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Informal Street Vendors in Rio de Janeiro

Case study of three formalization process

Marianna Monte* Teresa Madeira da Silva**

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(*) DINÂMIA'CET

Instituto Universitário de Lisboa

Av. das Forças Armadas, 1649 -026 Lisbon, Portugal

marianna_monte@iscte.pt

(**) DINÂMIA'CET

Instituto Universitário de Lisboa

Av. das Forças Armadas, 1649 -026 Lisbon, Portugal

teresa.madeira@iscte.pt

Abstract

This article will approach the informal street vending activities in the public spaces of Rio de Janeiro. Informality in general represents a challenge for the society and the governments due to its polymorphic nature and ubiquity. The informal street vending involves economic, social and urban characteristics that need to be addressed by the state.

The central issue of this work is the study of the interactions in the public space between informal street vendors and the governmental institutions, and its consequences, as e. g. the formalization process. The research was based on three cases of street vendors formalization processes in Rio de Janeiro: *Camelódromo da Uruguaiana*, *Centro Municipal Luiz Gonzaga de Tradição Nordestinas* and *Mercado Popular da Rocinha*.

It is concluded that the legalization of informal street vending is responsible for the integration of certain low-income groups. However, these measures are relevant only in the short term, because the main cause of informal street vending is the endemic lack of formal jobs. Other conclusion is that the legalization must be intensively monitored and conceived as a process that must be constantly rethought and corrected. Only in this way beneficial results can be ensured to all stakeholders.

Introduction

Informality is a topic strongly related to the process of urbanization, particularly in the developing countries. The informal activities play a vital role in the daily routine of the mega cities in the countries of south. The informal workers and entrepreneurs replenish spontaneously the gaps that were left by the formal planning and management of the city, guaranteeing a better sustenance of the services and commerce.

Informality represents a challenge for the society and the governments due to its polymorphic nature and ubiquity. It remains unclear however which is the optimal way to deal with this phenomenon. The informal street vending, which is the main subject of this article, involves generally economic, social and urban characteristics that need to be addressed by the state.

This article will approach the phenomenon of informal street vending activities in the public spaces of Rio de Janeiro. The central issue of this work is the study of the interactions in the public space between informal street vendors and the governmental institutions and its consequences, as e. g. the legalization process of the vendors. The research was based on three cases of formalization of street vendors in Rio de Janeiro.

Rio de Janeiro is a mega-city of a developing country with long tradition of dealing with the

informality phenomenon, and is currently undergoing strong changes in order to prepare itself for the football world cup 2014 and the Olympic games of 2016. Policies to control informality became strong since 2009. However the cases, that will be showed here, began their formalization process before 2009. These cases are relevant, because they are successful in some ways and are taken as example for many other cases.

The three markets chosen to be studied are considered as representative of the street vending scenario of Rio de Janeiro. The three case studies are *Camelódromo da Uruguaiana*, *Centro Municipal Luiz Gonzaga de Tradição Nordestinas* and *Mercado Popular da Rocinha*. They originate from former informal street vending activities which were legalized through street vending promotion projects. Each one of these markets had a different origin and characteristics, which also resulted in different programs being applied for their legalization.

The *Camelódromo da Uruguaiana* was inaugurated in 1994 as a special zone inside the preserved historical center of the Rio. It was created to formalize the informal street vendors operating in a part of the city center. The *Centro Municipal Luiz Gonzaga de Tradição Nordestinas* is the formal name of the market that originated from the upgrading process of a Brazilian northeast products and cultural market. It was founded in 2003. The *Mercado Popular da Rocinha* was formalized in 2004 and is located at the entrances of the Rocinha's *favela*, one of the biggest *favelas* in Latin America.

Informal Street Vendors in Rio

Informal street vending has been present in the public space of Rio de Janeiro for a very long time. The first's information is related to the beginning of the XIX century (Lopes, 1996:37). Since then, the informal street vendors, *camelôs* as they are known in Brazil, have been the subject of many, often contradictory, policies.

The informal street vending phenomenon in Rio de Janeiro is characterized by its diversity. The *camelôs* form a huge and heterogeneous group, which is active not only in the streets, but infiltrates the whole public space, reaching parks, beaches and even the public transportation. The informal street vendors operate in the whole city of Rio, occupying the center of the city, poor and rich neighborhoods alike and also the informal settlements.

They are diverse not only in the different amount of places in which they carry out their activity but also in the ways that the activity of vending is done. The street vendors use many different kinds of equipments to expose and carry their products and resort to a multiplicity of techniques and tricks to sell an unbelievable wide variety of products 24 hours a day, 7 days a

week and the 365 days of the year.

This diversity is further enhanced by the polymorphic aspect of the informal street vending. Due to the small size and low complexity of their enterprises the vendors seamlessly adapt their ways to the conditions imposed by the environment, adapting to new trends of products, changes in the lifestyle and changes in the law, in a continuous effort to search for new customers.

In Rio it is possible for many kinds of informal street vending to become formal. The legalization can be achieved through a registering process. In order to be registered, the vendors have to observe many rules, presented in *Lei do Ambulante* (Municipal Law 1876, of June the 29th of 1992), and go through a selective process. This selective process is required due to the limited number of registrations possible. Observing the *Lei do Ambulante* it can be found that street vending is still perceived as a transitory phenomena that temporarily provides work to individuals who will return sooner or later to the formal marketplace. Despite this, many workers become trapped in this way of life.

Vendors who are not able to go through the registration process continue to work in the informality. Some of them try to hide their informal condition by working side by side with regular street vendors and imitating their characteristics. Others create tricks to escape away, when the controls appear.

Camelódromo da Uruguaiana

The *Camelódromo¹ da Uruguaiana* was founded in a plot, property of the metro company. It was offered by the municipality, but without any additional infrastructures, like electric and water supply, toilets and storing facilities. The foundation of the *Camelódromo* is originated by the transference of the *camelôs* operating in the center of Rio, spreading throughout the busy streets of the city center, to the empty space in the *Uruguaiana* Street. This was the result of the huge efforts by the municipality to live the main streets of the city center free of informal street vendors.

The first action took place at the end of 1993 with the prohibition of street vending in the main avenue *Rio Branco*. The vendors were temporarily allowed to concentrate themselves in the narrow perpendicular streets (Lopes, 1996: 65). This solution was not efficient and in the following year the municipality solved the question with the establishment of an area where the permanence of the street vendors was approved. The market was inaugurated in

¹ The word *camelódromo* refers to a high concentration of *camelôs*, how the street vendors are named in Rio.

1994 as a special zone inside the preserved historical center of the city.

Camelódromo da Uruguaiana was the first experience, combine promotion and control of a street vendor, concentrating them in a delimited area of the public space. The results were very positive and the idea was applied in other areas of the city (Lopes, 1996: 67).

Beside the relocation of the street vendors, in 1996 a project belonging to the *Rio-Cidade* program was carried out in the *Rio Branco Avenue*. This consolidated, temporarily, the elimination of the informal street vendor's presence from the main street. The aim of the *Rio-Cidade* project in the city center was the reorganization of the pedestrian and vehicle circulation guaranteeing their flow and security (IPLAN, 1996: 53). For this purpose, the urban furniture was situated in the sidewalks to difficult the return of the informal street vendors.

Firstly the *camelôs* did not approve the idea being all concentrated in the same area and away from the flow of people. However, the vendors established themselves in the area due to the lack of alternatives and the strong control. As defined by the municipality, each vendor had an area of 1.50 x 1.50m, where they could assemble their stalls. In the beginning this area had a huge agglomeration of *camelôs*, around 500 vendors.

After the reallocation of the street vendors in the *Camelódromo*, the municipality did not offer any assistance or infrastructure. Initially sales decreased, because the *Camelódromo* was not in the main route of people flow, which made them lose lots of customers. However the low prices eventually brought the customers back over the time, making the *Camelódromo da Uruguaiana* a famous place. With the continuous increase in the sales and the organization of the *camelôs* in an association, the mobile character of the stalls was abandoned. The stalls became stands, which experimented frequent improvements. The covering of the stalls, which consisted at the beginning of a simple canvas, became a roof fixed to the structure. The whole infrastructure constructed in the *Camelódromo* was done by the vendors association and each *camelô* remained however responsible for his own stand.²

The current association also disclosed information regarding their work in the maintenance of the market and assistance to the vendors. The association collects a tax pro week and per stand to offer 24 hours of security, cleaning of the common area, public toilets, fire brigade, emergency medical post and legal advice.

The strengthening of the *Camelódromo* also increased the value of the stands, which led some vendors to rent or even to sell their stands. This was against the rules established by the mu-

² Interview done in 2009 with an administrative member of *Associação do Mercado Popular da Uruguaiana* (Monte, 2010)

nicipality since the vendors do not have ownership of the stands plot, but the license to work in the area. The original purpose was to offer a place to those working as street vendors.

The original *camelôs* who founded the market are not easily found vending in the stands any more. Some of them have sold the stands others rent them, but most of them have more than one stand and work in the administration of their employees. Usually the stands have two vendors which are informal workers while the "owner" of the stand is a formal micro-entrepreneur.

The cheap products continue to be the best publicity for the *Camelódromo*. A great variety of products can be found in this popular market, but mainly electronics and clothes. Many of the products are fake digital media products as pirated CDs and DVDs and fake clothes belonging to famous labels. Nevertheless, the customers do not seem care at all about the origin of the products.

The customers of the *Camelódromo* belong mainly to the lower classes, but also shoppers the middle class can be found. They come from the whole city and even the cities of the surroundings to shop in the market. As explained by one of the vendors: The people that do not mind expending their money go to the expensive shopping malls. The rest of people come to the *Camelódromo* where they can find almost the same products for a cheaper price.

In the beginning of 2009 the municipality of Rio manifested its intention clear out the area where the *Camelódromo da Uruguaiana* takes place in order to sell it. The market association, promoted a demonstration against the municipality, which ended up involving the whole market. The vendors and stands owners had the help and support of the market's neighbors, which were also against the closing of the market.³ Nowadays the market is an attraction point for the area bringing customers to the shops and restaurants of the zone. After the public demonstrations, the municipality changed its mind and will maintain the market.

Centro de Tradições Nordestinas

The *Centro Municipal Luiz Gonzaga de Tradições Nordestinas* (Municipal Center Luiz Gonzaga of Northeastern Traditions) is the formal name of the market that originated from the upgrading process of the *Feira de São Cristóvão* (São Cristóvão Market) in 2003. The market offers all kind of products with origin in the north-eastern part of Brazil as well as its typical gastronomy.

³ Interview done in 2009 with an administrative member of *Associação do Mercado Popular da Uruguaiana* (Monte, 2010)

Since 1945 until 2002, the *Feira de São Cristóvão* works on the weekends in the field of *São Cristóvão* near by the *São Cristóvão* Pavilion. The market was formed as huge agglomeration of canvas under which many informal street vendors offered their products. Some stalls selling food worked as restaurants preparing and serving the meals with out any kind of hygiene.

In 2002 a process of revitalization of the neighborhood begins. This process also included the revitalization of the *São Cristóvão* Pavilion and the challenge of the formalizing of the *Feira de São Cristóvão*. As solution to both objectives, the *Centro Luiz Gonzaga de Tradições Nordestinas* was founded which brought the *Feira de São Cristóvão* inside of the pavilion.

The project of the *Centro Luiz Gonzaga de Tradições Nordestinas* was not only to move the *Feira de São Cristóvão* inside the pavilion to organize the market and give a use to the abandoned pavilion but also to promote the informal street vendors.

All informal street vendors of the old market outside the pavilion were offered the possibility to have a stand inside of the pavilion. Since the total number of stands was bigger than the number of informal street vendors the municipality carried out a draft to distribute the rest of the stands. Regardless of how the stand license was obtained, a tax had to be paid. Through the payment of this tax the owner of the stall received a license to operate in the market. This license could be however revoked if the municipality was to find another use for the area.

The Project was a joint effort of the municipality and some of its secretaries and institutions. The informal street vendors underwent various obligatory training processes. The municipal secretariat of work and employment provided finance management and the municipal health surveillance trained the vendors in hygiene measures and manipulation of food.

The center has improved its infrastructure throughout the years. The stand owners have total freedom to change what they want in their stands with out having to follow any guidelines to respect the original design project of the center.

The maintenance and cultural program of the center is managed by the market association. The association collects from each stand a tax and charges the visitors in the evenings. The budget is used to promote concerts, water and light supply, cleaning and security service for the whole center. The improvements in the stands are however responsibility of the owners.

About 10 years after its inauguration the market is a success. Since it began its activities, the number of visitants as well as the sales has been growing steadily. The customers are no more only people from the northeast or their descendants, but also tourists and people from Rio interested in knowing and enjoying the northeaster culture.

As it occurred in the *Camelódromo da Uruguaiana*, described in the previous section, almost all stand owners have assistants. Most of the assistants also are informal workers while the “owners” are formal entrepreneurs. The restaurants have for example big teams of workers to prepare and serve the meals. In some particular cases, there are owners that can still be found working as before, vending or preparing the meals.

The center is perceived as a success not only by the visitants but also by many of the stand owners. The general opinion is that the market improved greatly with its move inside the pavilion. The infrastructure is much better and the hygiene and security improvements have attracted much more customers and income. This has turned the original market workers into successful entrepreneurs. On the negative side, only a 30% of the current stand owners come from the original informal market. Many of them sold or rented the stands because they could not afford themselves the payment of the taxes or were offered a good deal.

Mercado Popular da Rocinha

The *Mercado Popular da Rocinha* is located at the entrances of the Rocinha’s *favela*. *Rocinha* is one of the biggest *favelas* (squatter settlements) in Brazil with around 150,000 inhabitants. It is located on a hill inside of *São Conrado*, a high class neighborhood of Rio de Janeiro.

The market was implemented in 2004 in the same area of the public space where the informal street vendors already worked. The infrastructure of the market was completely constructed by the municipality under an architecture design. The design of the market assigns regularity to it and includes it in the formal urban design of the city. At the beginning all stands consisted in a fixed box of metallic grating on the paving of the sidewalk. The Boxes could also work as a store facility when the stand was closed which spared the workers having to assemble and disassemble the stalls daily and carry the products away. Nowadays there are some changes with respect to the original design made by the vendors to improve the stands.

The common structure built in 2004 did not have adequately maintenance. The municipality did not offer assistance after its construction and the collectivity of vendors transferred this responsibility to their administration. The administration’s attributions are the management of the security, cleaning and water supply of the common area of the market and recently also the maintenance of the structure. The administration collects a tax of each stand per week that pays for the water supply and also the four employees in charge for the security and cleaning of the market.

The formalization of the market under a well done infrastructure increased the sales, but, sim-

ilarly to the cases of the *Camelódromo da Uruguaiana* and *Centro de Tradições Nordestinas*, some of the street vendors who worked on the original informal street vending activities sold their stands. In the case of *Rocinha* this has led to one single individual possessing more than one stand, sometimes joining them together in a double stand. While the number of stand "owners" has decreased the total number of people working in the market is now bigger. Almost all stands have more than one person selling products. There are stands where the "owner" works together with an assistant and there are also stands where various assistants work in different turns for an "owner". All people that work in the market live in the *Rocinha's favela*.

Most of the stands sell clothes and the rest sell variety of products from food to notebooks. All prices are much cheaper than in the formal shops and shopping malls. The customers come to the market attracted by the cheap prices. Most of them are dwellers of the *favela*, but there are also few customers from surrounding neighborhoods, who come normally with previous indication.

Preparation of Rio to the International Events

In 2009 urban policies were created for the city of Rio de Janeiro to prepare it for international sporting events to be held in 2014 and 2016. Thus, part of the attention was focused on the elimination of urban disorder and the minimization of informality. The measures regarding street vending are specified in the Operation to Combat Urban Disorder, a plan to restore public order. Regarding the street vending a set of programs, operations and tools to persecute, promote and regulate street vendors were put into place. The different measures are used in different ways in different localities of the city, depending on the characteristics of each locality, as well as the interests of stakeholders. The program also aimed to ensure that the already established rules were respected again.

Persecution was done intensively from 2009 until 2010 by the *Choque de Ordem* (Shock of Order), that controlled the compliance with legal rules, confiscated and demolished irregular equipment and confiscated prohibited products. Regulation involved the formulation of *C.U.C.A. - Cadastro Único do Comércio Ambulante* (Single Cadastre of Street Vendors) in 2009 based on the Municipal Law 1876, of June the 29th of 1992. With the C.U.C.A. the municipality aimed the reduction of frauds in the promotion policies, the compulsory taxes payment and the guarantee of social insurance (Secretaria Especial de Ordem Pública, n.d.). The promotion policies are based on the program *Empresa Bacana* (Nice Enterprise), which stimulates the formalization of street vending into micro-enterprises, guarantees that the micro-en-

trepreneurs have access to credit and special taxation, creates new work opportunities to people not included in C.U.C.A. and determines new locations for authorized street vendors (Paes, 2009). Besides, other measures to promote the street vending are the program *Mercado Popular* and the insertion of urban furniture for street vending in urban design projects in the city. The program *Mercado Popular* creates and maintain popular markets around the city. The use of urban furniture for street vending defining patrons, standardized uses⁴, upgrades the vending activities and promotes new activities, as well as facilitates the control of the street vendors. (Monte, 2010)

However the formalized popular markets are not outside of the municipal policy of persecution and regulation of informality. The municipality carries out control operations in the market searching mainly for irregular products, usually pirated media, clothes and mode accessories.(Notícias Rio, 2009)

Conclusions

In the three cases presented four characteristics that appear as a result of the formalization process where observed. These characteristics are: informal upgrading of the infra-structure, increase of profitability, the abandonment of the markets of some pioneer vendors and the appearance of informal jobs inside the formalized markets.

All markets present modifications in the original infrastructure provided by the municipality done by the vendors: From the complete re-building of the market in the case of the *Camelodromo da Uruguaiana* to the modification of the stands in the case of the *Mercado Popular da Rocinha*. It is interesting to see that, despite the fact that the municipality offered infrastructure only in the second and third cases, the three markets present almost the same facilities after the modification done by the vendors.

This spontaneous changes made by the vendors should make the municipality and its designers realize the real needs of the formalized markets. By including such needs in the new projects the municipality could reduce the number further modifications from the vendors and gain a better control of the infrastructure with less need for supervision. A review of the markets design projects with the participation of the vendors could also be relevant by developing some guidelines for the modification of the existent stands.

The upgrading of the infrastructure allowed the formalized markets to reach more clients by offering new types of products, services and improving their public image. The profitability of

⁴ Interview with a Manager of Secretariat of Urban furniture and Landscape of *Instituto Municipal de Urbanismo Pereira Passos*.

the vending activities therefore increases.

Other pattern common to all the studied cases is that many of the original vendors of the informal market no longer work there. The municipality recommends the pioneer vendors not to sell their stands but it does not offer a viability plan in exchange. This plan, for example in the form of a micro credit program, could have allowed many pioneer vendors to maintain their stands. The sale of the stands by the vendors also foments the improper use of the markets. The objective of these programs was to attend the people that were on the street, providing them with better conditions to work. Unfortunately, many other people who were not in such conditions have taken advantage of this program to expand or begin their businesses. Such individuals, who usually get enough income to support many stands in the markets, should get a formal shop and pay the conventional taxes.

Another consequence of the lack of a viability plan is that the pioneer informal vendors which do not remain in the market still have no better alternative than informality to secure their income. Most probably those informal vendors move their activities elsewhere and further aggravate the problem.

On the other hand the increase in the sales volume of the markets generates new work opportunities. To facilitate their work and obtain a higher profit, the stand owners employ one or more assistants working in various shifts. Unfortunately these jobs are in most of the cases not formal.

This phenomenon is a good example of how informality can find new ways to persist in the economical system. The state's efforts to create new formal workplaces end up favoring the appearance of new forms of informality.

It is observed that many of these characteristics developed in the markets after the formalization appear due to a lack of control. The municipality can not implement sufficient controls to guarantee the original projects, since this would imply too much investment. Without supervision the markets loose their original design. The lack of control also facilitates the appearance of informal vendors, which work for the legalized micro-entrepreneurs of the market. This, together with the sale of stands by the pioneer vendors, previously commented, causes the market to loose its original purpose: The formalization of the street vendors.

In general, the legalization of informal street vending is responsible for the integration of people with low-income in the formal work market. However, these measures are relevant only in the short term, because the main cause of informal street vending is the endemic lack of for-

mal jobs. Without the continuous control of the formalized markets the informality persists in new different forms.

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