Informal Sector Integration

Some Considerations

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The Informal SWM Sector

• Highly flexible, dynamic individuals, micro- and family enterprises, adaptive to market developments
• Social stigmata, not easy to integrate into formal processes
• Workers often without alternative income opportunities, lacking education, technical and managerial skills
• Practices causing health and environmental harms widespread
• New collection and disposal systems restrict waste pickers’ access to recyclables and their income opportunities, but effective control is difficult
• Payment of private service providers per tonne disposed discourage valorisation
Results: Benefits of informal sector integration

- IS usually works with comparably low costs and energy consumption
- Achieves a high(er) recovery rate than formal sector: can contribute to legal targets and to longer lifespan of landfill
- More efficient for local authorities to use expertise and structures of IS than developing own/final structures for recycling
- IS can constitute important supplier of local industry
- Formalizing informal stakeholders can contribute to achieve political targets for employment creation
Lessons learned: Success factors for successful integration

- Public acceptance
- Official recognition
- Business relations
- Access to materials
- Expertise
- Trust building/organization
Access to materials

- Accredit house to house waste collectors/ buyers
- Sorting facilities on transfer stations/ disposal sites
- Collection contracts for mixed/ source segregated waste
- Public containers/ buy-back centers for recyclables
- Waste banks in schools, temples/ collection campaigns
- Contracts with big waste producers – supermarkets, commerce, industries
- Insert recovery quota in waste collection contracts - collection provider delivering recyclables to sorting centers
Business relations

- Strengthen self-perception of informal workers as entrepreneurs
- Design business development services designated to informal businesses
- Facilitate partnerships with micro-credit institutions
- Identify businesses interested in partnerships
- Disseminate information on recycling markets/prices
- Give legal advice on contracting procedures
- Support transparent franchise systems (Start-up loans, transparent price system, regular meetings between company and franchisees)
- Encourage take-back systems by producers/subsidizing recycling activities as part of corporate social responsibility initiatives or producer responsibility schemes
Outlook

- Necessity of integration internationally recognized, now practical options for informal sector integration in all technical/financial cooperation projects to be implemented
- Tools available (process flow analysis, scenario analysis of economic aspects, Poverty impact assessment for IS, value chain analysis, training modules, organizational models)
- Stress the business character of informal workers’ activities from the beginning
- Cooperatives and SME as successful model for integration of IS
- Accompanying in the medium term, partnerships with NGOs and private enterprises important
- International initiatives for valuing informal recycling through carbon financing
Ongoing Intiative