.57	En general, ¿Dónde deja a sus hijos y/o hijas menores de 18 años mientras usted trabaja? (Marque todas las opciones que utilice)
1	No tengo hijos menores de 18 años
2	Los lleva con usted
3	En mi Casa / Con un Vecino/Amigo
4	En el Colegio o Jardín infantil
5	Otro, Cual?.....

P.58	Usted diría que su salud esta
1	Muy mal
2	Mal
3	Menos que regular
4	Regular
5	Mejor que regular
6	Bien
7	Muy bien
99	No sabe

Preguntas con respuesta de 1 a 7

Ej.	EJEMPLO: Como rellenar la planilla? (ENCUESTADOR)						
	Muy Desacuerdo						Muy de acuerdo
	1,___	2,___	3, 6	4,___	5,___	6,___	7,___

¿Cuán de acuerdo está usted con cada una de las siguientes afirmaciones sobre su negocio/empresa? Por favor utilice una escala entre 1 y 7, en donde 1 es "Muy en desacuerdo" y 7 "Muy de acuerdo". Por favor, cuando responda utilice decimales, como un 6.5 o un 3,9:

p.59	Mis hijos siempre me acompañan a vender en mi puesto (No preguntar si no tiene hijos menores de 18 años)						
No Aplica	Muy Desacuerdo	Muy De acuerdo					
99	1,___	2,___	3,___	4,___	5,___	6,___	7,___

p.60	Los vecinos que viven justo al frente a la feria están contentos con la feria						
	Muy Desacuerdo						Muy De acuerdo
	1,___	2,___	3,___	4,___	5,___	6,___	7,___

p.61	Cuando me voy de la feria dejo mi puesto completamente limpio y sin basura en el suelo.						
	Muy Desacuerdo						Muy en De acuerdo
	1,___	2,___	3,___	4,___	5,___	6,___	7,___

p.62	Después de la limpieza que hace el municipio (o la administración) la calle queda completamente limpia y sin olores						
	Muy Desacuerdo						Muy en Desacuerdo
	1,___	2,___	3,___	4,___	5,___	6,___	7,___

p.63	Soy feliz con mi trabajo de feriante						
	Muy Desacuerdo						Muy De acuerdo
	1,___	2,___	3,___	4,___	5,___	6,___	7,___

p.64	Los carabineros e inspectores actualmente facilitan mi trabajo en la feria						
	Muy Desacuerdo						Muy De acuerdo
	1,___	2,___	3,___	4,___	5,___	6,___	7,___

p.65	Siempre aficho los precios de mis productos en un letrero visible						
	Muy Desacuerdo						Muy De acuerdo
	1,___	2,___	3,___	4,___	5,___	6,___	7,___

p.66	Esta municipalidad apoya el desarrollo de los feriantes y las ferias						
	Muy Desacuerdo						Muy De acuerdo
	1,___	2,___	3,___	4,___	5,___	6,___	7,___

p.67	En esta feria, los coleros venden productos robados o algún tipo de drogas						
	Muy Desacuerdo						Muy De acuerdo
	1,___	2,___	3,___	4,___	5,___	6,___	7,___

CONFIDENCIAL

LEER: Le pedimos por favor responda las siguientes dos preguntas, doble esta hoja y la meta en el sobre sellado para su el tratamiento anónimo y confidencial de estas preguntas

P.68	<i>Descontando los costos de compra para su negocio, aproximadamente, cuál es su salario o ingreso líquido que obtuvo la semana pasada como feriante?</i>	
	.....	PESOS

P.69	<i>Cuenta con alguna otra fuente de ingreso mensualmente u otro trabajo?</i>	Sí	No
		1	0

P.70	<i>De donde proviene esta fuente de ingreso adicional</i>	Sí	No
p.70.1	Pensión	1	0
p.70.2	Arriendo	1	0
p.70.3	Otro Trabajo con contrato	1	0
p.70.4	Otro Trabajo sin contrato	1	0
p.70.5	Otra, Cual?.....	1	0

P.71	<i>Cuanto pesos le genera esta otra fuente de ingresos al mes)?</i>	
	.....	PESOS

Muchas Gracias por su colaboración y tiempo.

ANNEX 15: QUESTIONNAIRE HOME-BASED ENTERPRISES

This annex provides the Spanish version of the Home-Based enterprises' questionnaire survey in Santiago de Chile.

Estudio de Micro Empresas Familiares y Emprendimiento

Nombre del encuestador: _____	Nº de encuestador: _____
Fecha: ____: ____: ____	Hora de comienzo: ____: ____
Código Identificador del Encuestado _____	Hora de finalización: ____: ____

Presentación del encuestador

Buenos días/tardes, Mi nombre es _____

Estamos haciendo una encuesta para conocer las características de las microempresas y las dificultades que enfrentan en la Región Metropolitana para hacer crecer sus negocios.

Este estudio es titulado "Las Microempresas como motor de movilidad social: un nuevo rol para políticas municipales de apoyo a las MEF". Este estudio es realizado Pablo Navarrete, dentro del marco de su estudio de doctorado en la London School of Economics and Political Science.

Para esta investigación estamos utilizando los mecanismos de protección de datos de los encuestados. Es decir, toda la información que nos proporcione será absolutamente anónima y confidencial en todo momento, y su uso será exclusivamente para fines académicos. Su nombre y localización no será revelada en ningún momento, ni a instituciones del estado, ni organizaciones comerciales.

Dada la relevancia del estudio en la recomendación de políticas públicas de apoyo a su actividad en Chile, le pedimos que responda con la mayor sinceridad posible y desde su propia experiencia. No hay respuestas buenas ni malas, sino que la única respuesta correcta es simplemente una respuesta sincera.

Estamos interesados en conocer su opinión, por favor, ¿sería tan amable de contestar el siguiente cuestionario? Dura aproximadamente 25 minutos.

P.0	Estado del negocio (imagen del local) (EVALUAR SIN PREGUNTAR AL ENCUESTADO)
1	No es percibirle desde el exterior
2	Negocio de imagen precaria (estándar más precario que el barrio)
3	Negocio de imagen convencional (similar estándar del barrio)
4	Negocio de imagen superior (mayor estándar que las construcciones del barrio)
5	Otro, cual:

P.1 Comuna

P.2	Sexo
1	Hombre
2	Mujer

P.3	De que nacionalidad es?
1	Chileno/a
2	Extranjero

P.4	Qué año nació Ud.?	Años
------------	---------------------------	------

P.5	Hace cuánto tiempo tiene esta micro-empresa? (sin importar si funcionaba en forma formal o informal)	Años
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P.6	Cuántas empresas o micro-empresas tuvo antes de esta? (sin importar si funcionaba en forma formal o informal)	
------------	--	--

P.7	Aproximadamente, Cuánto tiempo se demoró en hacer los trámites, frente al municipio y otros organismos públicos, antes de poder obtener su patente de funcionamiento?	Días
------------	--	------

P.8	Nivel educacional del informante
1	Sin estudios
2	Básica incompleta
3	Básica completa
4	Media incompleta
5	Media completa
6	Estudios técnicos / universitarios incompleta
7	Estudios técnicos/ universitaria completa

P.9	Cuantos hijos o hijas tiene?	Hijos
------------	-------------------------------------	-------

P.10	Cuál es el nivel educacional que han alcanzado sus hijos? (solo para los hijos mayores de 6 años)	A	b
		Cuantos?	Cuantos siguen estudiando?
p.10.1	Sin estudios		
p.10.2	Básica incompleta		
p.10.3	Básica completa		
p.10.4	Media incompleta		
p.10.5	Media completa		
p.10.6	Estudios técnicos / universitarios incompleta		
p.10.7	Estudios técnico/ universitaria completa		

P.11	Rubro del puesto seleccionado? (Indicar todos los rubros que corresponda)	1	0
		Sí	No
P.11.1	Minimarket, Almacén, Bazar o Paquetería	1	0
p.11.2	Reparadora de autos, taller mecánico, vulcanización	1	0
p.11.3	Peluquería o salones de belleza de personas	1	0
p.11.4	Servicio de internet, ciber cafes o centros de llamado	1	0
p.11.5	Comida preparada, restaurant, comida rápida	1	0
p.11.6	Manufactura de ropa, sastres u otra confección de vestimenta o artículos de tela (cortinas, fundas, etc)	1	0
p.11.7	Artesanía y orfebrería	1	0
p.11.8	Confección y/o venta de muebles	1	0
p.11.10	Otra, ¿cuál?	1	0

P.12	Como eligió el rubro al cual se dedica?	Sí	No
P.12.1	Había trabajado como empleado previamente en este rubro	1	0
P.12.2	Tenía experiencia como micro-empresario informal o hijo de micro-empresario	1	0
P.12.3	Analice el mercado y/o los competidores que existían para elegir el rubro	1	0
P.12.4	Otro. Cual?	1	0

P.13	Que días de la semana trabaja?				
	Día	a.		b.	c.
		Si	No	Horario de apertura	Horario de cierre
p.13.1	Lunes	1	0	__ : __	__ : __
p.13.2	Martes	1	0	__ : __	__ : __
p.13.3	Miércoles	1	0	__ : __	__ : __
p.13.4	Jueves	1	0	__ : __	__ : __
p.13.5	Viernes	1	0	__ : __	__ : __
p.13.6	Sábado	1	0	__ : __	__ : __
p.13.7	Domingo	1	0	__ : __	__ : __

P.14	Día de postura	a.		b.
		Que días de la semana hace las compras de productos para la venta o insumos para la producción ?		Cuantas horas dedica a estas actividades?
		Si	No	
p.14.1	Lunes	1	0	Horas
p.14.2	Martes	1	0	Horas
p.14.3	Miércoles	1	0	Horas
p.14.4	Jueves	1	0	Horas
p.14.5	Viernes	1	0	Horas
p.14.6	Sábado	1	0	Horas
p.14.7	Domingo	1	0	Horas

P.15	Cuál de los siguientes motivos lo llevaron a iniciar este negocio (Indique solo 1, el mas relevante)
1	Cesantía of Falta de trabajo
2	Mi micro-empresa anterior quebró
3	Por necesidad económica
4	Por una satisfacción personal o deseo de emprender
5	Por invalidez o enfermedad
6	Un familiar o amigo se dedicaba a esto
7	Otro, ¿cuál?

P.16	Si le ofrecieran un empleo formal por el sueldo mínimo la aceptaría? no responder si posee un empleo formal además de ser microempresario)	Sí	No
		1	0

P.17	Por el mismo ingreso que obtiene en su negocio, estaría Ud. dispuesto a trabajar en una empresa como dependiente o empleado?	Sí	No
		1	0

P.18	→SI RESPONDIO NO EN LA PREGUNTA ANTERIOR.	Sí	No
	Por cuál de las siguientes razones no lo aceptaría?		
p.18.1	La comodidad de los horarios/tener sus propios horarios	1	0
p.18.2	Más tiempo libre	1	0
p.18.3	No tener un jefe	1	0
p.18.4	El contacto con los clientes	1	0
p.18.5	Me permite estar más con mi familia/hijos	1	0
p.18.6	Otra, ¿cuál?	1	0

P.19	→SI RESPONDIO SI EN LA PREGUNTA ANTERIOR.	Sí	No
	Por cuál de las siguientes razones lo aceptaría?		
p.19.1	El mal trato de la gente	1	0
p.19.2	trabajar menos horas	1	0
p.19.3	Es muy cansador / muy sacrificado	1	0
p.19.4	Por tener acceso a pensión	1	0
p.19.5	Por tener acceso a salud	1	0
p.19.6	Tener un ingreso más estable	1	0
p.19.7	Evitar el trato de Carabineros y/o Inspectores	1	0
p.19.8	Otra, ¿cuál?	1	0

P.20	Realiza alguno de los siguientes pagos de impuestos?	A		b.
		Sí	No	Cuánto paga?
p.20.1	Patente Municipal	1	0	pesos
p.20.2	Declaración de Rentas/ Ingreso	1	0	pesos
p.20.3	IVA en compras	1	0	-----
p.20.4	Da boleta	1	0	-----
p.20.5	Otra, ¿cuál?	1	0	pesos

P.21	Cuántas personas trabajan en esta empresa de forma permanente?	N. Personas
------	--	-------------

P.22	Cuál es su relación con estas personas?	a.		b.	c.	d.
		Sí	No	Número de trabajadores	Cuanto le paga a esa persona al día?	Cuantos días a la semana trabaja esa persona con Ud.?
p.22.1	Familiar no pagado	1	0		-----	
p.22.2	Familiar pagado	1	0		pesos	
p.22.3	Amigo, compadre, vecino	1	0		pesos	
p.22.4	Ayudante (pagado sin contrato)	1	0		pesos	
p.22.5	Trabajador pagado con contrato	1	0		pesos	

P.23	¿Dónde se abastece usted de la mayor parte de los productos que vende o de los insumos que utiliza para producir?	a.		b. Qué porcentaje del total de sus compras (en pesos)?				
		Sí	No	0% (ninguno)	25% (un cuarto)	50% (la mitad)	75% (tres cuartos)	100% (Todos)
		p.23.1	De pequeños productores	1	2	1	2	3	4	5
p.23.2	En centros de distribución de frutas, verduras, pescado u otro	1	2	1	2	3	4	5
p.23.3	En distribuidoras de productos importados	1	2	1	2	3	4	5
p.23.4	En distribuidoras de productos nacionales	1	2	1	2	3	4	5
p.23.5	Directamente de empresas o industrias nacionales	1	2	1	2	3	4	5
p.23.6	Otra, ¿cuál?.....	1	2	1	2	3	4	5

P.24	En su negocio, ¿Usted diría que porcentaje de sus clientes son...?	0% (ninguno)	25% (1/4)	50% (la mitad)	75% (3/4)	100% (Todos)
P.24.1	Vecinos de esta comuna	1	2	3	4	5
P.24.2	Vecinos de otras comunas	1	2	3	4	5

P.25	En su negocio/empresa, ¿Usted diría que en qué porcentaje vende a cada uno de estos clientes...?	A.		B.				
		Sí	No	0% (ninguno)	25% (un cuarto)	50% (la mitad)	75% (tres cuartos)	100% (Todos)
p.25.1	Directamente a familias o individuos para consumo personal	1	2	1	2	3	4	5
p.25.2	Intermediarios, distribuidores o subcontratos	1	2	1	2	3	4	5
p.25.3	Directamente a grandes empresas	1	2	1	2	3	4	5
p.25.4	Otra, ¿cuál?.....	1	2	1	2	3	4	5

P.26	Propiedad donde funciona el negocio
1	Casa
2	Departamento
3	Bodega o terreno
4	Otra, ¿cuál?.....

P.27	Este negocio, bajo que situación ocupa esta propiedad?
1	Propietario
2	Arriendo a un privado
3	Arriendo a la municipalidad
4	Sin pago, se la facilita un amigo/ familiar
5	Cedido por el municipio
6	Otra, ¿cuál?.....

P.28	Aproximadamente, cuantos metros cuadrados tiene...	
p.28.1	El sitio	_____ m.2
p.28.2	El vivienda	_____ m.2

p.29.1	<i>A realizado en la vivienda mejoras o ampliaciones?</i>	Sí 1	No 0
p.29.2	<i>Ha regularizado en la municipalidad estas ampliaciones</i>	1	0
p.29.3	<i>Aproximadamente, Cuanto dinero ha invertido en estas ampliaciones?</i>	pesos	

P.30	<i>¿Dónde almacena sus productos y materiales?</i>
1	No almacena, lo vende directamente
2	En su casa
3	En un terreno o bodega en otro sitio
4	En otro lugar, ¿cuál?.....

P.31	<i>Que vehículo utiliza para transportar sus productos</i>
1	Camión Propio
2	Camioneta propia
3	Furgón utilitario propio
4	Automóvil propio
5	Arriendo Flete
6	Consigue transporte con familiares o amigos
7	Transporte asociativo con otros comerciantes
8	Vehículo no motorizado (carretón, bicideta, triciclo, etc)
9	Trasporte publico

P.32	<i>¿Qué tipo de herramientas o maquinas posee para realizar su trabajo?</i>	Sí	No
P.32.1	Maquinaria Básica para producir (baja tecnología)	1	0
P.32.2	Maquinaria Avanzada para producir (media o alta tecnologia)	1	0
P.32.3	Equipamiento Básico para almacenar (baja tecnología)	1	0
P.32.4	Equipamiento Avanzado para almacenar (media o alta tecnología)	1	0
P.32.5	Ropa de trabajo	1	0
P.32.6	Otro ¿Cuál?.....	1	0

P.33	<i>Tiene sucursales u otros puestos de este mismo negocio?</i>	a.	b.	
		Sí	No	Cuantos?
		1	0	

P.34	<i>Cuál de las siguientes formas de pago se pueden utilizar en su negocio?</i>	Sí	No
p.34.1	Efectivo	1	0
p.34.2	Cheque	1	0
p.34.3	Fiar	1	0
p.34.4	Red Compra	1	0
p.34.5	Tarjeta de crédito	1	0
p.34.6	Otro, Cual?.....	1	0

P.35	<i>Cuál de los siguientes recibos tiene para emitir en su negocio</i>	Sí	No
p.35.1	Boletas	1	0
p.35.2	Facturas	1	0

P.36.1	<i>Tiene Acceso a crédito para su negocio</i>	Sí 1	No 0
P.36.2	<i>Ha recibido algún financiamiento del municipio?</i>	1	0
P.36.3	<i>Ha recibido algún financiamiento del FOSIS, SERCOTEC u otro financiamiento del gobierno</i>	1	0

P.37	Ha participado en alguna capacitación del municipio o estado? (SI RESPONDE QUE NO PASAR A LA PREGUNTA 38)	Sí	No
		1	0
P.37.1	Para aprender un oficio o mejorar mi oficio	1	0
P.37.2	Para aprender la administración de mi negocio	1	0
P.37.3	Para conocer sobre computación	1	0
P.37.4	Para saber cuánto cobrar en base a mis costos	1	0
P.37.5	Otro, Cual.....	1	0

P.38	A recibido alguna de las siguientes ayudas por parte del municipio o estado en....?	Sí	No
P.38.1	Invitaciones a ferias de productos	1	0
P.38.2	Asesoría o ayuda en la formulación de proyecto	1	0
P.38.3	Contacto con proveedores	1	0
P.38.4	Contacto con compradores	1	0
P.38.5	Permiso para vender en la feria libres o Persas	1	0

P.39	Comparado con un supermercado como Líder o una gran multi-tienda como Falabella o Homecenter, sus productos son de	Menor	Igual	Mayor	No aplica
p.39.1	Calidad?	1	2	3	99
p.39.2	Precio?	1	2	3	99

P.40	Cuál es el impacto en sus ventas de la cercanía con ...?	Negativo (disminuye las ventas)	No afecta	Positivo (aumenta las ventas)
p.40.1	Kioscos o almacenes del mismo rubro	1	2	3
p.40.2	Kioscos o almacenes del otro rubro	1	2	3
p.40.3	Ferias Libres	1	2	3
p.40.4	Supermercados o comercio de gran tamaño	1	2	3

P.41	a. En su negocio/empresa, ¿Usted diría que en qué porcentaje de sus ventas se lo pagan ...?	Sí	No	b.				
				0% (ninguno)	25% (un cuarto)	50% (la mitad)	75% (tres cuartos)	100% (Todos)
p.41.1	En el momento, en el día	1	0	1	2	3	4	5
p.41.2	Entre 1 y 30 días	1	0	1	2	3	4	5
p.41.3	Entre 31 y 60 días	1	0	1	2	3	4	5
p.41.4	Más de 61 días	1	0	1	2	3	4	5

P.42	A cuantas cuadra de distancia esta de...	Números de Cuadras
P.42.1	Una avenida principal	Cuadras
P.42.2	Una estación de metro	Cuadras
P.42.3	A cuantas cuadras esta de un supermercado de gran superficie (Líder, Econo, etc) o gran mutitienda	Cuadras

P.43	Posee su NEGOCIO?	Sí	No
p.43.1	Carteles o letrero hacia la calle	1	0
p.43.2	Sala de ventas	1	0
p.43.3	Rejas de protección	1	0
p.43.4	Este negocio separado del espacio del hogar (construcción aislada o con acceso independiente)	1	0

P.44	Utiliza internet en su Negocio?	Sí	No
		1	0

P.45	Para que lo utiliza?		
P.45.1	Para vender	1	0
P.45.2	Para comprar	1	0
P.45.3	Para aprender o capacitarse	1	0
P.45.4	Para hacerse publicidad	1	0
P.46	Como consigue sus clientes?	Sí	No
P.46.1	Contactos de su red personal	1	0
P.46.2	Boca a boca	1	0
P.46.3	Internet	1	0
P.46.4	Cartel hacia la calle	1	0
P.46.5	Panfletos	1	0
P.47	Donde se estacionan sus clientes?	Si	No
P.47.1	En la calle	1	0
P.47.2	En el bandejon o terreno publico	1	0
P.47.3	En estacionamiento particular del negocio	1	0
P.47.4	Otro, cual?.....	1	0
P.48	Pertenece a alguna organización de micro-empresarios o empresarios...?	Sí	No
		1	0
p.49	En su opinión, el principal problema que le impide hacer crecer su negocio más rápido es...	Sí	No
p.49.1	La falta de cliente, ordenes o compradores	1	0
p.49.2	La falta de punto/ o de más puntos de venta	1	0
p.49.3	La falta de maquinaria adecuada	1	0
p.49.4	La falta de espacio para producir/ almacenar/ vender	1	0
p.49.5	La excesiva competencia en mi barrio	1	0
p.49.6	Falta de permisos municipales o de otras instituciones	1	0
p.49.7	Falta de capital financiero o dinero	1	0
p.49.8	Otro: ¿Cuál?.....	1	0
P.50	Cuáles de los siguientes permisos tuvo que obtener para conseguir la patente de su negocio?	Sí	No
p.50.1	Inicio de actividades en el servicio de impuestos internos	1	0
p.50.2	Permiso de la autoridad sanitaria	1	0
p.50.3	Permisos ambientales	1	0
p.50.4	Regularización de construcciones	1	0
p.50.5	Regularización de instalaciones eléctricas o sanitarias	1	0
p.50.6	Otro, cuál?.....	1	0
P.51	Durante los últimos 6 meses, ¿usted ha sufrido algún accidente o enfermedades relacionado a su trabajo?. como por ejemplo cortes, contusiones, sordera, etc.	Sí	No
		1	0
P.52	Podría decirme, por favor, ¿qué accidentes han sido esos?	Sí	No
P.52.1	Cortes, tajos o heridas menores	1	0
P.52.2	Heridas mayores en el tronco o cuello	1	0
P.52.3	Choque entre su vehículo y otro vehículo	1	0
P.52.4	Sodera o ceguera parcial o total	1	0
P.52.5	Quemaduras a la piel por fuego u objetos calientes	1	0
P.52.6	Quemaduras a la piel por productos químicos	1	0
P.52.7	Irritación a los ojos por productos químicos u otro producto (polvillo...)	1	0
P.52.8	Otro motivo, ¿cuál?.....	1	0

P.53	¿En qué sistema de salud está afiliado?
1	No, no está afiliado, no tiene ninguna cobertura de salud
2	Sí, está en FONASA grupo A (indigentes, trabajadores con menos de un salario mínimo, PRAIS, personas que no pagan cotización)
3	Sí, está en FONASA grupo B
4	Sí, está en FONASA grupo C
5	Sí, está en FONASA grupo D
6	Sí, está en FONASA pero no recuerda su grupo
7	Sí, está en ISAPRE
8	Sí, si está afiliado pero no recuerda cuál es su sistema, régimen, seguro o programa
9	Otro sistema, especifique
99	No sabe

P.54	Se encuentra afiliado en algún sistema previsional (sistema de pensiones)	Sí	No
		1	0

P.55	→RESPUESTA ESPONTANEA. MARCAR UNA SOLA OPCION
	→SI TIENE MAS DE UN REGIMEN, MARCAR SOLO EL QUE MAS USA: INDAGAR.
	¿En qué sistema de pensión está usted afiliado?
	1 No, no está afiliado, no tiene ninguna cobertura de pension
	2 AFP cotización obligatoria
	3 AFP cotización voluntaria
4 INP, ISP, Caja de Empleados particulares, Caja de Empleados Públicos	
5 CAPREDENA, DIPRECA	
6 Otro: ¿Cuál?.....	

P.56	En general, ¿Dónde deja a sus hijos y/o hijas menores de 18 años mientras usted trabaja? (Marque todas las opciones que utilice)
1	No tengo hijos menores de 18 años
2	En mi Casa o negocio
3	Con un Vecino/Amigo
4	En el Colegio o Jardín infantil
5	Otro, Cual?

P.57	Usted diría que su salud esta
1	Muy mal
2	Mal
3	Menos que regular
4	Regular
5	Mejor que regular
6	Bien
7	Muy bien

Preuntas de 1 a 7

Ej.	EJEMPLO: Como rellenar la planilla? (ENCUESTADOR)						
	Muy Desacuerdo			Ni de acuerdo ni en desacuerdo			Muy De Acuerdo
	1,___	2,___	3,___	4,___	5,___	6,___	7,___

¿Cuán de acuerdo está usted con cada una de las siguientes afirmaciones sobre su negocio/empresa? Por favor utilice una escala entre 1 y 7, en donde 1 es "Muy en desacuerdo" y 7 "Muy de acuerdo". Por favor, cuando responda utilice decimales, como un 6.5 o un 3.9:

p.58	Mis hijos siempre me ayudan a vender o elaborar productos en mi negocio (No preguntar si no tiene hijos menores de 18 años)						
No Aplica	Muy Desacuerdo						Muy De Acuerdo
99	1,___	2,___	3,___	4,___	5,___	6,___	7,___
p.59	La gente que vive en la cuadra en la que funciona mi negocio está contento con él						
	Muy Desacuerdo						Muy De Acuerdo
	1,___	2,___	3,___	4,___	5,___	6,___	7,___
p.60	Utilizo maquinaria ruidosa en la fabricación de productos						
	Muy Desacuerdo						Muy en Desacuerdo
	1,___	2,___	3,___	4,___	5,___	6,___	7,___
p.61	Me siento feliz con mi trabajo en este negocio/ empresa						
	Muy Desacuerdo						Muy en Desacuerdo
	1,___	2,___	3,___	4,___	5,___	6,___	7,___
p.62	Los carabineros e inspectores actualmente facilitan mi trabajo						
	Muy Desacuerdo						Muy De Acuerdo
	1,___	2,___	3,___	4,___	5,___	6,___	7,___
p.63	El comprador es quien fija el precio a pagar y los estándares de entrega de mis productos o servicios						
	Muy Desacuerdo						Muy De Acuerdo
	1,___	2,___	3,___	4,___	5,___	6,___	7,___
p.64	Esta municipalidad apoya el desarrollo de mi negocio						
	Muy Desacuerdo						Muy De Acuerdo
	1,___	2,___	3,___	4,___	5,___	6,___	7,___
p.65	El tener el negocio dentro de mi casa afecta negativamente la vida en mi hogar						
	Muy Desacuerdo						Muy De Acuerdo
	1,___	2,___	3,___	4,___	5,___	6,___	7,___

CONFIDENCIAL

LEER: Le pedimos por favor responda las siguientes dos preguntas, para su el tratamiento anónimo y confidencial de estas preguntas

P.66	<i>Cuántas personas viven de manera permanente en este hogar?</i>	_____ Personas	
P.67	<i>Aproximadamente, cuánto es su salario o ingreso líquido al mes? (descontando los costos de compra para su negocio)</i>	_____ Pesos	
P.68	<i>Cuenta con alguna otra fuente de ingreso mensualmente u otro trabajo?</i>	Sí 1	No 0
P.69	<i>De donde proviene esta fuente de ingreso adicional</i>	Sí	No
p.69.1	Pensión	1	0
p.69.2	Arriendo	1	0
p.69.3	Otro Trabajo con contrato	1	0
p.69.4	Otro Trabajo sin contrato	1	0
p.69.5	Otra, Cual?.....	1	0
P.70	<i>Cuánto pesos le genera esta otra fuente de ingresos al mes)?</i> .....	..... PESOS	

Muchas Gracias por su colaboración y tiempo.

ANNEX 16: CODE BOOKS

This annex provides a sample of the codebook used code interviews with waste-pickers. As for the previous annex complete examples for codebooks with HBEs and street vendors can be requested from the author.

Global themes	Organising Themes	QUALITATIVE DATA CODING FRAMEWORK		Codebook	
		Basic Themes 1	Basic Themes 2		
A. Characteristics_Dynamics of Waste-Pickers	A.1 Entry Reason	A.1.1 Family related		Emerging code	
		A.1.2 No losing social benefits		Emerging code	
		A.1.3 Entrepreneurial reason		Theory driven code	
		A.1.3 Complementary income		Theory driven code	
		A.1.4 Independence		Theory driven code	
		A.1.6 Force entrance	A.1.4.1 Rationality		Theory driven code
			A.1.4.2 Vulnerable group		Theory driven code
	A.1.4.3 Complement salary or pension			Emerging code	
	A.1.4.4 Due to illness reason			Emerging code	
	A.2 Reasons to continue	A.2.0 Time in the activity		Theory driven code	
		A.2.1 Combine family tasks		Theory driven code	
		A.2.2 Higher income		Emerging code	
		A.2.3 Moral-emotional		Emerging code	
	A.3 Exit reason	A.3.1 Offer of a formal Job		Theory driven code	
		A.3.2 Better social benefits		Theory driven code	
		A.3.3 Small entrepreneurship		Emerging code	
		A.3.4 Bad prices or little profit		Theory driven code	
		A.3.5 Better salaries		Theory driven code	
		A.3.6 Inter generation social mobility		Emerging code	
		A.3.7 Stable income		Theory driven code	
		A.3.8 NoExit	A.3.3.1 Better salaries		Emerging code
			A.3.3.2 enable family tasks		Emerging code
			A.3.3.3 Daily payment		Emerging code
			A.3.3.4 Flexibility of schedules or less working time		Emerging code
			A.3.3.5 Independence		Emerging code
			A.3.3.6 Social contact		Emerging code
	A.3.3.7 Like it			Emerging code	
	A.3.3.8 Losing pension			Emerging code	
	A.4 Impact of economic cycles	A.4.1 Countercyclical (Decline=>Expansion)		Theory driven code	
		A.4.2 Countercyclical (Growth=>Contraction)		Theory driven code	
		A.4.3 Proccyclical (Decline=>Contraction)		Theory driven code	
		A.4.4 Proccyclical (Growth=>Expansion)		Theory driven code	
		A.4.5 No contaction		Emerging code	
	A.5 Benefits of waste-picking	A.5.1 Enable family tasks		Theory driven code	
		A.5.2 Flexible working time		Theory driven code	
		A.5.3 Income opportunity		Theory driven code	
		A.5.4 Independence		Theory driven code	
		A.5.5 Less working hours		Emerging code	
		A.5.6 Daily payments		Emerging code	
		A.5.7 Work establiity		Emerging code	
	A.6 Problems of waste-pickings	A.6.1 Social problem		Theory driven code	
		A.6.2 Economic problems		Theory driven code	
		A.6.3 Extensive working hours poor WP		Theory driven code	
		A.6.4 Inestability of income		Theory driven code	
		A.6.5 Lack of pension and health		Theory driven code	
		A.6.6 Lack of reconition and or support		Theory driven code	
		A.6.7 No paid holidays		Theory driven code	
A.6.8 Tying			Emerging code		
A.7 hapiness	A.7.1 Happy		Emerging code		
	A.7.2 Unhappy		Emerging code		
A.8 Income determinants			Theory driven code		
A.9 No way to progress			Theory driven code		

QUALITATIVE DATA CODING FRAMEWORK					
Global themes	Organising Themes	Basic Themes		Codebook	
A. Characteristics_Dynamics of Waste-Pickers	A.0 Antecedentes manejo basura	A.0.1 Solid waste management		Emerging Code	
	A.1 Entry Reason	A.1.1 Family Related		Emerging Code	
		A.1.2 No losing social benefits		Emerging Code	
		A.1.3 Entrepreneurial Reason		Theory Driven Code	
		A.1.3 complementary income		Theory Driven Code	
		A.1.4 Independece		Theory Driven Code	
		A.1.6 force entrance	A.1.4.1 rationality		Theory Driven Code
			A.1.4.2 Vulnerable Group		Theory Driven Codeb
			A.1.4.3 Complement Salary or Pension		Emerging Code
	A.1.4.4 Due to Illness Reason			Emerging Code	
	A.2 Reasons to continue	A.2.0 time in the activity		Theory Driven Code	
		A.2.1 combine family tasks		Theory Driven Code	
		A.2.2 higher income		Emerging Code	
		A.2.3 Moral-emotional		Emerging Code	
	A.3 Exit Reason	A.3.1 Offer of a formal Job		Theory Driven Code	
		A.3.2 Better social benefits		Theory Driven Code	
		A.3.3 Small Enterprenurship		Emerging Code	
		A.3.4 Bad prices or little profit		Theory Driven Code	
		A.3.5 better salaries		Theory Driven Code	
		A.3.6 Inter generation social movility		Emerging Code	
		A.3.7 stable income		Theory Driven Code	
		A.3.8 NoExit	A.3.3.1 Better salaries		Emerging Code
			A.3.3.2 enable family tasks		Emerging Code
			A.3.3.3 Daily payment		Emerging Code
			A.3.3.4 Flexibility of schedules or less work		Emerging Code
			A.3.3.5 Independence		Emerging Code
			A.3.3.6 social contact		Emerging Code
	A.3.3.7 Like it			Emerging Code	
	A.3.3.8 losing pension		Emerging Code		
	A.4 Impact of Economic Crisis	A.4.1 Countercyclical Decline Expansion		Theory Driven Code	
		A.4.2 Countercyclical Growth Contraction		Theory Driven Code	
		A.4.3 Procylical Decline Contraction		Theory Driven Code	
		A.4.4 Procylical Growth Expansion		Theory Driven Code	
		A.4.5 No conaction		Emerging Code	
	A.5 Benefits of waste-picking	A.5.1 Enable Family Tasks		Theory Driven Code	
		A.5.2 Flexible Working Time		Theory Driven Code	
		A.5.3 Income opportunity		Theory Driven Code	
		A.5.4 Independence		Theory Driven Code	
		A.5.5 Less Working Hours		Emerging Code	
		A.5.6 daily paymnets		Emerging Code	
		A.5.7 work establiity		Emerging Code	
A.6 Problems of waste-pickings	A.6.1 Social Problem		Theory Driven Code		
	A.6.2 Economic Problems		Theory Driven Code		
	A.6.3 extensive working hours poor WP		Theory Driven Code		
	A.6.4 inestability of income		Theory Driven Code		
	A.6.5 lack of pension and health		Theory Driven Code		
	A.6.6 lack of reconition and or support		Theory Driven Code		
	A.6.7 no paid holidays		Theory Driven Code		
	A.6.8 trying		Emerging Code		
A.7 hapiness	A.7.1 happy		Emerging Code		
	A.7.2 unhappy		Emerging Code		
A.8 Income determinants			Theory Driven Code		
A.9 no way to progress			Theory Driven Code		

Global themes	Organising Themes	QUALITATIVE DATA CODING FRAMEWORK			
		Basic Themes 1	Basic Themes 2	Codebook	
B. Economic Rationality of recyclin	B.1 Production Recyclables	B.1.1 Rationality to select recyclables materials	B.1.1.1 Capacity	Emerging code	
			B.1.1.2 Existence of a buyer	Theory driven code	
			B.1.1.3 Price	Theory driven code	
			B.1.1.4 Volume	Emerging code	
			B.1.1.5 Availability of products	Theory driven code	
		B.1.2 Types of materials collected	Theory driven code		
	B.2 Collection of Recyclables	B.2.1 Selection and profitability of the area	B.2.1.1 Selection of area	Emerging code	
			B.2.2 Use of vehicle	B.2.2.1 Hand-push vehicle B.2.2.2 Collection with plastic bag B.2.2.3 Motorised vehicle B.2.2.4 Tricycle	Theory driven code Theory driven code Theory driven code Theory driven code
			B.2.3 Selection of the route of collection		Theory driven code
			B.2.4 Competition		Emerging code
			B.2.5 Green points		Emerging code
		B.2.6 Collection peratives		Emerging code	
		B.3 Accumulation and Processing recyclables	B.3.1 No place for waste accumulation		Emerging code
			B.3.2 Small individual place for waste accumulation		Theory driven code
			B.3.3 Collective place for waste accumulation		Theory driven code
			B.3.4 Large individual place to accumulate		Emerging code
	B.3.5 Added value to recyclable materials			Theory driven code	
	B.3.6 Classification of materials			Theory driven code	
	B.4 Selling of Recyclables	B.4.1 Selection buyer (area bounded)		Emerging code	
		B.4.2 Information on prices		Theory driven code	
		B.4.3 Vehicle impact		Emerging code	
		B.4.4 Negotiation of prices		Theory driven code	
		B.4.5 Final buyer		Theory driven code	
		B.4.6 Mobile middlemen		Emerging code	
		B.4.7 Selling day by day		Theory driven code	
	B.5 Selling Method of Recyclables	B.5.1 Selling individually to middlemen		Theory driven code	
		B.5.2 Selling collectively to a middlemen		Theory driven code	
B.5.3 Selling collectively to the industry			Theory driven code		
B.6 experience			Emerging code		
Global themes	Organising Themes	QUALITATIVE DATA CODING FRAMEWORK			
C. Economic rationality of Reuse	C.0 Rationality	C.0.1 Existence		Emerging code	
		C.0.2 Salary		Emerging code	
		C.0.3 Trade-off		Emerging code	
	C.1 Production reuse	C.1.1 Rationality to select reuse products		Emerging code	
		C.1.2 Types of products collected		Emerging code	
		C.1.3 Type of Place Collected Industry and Household		Emerging code	
	C.2 Collection of reuse	C.2.1 Selection and profitability of the area		Emerging code	
		C.2.2 Use of vehicle		Emerging code	
		C.2.3 Selection of the route of Collection		Emerging code	
		C.2.4 Collection operatives		Emerging code	
	C.3 Accumulation and repairing reuse	C.3.1 Small individual place for waste accumulation		Emerging code	
		C.3.2 No place for waste accumulation		Emerging code	
		C.3.3 Collective place for waste accumulation		Emerging code	
		C.3.4 Added value to reuse materials		Emerging code	
	C.4 Selling of reuse	C.4.1 Selection buyer (area bounded)		Emerging code	
		C.4.2 Information on prices		Emerging code	
		C.4.3 Vehicle impact		Emerging code	
		C.4.4 Negotiation of prices		Emerging code	
		C.4.5 Final buyer		Emerging code	
		C.4.6 Pricing		Emerging code	
	C.5 Selling method of reuse	C.5.1 Selling individually to household		Emerging code	
		C.5.2 Selling to other client		Emerging code	
		C.5.3 Selling to intermediary		Emerging code	