Designing for the informal economy

Urban planning and making space for informal workers

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1 Introduction

The majority of the urban population growth that the world has seen since the 1950s has taken place in developing countries (Davies 2006, 1-2). Many of these new urban dwellers are poor and have to operate within the informal sphere when it comes to housing - many of them living in dismal conditions - but also when it comes to livelihood.

This is today referred to as the informal economy and is a source of income for a majority of the population living in cities in the global South, with their number having reached one billion (Davies 2006, 178). Informal economy can be defined as activities by enterprises, employers or self-employed individuals that are legal but unregulated (Ezeadichie 2012, 46) and this is the definition that I will use for this essay in order to exclude all illegal aspects such as child labor or organ harvesting. I will also use the term 'global South' instead of 'developing countries' or 'the third world'.

Before I started researching this paper I only had my own experiences from Manila, Nairobi and Quito[1], and in these cities the evidence of the informal economy is everywhere in the form of street traders, small shopkeepers and drivers. As a traveller from the west, myself included, this dynamic of formal and informal economy might not be something we consider even though it is all around us. Small shops, like the one in Fig.1 on the next page, are a common sight in Metro Manila and they sell all sorts of goods from food to shampoo.

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[1] I lived in Quito, Ecuador for four months working as a travel guide in 2013. I spent a week in Nairobi, Kenya, visiting friends in December 2016, and three weeks in Manila, the Philippines, with the course Urban Shelter from Lund School of Architecture in February of 2018.

Like informal housing this part of the economy is often seen the opposite of a modern city and pose a challenge for urban planners and policymakers (Skinner & Watson 140). This diametric, where a source of income for so many people is viewed by planners as undesirable, is the basis for my essay. My aim is to investigate the history and reality of the informal economy in cities in the global South and what role urban planning could and should play in supporting this mode of livelihood.

Fig.1 A small shop in a social housing area in Metro Manila. (Photo: Nellie Salgård)

2 Literature Review

The literature I have studied on the subject of informal economy and urban planning ranges from a macro overview that attempts to explain why there are so many people living and working informally in the global South, to specific studies and strategies that can be used to support the informal economy.

Urbanization is no longer linked to industrialization and development in most of the global South according to Davies (2006, 13), and a city's population is therefore not necessarily a sign of how well it's doing economically. Davies (2006, 14) argues that this is a result of the "worldwide debt crisis of the late 1970s and the subsequent IMF-led restructuring of Third World economies in the 1980s", that created a surplus of rural labor which was driven into cities that no longer could create jobs. In 2000 Mexico City, Sao Paolo and Mumbai where three of the ten largest cities by population, but neither of them where of the top then cities when it came to GDP in 1996 (Davies 2006, 13).

With no formal job opportunities available people began resort to street and home trading, small-scale tailoring, water selling and collecting waste, and most of them fail to meet state regulations. Even so, in the global South the informal sector is a source of income for a majority of those who do not work in agriculture (Skinner & Watson 2018, 140-141). Skinner and Watson (2018, 140) argue that economic policies are not enough to support the informal economy, and that an urban and spatial planning perspective are just as important since planning regulations often are the most constraining factors. Understanding why informal workers choose their specific work location and how they use the space, and letting this knowledge guide the spatial and infrastructural planning process, would be a more effective way of supporting the informal workers (Skinner and Watson 2018, 140). This line of thinking is supported by Ezeadichie (2012, 45) who writes that urban planners should reconsider the contributions of the informal economy.

The legacy of colonial planning is evident in many attempts by cities in the global South to curtail the informal economy through land zoning and regulations. The goal is to create a 'world-class city' or 'global city', and in these visions for the future there is no room for the informal (Skinner and Watson 2018, 145). Ezeadichie (2012, 54) writes of this as "…a belief that an efficient city is one that *looks* regimented and orderly in a geometrical sense, rather than one that truly enhances people's capacities or livelihoods". These views are in many ways expressed by Jenkins, Smith and Wang (2007, 129-130) when they criticize the practice of 'master planning', which was based on command and control through a "detailed physical plan representing a desired future". The main focus was the future use of land and showed exactly what land should be used for what activities. Even though there have been few successful examples of implementing master planning in the global South it continues to be the used in trying to control urban development (Jenkins, Smith and Wang 2007, 131-133).

Skinner and Watson (2018, 142-143) identifies three worker groups that are particularly relevant to planners: home-based workers, where homes are doubling as places of work, and street vendors and waste pickers, where the public space in an important work-place. Even though informal sector often overlap with poverty, one could also divide it into two different categories: the survivalist enterprise, mostly made up of women who earn very little, and the micro enterprise which has the prospect to grow into a formal one. But even the income from small survivalist enterprises can save a family from total destitution (Ezeadichie 2012, 47-49).

The important role of housing in the informal economy is often overlooked, and it suffers from single-use zoning and poor infrastructure planning (Skinner and Watson 2018, 147). Ezeadichie (2012, 50) takes a special interest home-based enterprises, or HBEs, and writes that "housing in not for home life alone". For those in the informal sector it is a

production place, market place, financial institution and more. When trying to understand the motivation of the households engaged in HBE Ezeadichie (2012, 48) uses a neo-liberal approach that views the informal economy as a "strategy of the lower class, where those who are excluded from formal employment have decided to bypass the formal state regulations…".

Fig.2 & 3 Sowing is a typical HBE that you can find in social housing areas in Metro Manila. (Photo: Nellie Salgård)

Hernando De Soto, a proponent of the neo-liberal approach, asserts that the poor in cities in the global South are actually rich but cannot access their capital because they are suffering from an artificial shortage of property rights (Davies 2006, 79-80). If poor people were to be given legal title it would give them the equity they need to invest in their micro enterprises and create new jobs. But as Davis (2006, 80) points out it does nothing to aid renters, who constitute the majority of the urban poor in many cities. Even Ezeadichie (2012, 48), while using the neo-liberal theory to understand the motivation of the informal sector, excludes De Soto's solution as it in many instances have led to land use conversion and conflict among residents.

Ezeadichie (2012, 47) describes a holistic city model that avoids excessive one-way development and an exclusively economical development that often results in an uneven social and ecological balance. An obstacle to this city model are often architects and planners themselves. Skinner and Watson (2018, 149) writes that their training is biased towards the formal economic sector. The result is that the market infrastructure provided for the informal sector in many global South cities is not in use because it is located in the wrong place and is over-designed. Ezeadichie (2012, 54) also criticize the role of planners in upholding control in cities, which serves formal economic interests and creates social and spatial exclusion. Planning for the informal based on the needs of the formal is not the way.

The first remedy to the current planning climate suggested by Skinner and Watson (2018, 146) is the legal right to work in public spaces. This would in turn produce a greater need for mixed and flexible land-use in planning schemes: "pedestrian routes that share

space with street traders; transport hubs that also make space for pedestrian flow and fluctuating trade presence; streets that can carry traffic during the day and become markets at night…" (Skinner and Watson 2018, 146). Flexibility is also mentioned by Ezeadichie (2012, 52-53) as an important factor in a study of HBEs in Delhi, as well as the public space right in front of the plot.

Skinner and Watson (2018, 149) argues that any intervention aimed at helping the informal sector has to involve participatory planning process and professionals willing to consider new ideas. Jenkins, Smith and Wang (2007, 148) also writes about participatory planning as a reaction to master planning, where planning was seen as an activity of political importance which affected many different interests. Especially when planning for the informal economy these different interest have to be a focus, because the interventions needed to better the conditions for a waste pickers are not the same as for a traditional medicine trader. Planners should function more as facilitators and recognize the informal workers they are planning for as a knowledgeable and legitimate part of the process (Skinner and Watson 2018, 149).

Fig.4 In Smokeys Mountains different informal businesses line the streets. (Photo: Nellie Salgård)

3 Argument, Critique or Discussion

The subject of informal economy and urban planning is obviously complex, and there's not one cause to the problem nor one solution. In the literature review above I have tried to connect historical practices and policies to the current situation of the informal economy in

urban areas in the Global south. The different source materials paints the pictured of how historic oppression, enforced economic policies and zoned planning together has created a situation where informal economy is necessary but also un-wanted. People living in urban areas in Africa, South-East Asia and Latin America rely heavily on the informal economy to make a living. However when it comes to urban planning it is often disregarded, misunderstood or counteracted.

The practice of ’master-planning’ relies heavily on spatial zoning, which has been a particular problem for informal workers, especially those working from the home. If a neighborhood is zoned as just residential then informal workers face even more regulations that work against them. It was evident from our visits to social housing in Metro Manila that many people work in their home. As Ezeadichie (2012, 50) writes, home is also a production place and a market place. It is evident from the source material that the master plan has done very little good in the Global south, but somehow it still continues to be used (Jenkins, Smith and Wang 2007, 131-133).

It is very compelling to have something fixed on a piece of paper that shows a mayor how a city is going to look, but there’s also no room for flexibility. When, for example, a new train station is planned there is no room for street traders in the design and when they show up, attracted by the massive flow pedestrians, they are therefore a nuisance. The people who put up their stall on the barely existing side-walk, is only doing what any rational economic actor would do, and landowners in turn rely upon state repression to keep them at bay (Davies 2006, 99).

This goal to create a ‘world-class city’ or ‘global city’ (Skinner and Watson 2018, 145) is very visible in Metro Manila in places as Makati and Fort Bonifacio, the latter which is also referred to as Bonifacio Global City. These are two of the cities in Manila that actually have been master-planned, and it shows. On the surface they are orderly cities, where everything works and everything is clean. The planning have ensured enough room for pedestrians and good public spaces, but no street vendors, no jeepneys, no informal markets. These are places for formal business and the rich. The poor, and with them the informal economy, have actively been planned away from these places. This a colonial legacy that once was used to control the indigenous peasant population by western powers. The most extreme cases can be found in British colonial cities in Africa, where the native population was denied the right to own urban land (Davies 2006, 51). Today it is instead used to control the poor.

How can a city be a ’world-class city’ if it excludes rather than includes? Bonifacio Global City and Makati have spatially and socially made themselves in-accessible to the poor of Manila. Fort Bonifacio is in many ways a master-planners dream, orderly and regulated, but not the reality of Metro Manila as a whole. Living in such a place it would

be easy to forget that just beyond the border people live and work informally, but if one does not see the poor then one can pretend that they do not exist. The same is true for most of the medium income residential developments we visited around Manila - they are like small versions of Makati and Bonifacio, zoned off from the rest of the city by walls and security. But in Manila, as in many other places, globalized property values stands in opposition to the need of the poor to be near the central source of income, this is why every piece of unoccupied land is taken over by informal settlers (Davies 2006, 98).

It is therefore not only a question of economy but also one of space, and who has right to that space. Skinner and Watson's (2018, 146) argument for the legal right to work in public spaces could therefore be one of the most important factors in improving life for informal workers. But of course, one should be vary of easy solutions as evident by the neo-liberal approach of De Soto. His solution of giving legal title and as a result access to capital to slum dwellers misses the mark in many aspects because of the simple reality that most of the people living in slums are renters (Davis 2006, 80).

Just gaining legal access to public space does not mean that that space will welcome you. Even if street vendors were allowed to sell their products on a plaza in Makati doesn't mean they have the means to go there, or that enough people would frequent their business. Solutions that are not oriented for the people they are sopposed to help seems to be a pervasive problem when it comes to informal economy.

Fig.5 Bonifacio Global City, one of the cities in Metro Manila that have been master planned. (Photo: Nellie Salgård)

4 Urban Shelter Design

The most important part when it comes to designing for informal workers in the urban context is flexibility. A street is not only a street and a home is not only a home, they are important places of business for a big part of the world's urban population.

During one of our visits in Manila[2] we spoke with a woman who had rented two units, across the hall from each other. This way both she and her husband could more easily work from home. She was a bit reluctant to tell us about this solution, because this was an NHA development and you can only be a beneficiary of social housing from NHA once. But she obviously needed the extra space to be able to run her food cooking business. This experience and the literature on HBE's that is included in this paper indicates that there is are huge need for more flexible home or near-home spaces.

Maybe one solution could be social housing that also offer spaces in buildings for HBEs at a low cost. Instead of having a sowing table out in the hallway, or indoors in poor lighting, a sower could maybe rent a desk in a communal space. This could also increase the social interaction among neighbors and maybe they could start to co-operate with their HBEs to make them more profitable.

Public spaces also needs to have flexibility and allow for more pedestrian access. Metro Manila is designed for the car, but it is people on foot who will stop at a food cart along the street and buy something to eat. If pedestrian routes are expanded upon and given more room in the city that would mean more business for street vendors. Or as suggested by Skinner and Watson (2018, 146) streets that carry traffic during the day can become markets at night. This could work well in a place like Metro Manila. We saw that there were a lot of people moving around outdoors after sundown, but even though there was less traffic the street was still designed for cars and not pedestrians.

But flexibility also has to be anchored with the informal activities that are happening or are expected to happen in the designed space. The most knowledgable experts on what informal workers need from a space are of course those people themselves, and their experiences have to become the guiding principle. Participation is key to designing spaces that work.

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[2] During the study trip to Manila with the Urban Shelter course we visited a social housing site managed by the National Housing Authorities of the Philippines.

5 The Role of Architects

As architects I believe that we need to educate ourselves inorder to help people living and working informally. We cannot use, and in some cases have to disregard, most of our training when designing for informality, especially in the Global south. It is important to realize the importance of home, or the high street, or proximity to pedestrians and also be a voice for the urban poor's right to these spaces. We are supposed to be experts on space and I think that our voices have sway when it comes to urban planning policies.

If we as architects understand why people work informally, and make an effort to engage with these workers and really understand their use of space, then maybe we can help them. And I also believe as Skinner and Watson (2018, 149) that the participatory planning process is vital, because the use of space by informal workers depends not only on their specific trade, but also where and how they live.

The role of architects when it comes to informal economy is to listen to the workers whom their design will affect, and understand that the informal is here to stay whether we like it or not. We can contribute to making their place in the urban context legitimate and perhaps even more profitable for everyone.

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