



Graduate School of Development Studies

**Street Vending in Zambia:  
A case of Lusaka District**

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I dedicate this research paper to my beloved husband Mainza and my father Kalikuwa for the love and support given to me during my studies.

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## List of Acronyms

CBD	Central Business District
ILO	International Labour Organization
LCC	Lusaka City Council
MLGH	Ministry of Local Government and Housing

## **Abstract**

Various factors influence people's choice of trading location. This paper analyses why street vendors despite the provision of formal market infrastructure still decide to trade from the streets. Theories of the informal economy were adopted to get insights into the issues of street vending. Based on survey results the study establishes that for street vendors accessibility of customers is a key consideration and they strategically locate on the streets to avoid formalisation costs such as rent, taxes and licences. Whereas for market traders selling from the formal market, a secure and clean environment is important. Therefore, policies of the informal economy should take into account the nuances and heterogeneity of the sector, in that, governments should come up with more inclusive policies that will accommodate all traders according to their practical needs and not perceived needs such as building formal market infrastructure for all.

## **Relevance to Development Studies**

The informal economy plays a crucial role in the development process of low income countries through the provision of livelihood for the majority of the population. Street vending is one area that many poor people depend on to survive. This study presents a case where street vendors are not recognized by law and are considered a nuisance by the local government who try by all means to get rid of them. However, the study shows that the recognition and appreciation of the role of street vendors in the economy remains important in economies where not many formal jobs have been created. Thus as actors in the economy, street vendors have to be engaged in decisions made by local government concerning their welfare. This study will therefore contribute to the available scanty literature on bringing out the voices of the street vendors that have been suppressed in many countries due to its illegality.

## **Keywords**

Street Vending, Informal Economy, Local Governance

# CHAPTER 1:

## Introduction

The problems faced in Lusaka between the local authorities and street vendors are found in cities all over the world especially in developing countries. Street vending is one of the major activities in the informal economy and it is known to be an old practice that has always had a presence in the composition of cities. However, street vending in Zambia is illegal and considered as a public nuisance. With an ever growing population from 7,759,161 in 1990, 9,885,591 in 2000 and 13,046,508 persons in 2010 (Zambia Central Statistical office 2011), street vendors have also been increasing in numbers. Even though statistics are hard to get, the increase in street vending can be seen on the streets being more populated than was the case in the 90s.

In response to the street vending problem, the Zambian government has been putting up formal market infrastructure across the country so that street vendors can trade in an orderly, safer and good environment. This was against the background of the various problems that the country has been facing with regards to street vending. Some of these problems include; 'stealing' customers from the formal economy, nonpayment of taxes, causing road traffic congestion and sanitation related diseases such as cholera, crime (pick-pocketing) and walking in the city centre is sheer agony for shoppers and pedestrians. However, despite government putting up formal market infrastructure, street vendors keep trading from the streets. One such infrastructure is the new Soweto market located near the central business district of Lusaka. This market will be used as a case in establishing why traders choose to trade from the streets. Thus, the paper argues that the informal sector has a specific function in the economy and that it is not inferior, it is not invisible, it is not stealing customers away from the formal economy, it is not a third class economy and it is not submerged in the formal economy but it is a specific segment of the consumers' market, it is visible and operates in the open, it is just another sector which government happens not to like. It is a sector which has found a niche in the market, a niche that government has failed to recognize and appreciate.

A research done by Hansen on Zambia provides a background to the problem of street vending and the interventions that government has made so far. In the late 1990s Zambia constructed a new ultra modern market in the capital city of Lusaka to cater for street vendors; the construction was preceded by relocation of all vendors who used to run their daily business in the space allocated for the new market infrastructure. Initially, the vendors fought to be allocated stores in the new market, but consequently most vendors turned to the streets as the fees for operating in the new privately managed structure were too high for most vendors to afford (Hansen and Vaa 2004). Hence those that could afford to pay occupied the stores and those that could not afford continued to trade in the streets.

In 1999 a campaign of removal of street vendors from the central business district of Lusaka to occupy established formal markets was initiated by the local government. However, it was in 2002 that the local government with the help of law enforcement agents such as the paramilitary and police personnel managed to get rid of vendors off the streets. As noted by Hasan (2004: 76) the law enforcement officers were stationed in heavily trafficked parts of Lusaka for quite a while in order to ensure that vendors did not get back on the streets. This campaign was motivated with the need of creating a conducive environment, promoting better health and increasing security for the city population and the vendors (Hansen 2004: 68).

However, the local government failed to achieve their objective because they did not create enough market places whereas the existing ones became overcrowded and were short of services such as water supply and sanitation, electricity and refuse removal as promised at the onset of the removal operation thus traders went back on the streets (Hansen and Vaa 2004). Based on



Hansen's research, the government responded by building enough formal markets to cater for all the traders. Nevertheless, the problem of street vending has continued.

## **1.1 Relevance and Justification**

The findings of the research aim to bring to light the voices of the street vendors in understanding why they do not trade from formal designated markets. In addition, to generate practical information that will inform policy makers so that they are able to understand the dynamics of street vending at least by considering the voices of the vendors. Local development practitioners will also gain better insights in managing the problem of street vending since opportunities for intervention as well as policy gaps will be identified.

The results of the study will contribute to the body of knowledge in understanding why street vendors do not use designated market infrastructure. Most of the body of knowledge is about why street vendors exist and the pros and cons of vending, not much has been written on reasons why street vendors sometimes choose not to use designated market infrastructure. This study therefore, will add to the body of knowledge on street vending a case study on the resistance to formal market infrastructure by street vendors in Lusaka, Zambia and findings on the relationship between government intervention and street vending rationale.

## **1.2 Research Objectives and Questions**

### **Objectives**

1. To better inform policy makers on the rationale of street vending.
2. To understand the relationship between government and street vendors.
3. To find out how traders make their choices on trading location.

### **Research Question**

“Why are street vendors not conducting their business from formal designated markets?”

### **Sub Questions**

1. What regulations are there relating to access to space for street vendors? What is the perception among traders regarding these regulations? What is their experience of enforcement? How vulnerable are they to evictions and confiscations by the local authorities?
2. Do traders have different rationale in choice of trading location? Why does it work for some (whom?) and not for others?
3. In what ways does the provision of formal infrastructure mean formalization?

## **1.3 Research Methodology**

The research study was carried out in the Central Business District (CBD) of Lusaka and from the new Soweto market targeting street vendors, market traders and former market traders who used to sell from the new Soweto market but currently selling from the streets. The city of Lusaka was selected because there is a high volume of street vendors compared to other districts in the country and most of the traders migrated to Lusaka. During the country's 2000 census, Lusaka recorded the highest population growth rate of 3.5% (Zambia Central Statistical office 2003). The new Soweto market was selected for this study because it was built specifically to decongest the CBD of street vendors; however, it has very few traders operating from the

market infrastructure despite the availability of trading space. The field work was carried out for 7 weeks.

### ***1.3.1 Sampling***

Since my target group was street vendors, former market traders and market traders, I selected a sample population from this group of traders. In addition, information was gotten from key informants. The sample was purposively selected from the target population. Purpose sampling was used to select a group of people that had the characteristics of what was being studied and also targeted those that were available and willing to answer the questionnaires and interviews. Purposive sampling helps to confirm or disconfirm stories that one gets from the field. According to O’Leary (2010:170) purposive sampling involves “the selection of a sample with a particular purpose in mind, representativeness will depend on the researcher’s ability to select cases that meet particular criteria including typically, wide variance, expertise, etc”.

In my study I have used purposive sampling in the selection of the study location and case since I was interested in finding out why street vendors do not use formal market infrastructure despite the availability of trading space. I also purposively selected four main roads within the central business district to have a mix of vendors selling different products such as second hand goods, food stuff and other items.

Thus, a sample size of 48 people was selected comprising 20 street vendors, 10 traders from the new Soweto market, 10 former market traders that were trading from the market and decided to move to the streets, 4 people that buy from the street vendors, a member from the market development committee and the manager in charge of the new Soweto market, Lusaka city council public relations officer and the Minister from Local government. I was unable to interview the Minister in the Ministry of Local Government and Housing due to parliament being dissolved in readiness for national general elections that took place on 20<sup>th</sup> September, 2011. In his place I interviewed the Lusaka city council police commandant who is in charge of ensuring order and security among traders in the city. To facilitate the data collection, I used two research assistants and a half day seminar was held to familiarize the research team with objectives of the study. Questionnaires were pretested on 5 traders and reviewed for corrections before administering them to the target group. It was observed that some traders could not speak English hence the questionnaires were administered using a local language for those that could not understand English (use of direct translation from English to a particular local language).

The 20 street vendors were selected from four roads within the CBD that are usually populated with vendors and these are Chachacha, Freedom way, Lumumba and Los Angeles road. I approached any street vendor in these streets, however, some were willing to talk to me while others were not so I administered the questionnaire to those that were willing and picked both men and women. For the 10 former market traders I had to look for them and it was not easy to find them because there was fear that maybe I was a local government official trying to find them and prosecute them for being in the streets and yet they own a store in the market. However, when approaching the street vendors I assured them confidentiality and that I would not get their names but just their age so those that knew the former market traders could lead me to them and the others I managed to find them on my own by moving from trader to trader asking. For the 10 market traders, I spoke to five traders in the market shade and five from the shops I did not have problems accessing this group of traders. Hence, my criteria for choice were those willing to talk to me. In my sample I tried to mix traders that were selling different products to widen my scope and it was my purpose to get more or less as many men as women.

### ***1.3.2 Data Collection and Analysis***

The methodological tools used to collect data were both primary and secondary data that included; short survey questionnaires which had both closed and open ended questions, observations, semi-structured interview and literature review. The primary data collection involved personal interviews and observations in the study area. The questionnaires and interviews used on the traders and public customers were on a one on one basis. Key informant interviews were also conducted with officials from the market and local authority that work with market traders and also are in charge of ensuring that there is no street vending within the central business district. The interviews used semi-structured questions that helped to gather data to authenticate the research. The case study of the new Soweto market helped to bring out the situation of traders at hand and also to see the reality of increased street vending in the central business district of Lusaka. The secondary data collection constituted reviewing existing literature in form of published peer reviewed Journal articles, published books, conference papers, newspaper articles, government publications and other researches available on the internet. As pointed out by O'Leary (2010:18), "surveys and interviews put the researcher in charge. Not only do you ask what you want, you also get to ask it how you want, i.e. you get to choose the wording, the order, the prompts, the probes".

After the data was collected, it was analysed both quantitatively and qualitatively. This was done by comparing and contrasting the primary and secondary data. Simple statistical analysis techniques were employed in analyzing the data. The compilation and analysis of quantitative data was done using the Statistical Package for Social Science (SPSS) software. The interviews carried out were interpreted and analysed qualitatively. The data gathered is summarised and presented using various graphic methods. The final stage was to engage in a discussion of the findings and afterwards, conclusions and recommendations were made.

### ***1.3.3 Limitation of Study***

Being an election year in Zambia some people were reluctant to give me the necessary information due to suspicions that the information may be used against them for campaign purposes. In addition, since street vending is illegal, it was difficult to do field work as some vendors were not willing to talk to me. It was also difficult to take pictures in the streets because some street vendors were aggressive. Furthermore, it was a challenge to find the former market traders as they were scattered in different places and it was time consuming for me because I had to move from one vendor to the other asking if they were in the market before they went to the streets. Generally, due to the nature of my respondents carrying out the research was time consuming because the traders had to attend to their customers as well as talk to me. Nonetheless, I managed to carry out my field work.

## **1.4 Organization of the Paper**

The study is divided into five chapters. The remainder of the paper is organized as follows; Chapter two reviews the major debates surrounding the informal economy and the issues of governance. Chapter three presents contextual information keeping in mind the specific case study of Lusaka district. Chapter four presents the research findings along with their explanatory analysis and discussions. Chapter five is a summary of major findings, conclusion and policy implications. In this paper, the terms informal economy and informal sector are used interchangeably<sup>1</sup>.

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<sup>1</sup> I am fully aware of the conceptual differences between the informal sector and informal economy of which the differences can be a subject of debate, however, this study will use the words interchangeably.

# CHAPTER 2:

## An Overview of the Informal Economy

### 2.1 Introduction

This chapter engages in a theoretical debate of the informal economy, street vending and local governance. Firstly, a discussion on the informal economy that was necessary to this study is discussed; going into perceptions and debates. Then the role of local governance in the informal economy is presented.

Different authors have used different terms to refer to the informal economy. It has been called the irregular economy (Ferman and Ferman 1973), the underground economy, the black market (Rakowski 1994), or the hidden economy (Frey and Pommerehne 1984)). In addition, “the popular media uses terms such as invisible, hidden, submerged, shadow, irregular, non-official, unrecorded, or clandestine”(Losby et al. 2002). The common practice is that informal activities in many countries are not recognized by their governments.

In 2002, Africa’s informal sector was approximately over 60 percent of all urban jobs and over 90 per cent of all new urban jobs, though estimates differ, street vending has been estimated to account for the largest share of these jobs after home work (ILO Employment sector 2000 as cited in Lyons, M. and S. Snoxell 2005: 1302). The increase is much more rapid in sub-Saharan African cities, where urbanisation has not been accompanied with equivalent economic growth (Cohen 2004).

For the past 30 years, the fundamental principles of the International Labour Organisation (ILO) policy and other organisations have revealed greater responsiveness of the inevitability of informal sector activities and of their income generating potential (Lyons, M. and S. Snoxell 2005: 1302). According to this principle, governments should put their efforts on creating an enabling environment for the informal sector. Nevertheless, “even where such a developmental approach is adopted, formalisation policies are hardly ever wholly successful and often fail completely, as informal traders return to occupy public space, formal market buildings stand empty” (Lyons, M. and S. Snoxell 2005: 1302). On the other hand, although much is known about the political capacity and organisation of informal trading about its practical requirements and about some of the driving forces of its social dynamics (Lyons and Snoxell 2005), the reasons as to why traders leave the formal market structures to trade in the streets are less well documented.

### 2.2 Conceptual/Theoretical Framework

#### 2.2.1 Informal Economy

The concept of the informal sector was first used by well known social anthropologist Keith Hart in his article “Informal income opportunities and urban employment in Ghana” (Hart 1973). Hart’s study focused on self employed workers in Ghana who were unable to find jobs in the formal sector. Hart (1973: 61) explained that price inflation, insufficient wages, and a growing number of workers who were surplus to the requirements of the urban labour market had led to a soaring level of informality in the income generating activities of workers, which varied in terms of legality, official registration, skills required, and other factors. Hart also showed how informal employment may act as a buffer, for those who are out of employment, against impoverishment or reliance on others. The concept of the informal sector used by Hart and the

ILO and later supported by Tokman is known as the dualist theory. Other theories regarding the informal sector are the structuralist and the legalist.

Over the years there have been continuous debates among the three theories regarding the informal economy. According to the dualist theory, the persistence of informal activities is due to the fact that not enough formal job opportunities have been produced to take in surplus labour due to a slow rate of economic development and a faster rate of urbanization (Tokman 1978). It was argued that industrial growth would result in increased wage sector employment on the basis that there was a positive relationship between the growths of output, employment and labour productivity, while the filter down effect would eventually lead to redistribution of resources and income throughout society (Moser 1978: 104). In this logic the economy was conceived as being dual, consisting of traditional and modern sectors. Thus the dualistic theory views the formal and informal sectors as having almost no links with each other and in theory represent almost two opposite parts of the economy.

As a result, the informal economy has generally been defined in contrast to businesses in the formal economy (Wahnschafft 1982: 431). For instance, the International Labour Organization (ILO) characterised the informal activities as ones in which there was ease of entry for the new enterprises, reliance on indigenous resources, family ownership, small scale operations, unregulated and competitive markets, labour intensive technology, and workers acquired skills outside the formal school system (Papola 1980: 819). In contrast, the formal economy was characterised by higher barriers of entry, frequent reliance on imported resources, maybe organized as corporations, operate mainly at larger scales, are capital intensive and based on imported technology, formally acquired skills and protected markets using tariffs, quotas and licenses (Timothy and Wall 1997: 323). Consequently, the informal economy has come to be understood as the obverse of the normal sector in terms of being unregulated, unregistered and untaxed, that is, as being outside the modern economy or not formalised (Tokman 1989: 1067). The informal sector was also viewed primarily as a developmental component of the urban economy that provides jobs for the increasing number of migrants who leave the rural areas and flood the urban cities of many developing countries. It was assumed that the informal economy was characterized by its own dynamics and that it would be able to create additional jobs and income if supported by government policies (Teltscher 1994: 169).

However, Chen disputed the dualist view of thinking by arguing that, the formal and the informal economy are often dynamically linked with many informal enterprises having production or distribution relations with formal enterprises, supplying inputs, goods or services ready for the market either through direct transactions or subcontracting engagements; moreover, several formal enterprises employ wage workers under informal employment relations, for instance, the majority of part time workers, temporary workers and home workers work for formal enterprises through contracting or sub-contracting arrangements (Chen 2007: 2).

In reaction also to the dualist theory, a new understanding of the informal sector emerged, the structuralist also known as the black market theory, the underground theory, the world systems theory and the Portes theory (Rakowski 1994: 503). The structuralist school was propounded by Moser and by Castells and Portes in the late 1970s and 1980s and they focused on the analysis of the modes of production within the capitalist system and the subordinations that occurred within it (Saha 2009).

Structuralist proponents rejected the dualism argument of the economic system and emphasised the way in which forms of production, productive units, technologies, and workers are integrated into various parts of the economy (Rakowski 1994: 503). For instance, micro firms in the informal sector act as subordinated, dependent and specialised units of a formal sector (Moser 1978), where you have the owner of the means of production producing for the market.

The Large capitalist producers (owners of production) were frequently equated with formal enterprises while small petty producers with informal sector workers (Teltscher 1994: 170).

This has led to the majority of workers being pushed out of the formal sector, where they enjoyed job security, and into the informal sector, where they have no security, due to large capitalist firms' desire to cut down input and labour costs, increase flexibility, increase competitiveness and protect profits in the wake of increased state regulations and changing global conditions (Saha 2009: 232). The forces of global integration also put downward pressure on salaries and, in addition to deregulation, liberalization and privatization, resulted in the erosion of incomes, social services and benefits, leaving many workers with no option but to create their own jobs in the informal sector in order to survive (Kirshner 2010).

Despite the long standing debates between the conceptual differences provided by the dualists and structuralist theories, it is clear that by the end of the 1970s, the informal sector had been identified and there are several points of agreement between the two theories. They both focus on forms of production, identifying economic restructuring and/or crises as factors in the growth of informality and its shifting role in the 1980s, and accepting the heterogeneity of the informal economy (Rakowski 1994: 503). According to Portes and Sassen-Koob (1987: 31) "the informal sector is structurally heterogeneous and comprises such activities as direct subsistence, small scale production and trade, and subcontracting to semi clandestine enterprises and home workers". In addition, the informal economy simultaneously involves flexibility and exploitation, productivity and abuse, aggressive entrepreneurs and defenceless workers, libertarianism and selfishness (Rakowski 1994: 503).

Before the thinking of heterogeneity emerged, traders in the informal economy were seen as a homogenous group, hence the logic of many governments of putting up market infrastructure to create order in the city and have all traders trading from designated formal infrastructure. However, this kind of policy has not worked for Zambia, because despite having enough trading spaces in markets street vending has continued to prevail. Hence, the view of street vendors as a heterogenous group makes sense because vendors in different countries have different logics as to why they continue trading in the streets.

For example a research done by Sergio Ferragut on the formalization of street vendors in Quito, Ecuador, where vendors were trading in the streets because they did not have trading infrastructure and when Quito local government provided infrastructure for them, the vending problem was solved and all the vendors moved to the formalised stores (Ferragut 2009). However, this is different for Zambia because the government has provided enough trading infrastructure and yet the majority of vendors have decided to stay trading in the streets while very few traders are in the markets utilizing the infrastructure.

Another theory regarding the informal economy is the legalist propounded by Peruvian economist Hernando De Soto who argued that informality is a consequence of bureaucratic barriers and that the inflexible rules and regulations, terms and conditions for operating a business in the formal sector are so tedious such that it becomes an additional burden for people and hence they are forced to circumvent formal rules and regulations by operating in the informal sector (Maiti and Sen 2010).

According to De Soto the informal economy is comprised of different economic activities that include micro entrepreneurs who prefer to operate informally. De Soto argues that the informal economy grows because traders try to avoid the cost of formality in terms of strict rules and regulation, taxes, time and effort involved in complying with formal state procedures (De Soto 1989). In less developed countries, the word informal economy has generally been associated with unregistered and unregulated small scale activities or enterprises that generate income and employment for the urban poor (Bernabè 2002: 6), street vending is one such activity. Legalists focus on the link between informal enterprises and the formal regulatory environment, not formal businesses. Nevertheless, "they acknowledge that capitalist interests—

what Hernando de Soto calls ‘mercantilist’ interests—collude with government to set the bureaucratic rules of the game” (De Soto 1989 as cited in Chen 2007: 7).

Given the heterogeneity of the informal economy, there is some fact to each of these perspectives (Chen 2007). Each perspective contributes empirical knowledge and point out critical issues. The dualist perspective contributes information on the technical basis of production, self employment and responses to surplus labour supply; “Some structuralists contribute information on the way in which certain productive forms and producers are "marginalized" from benefits, disabled competitively, exploited, and subordinated by large firms in ways that contribute to capital accumulation (hence, development)” (Rakowski 1994: 507). On the other hand, the legalists contribute information on entrepreneurship and the impact that institutions and state intervention have on informal activities (Rakowski 1994: 507).

Despite differences in terminology, basically all the theories conclude that informality is the expression of the uneven nature of capitalist development in peripheral societies and they also agree on the fact that informal economies can be growth economies under certain conditions: technological advancement, export oriented, and relative autonomy (when not integrated into vertical hierarchies of subcontracting) (Rakowski 1994: 504). Although not policy oriented, structuralists agree with the advisability of a heterogeneous policy package and the need for state intervention to reduce inequalities, limit exploitation, and support entrepreneurial endeavours (Rakowski 1994: 504). Table 2.1 summarises the key differences between the old and new views of the informal economy. This paper adopts the new view of defining the informal economy as it suits best with the nature of the informal economy in Zambia.

**Table 2.1: Old and New Views of Informal Economy**

<b>The old view</b>	<b>The new view</b>
The informal sector is the traditional economy that will wither away and die with modern, industrial growth.	The informal economy is 'here to stay' and expanding with modern, industrial growth.
It is only marginally productive.	It is a major provider of employment, goods and services for lower-income groups. It contributes a significant share of GDP.
It exists separately from the formal economy.	It is linked to the formal economy—it produces for, trades with, distributes for and provides services to the formal economy.
It represents a reserve pool of surplus labor.	Much of the recent rise in informal employment is due to the decline in formal employment or to the informalization of previously formal employment relationships.
It is comprised mostly of street traders and very small-scale producers.	It is made up of a wide range of informal occupations—both 'resilient old forms' such as casual day labor in construction and agriculture as well as 'emerging new ones' such as temporary and part-time jobs plus homework for high tech industries.
Most of those in the sector are entrepreneurs who run illegal and unregistered enterprises in order to avoid regulation and taxation.	It is made up of non-standard wage workers as well as entrepreneurs and self-employed persons producing legal goods and services, albeit through irregular or unregulated means. Most entrepreneurs and the self-employed are amenable to, and would welcome, efforts to reduce barriers to registration and related transaction costs and to increase benefits from regulation; and most informal wage workers would welcome more stable jobs and workers' rights.
Work in the informal economy is comprised mostly of survival activities and thus is not a subject for economic policy.	Informal enterprises include not only survival activities but also stable enterprises and dynamic growing businesses, and informal employment includes not only self-employment but also wage employment. All forms of informal employment are affected by most (if not all) economic policies.

Source (Chen 2007: 5)

### ***2.2.2 Street Vending***

Street vending is one of the most visible activities in the informal economy and is found everywhere in the world, both in developed and developing countries. It has been defined in many different ways by various authors. However, a common theme among definitions is the location of trade. It may include trading without a permit, trading outside formally designated trading locations and non-payment of municipal/national taxes or self allocation of shelter for trading (Lyons, M. and S. Snoxell 2005: 1304).

Bhowmik identified street vendors as self employed workers in the informal economy who are either stationary or mobile, he defined a street vendor as a person trading from the street “who offers goods for sale to the public without having a permanent built-up structure from which to sell” (Bhowmik 2005: 2256).

Bromley (2000), identifies the location of trade as streets and other related public axes such as alleyways, avenues and boulevards; and Mitullah (2004: 5) describes street trade as an activity which takes place “outside enclosed premises or covered workspace” on street pavements, sidewalks, but also at bus stops and in other public places.

On the other hand Cross uses legal infringements as the defining principle. He defines street vending as “the production and exchange of legal goods and services that involved the lack of appropriate business permits, violation of zoning codes, failure to report tax liability, non-compliance with labour regulations governing contracts, work conditions, and/or legal guarantees in relations with suppliers and clients” (Cross 1998: 580).

This paper adopts Bhowmik’s definition of street vending because it best describes how street vending is carried out in Zambia. The Lusaka city council defines street vending as “an illegal activity, a situation where people have opted to sell their merchandise in non designated areas” (LCC Public Relations Manager, 2011)<sup>2</sup>.

Street vendors are known to play a very important role in the urban economy by providing employment, income and other items to the public. They sell different kinds of goods such as second hand clothes, vegetables, fruits, food stuffs, plastic goods, and various household necessities, which are manufactured in small scale or home based industries. In many countries the urban poor prefer to buy clothes and accessories from street vendors because the goods that they sell are usually cheaper and affordable than those found in formal retail shops (Saha 2009: 231).

Street vendors can be categorised as survivalists entrepreneurs with very few growth oriented. According to Berner et al. (2008:1), “survival entrepreneurs do not start their business by choice but because they cannot find wage employment; they attempt to increase security and smoothen consumption rather than maximising profits; for this purpose they diversify their activities instead of specializing”, they consider profits as part of their household income. Similarly, Gomez (2008: 10) argues that the majority of survivalist micro-enterprises in developing countries do not pursue expansion in their business rather they are necessity driven entrepreneurs that are forced into selling due to joblessness or other economic shocks. She further adds that most poor entrepreneurs started selling as a means of surviving and that the products of the survival entrepreneurs are generally of low-quality mainly supplying the survival needs of low income consumers whose purchasing power is limited to the lowest priced products or cheap imports (Gomez 2008: 12). On the other hand there are growth oriented entrepreneurs, “mainly men, who specialise on a single firm, may use hired labour and seek external sources of capital” (Gomez 2008: 11).

In Zambia most street vendors sell in the streets for survival and because they have failed to find employment in the formal economy they get involved in street vending as their only option.

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<sup>2</sup> Definition obtained from interview with key informant



The street vendors also sell different types of goods, they do not specialise, thus confirming Berner et al statement of diversification of activities. Table 2.2 shows the characteristics of survival(ists) and growth oriented enterprises. This characterization will help to analyze the kind of businesses found among traders in Lusaka district.

**Table 2.2: Characteristics of Enterprises**

<b>Survival(ist)</b>	<b>Growth(-oriented)</b>
(Street businesses, Community of the poor, [Microenterprise,] Necessity-driven, Informal own-account proletariat, Sub-subsistence)	(Small-scale family enterprise, Intermediate sector, [Microenterprise,] Opportunity-driven, Petty bourgeoisie, Micro-accumulation)
Ease of entry, low capital requirements, skills and technology	Barriers to entry
Involuntary entrepreneurs	Entrepreneurs by choice, often with background in regular employment
Female majority	Male majority
Maximizing security, smoothing consumption	Willingness to take risks
Part of diversification strategy, often run by idle labour, with interruptions, and/or part-time	Specialization
Embeddedness in social relations, obligation to share	Disembeddedness, ability to accumulate

Source (Berner et al. 2008)

### **2.2.3 Local Governance**

Local governance plays a key role in the economy. It is important to note that, local government is one of the major actors in the governance concept because it is responsible for providing goods and services to its citizens at the local level. This study will try to analyze why the local government and street vendors do not understand each other. The local government has its own logic of how to keep the city in order by building market infrastructure for street vendors. On the other hand, street vendors have their own logic as to why they continue trading in the streets. The concept of local governance will help us to understand what kind of relationship exists between street vendors and the local government in Lusaka.

Local governance refers to the activities that the public carry out at different levels of government jurisdictions below the centre (Bhuiyan 2010: 660), and is described as “structures and processes of societal decision making at the local level” (Helmsing 2002: 319). “Local governance encompasses the direct and indirect roles of formal institutions of local government and government hierarchies, as well as the roles of informal norms, networks, community organisations, and neighbourhood associations in pursuing collective action by defining the framework for citizen-citizen and citizen-state interactions, collective decision making and delivery of local public services” (Shah 2006: 2).

Bhuiyan (2010: 660) identifies local governance as a process in which local people take the initiative to engage and organize themselves for purposes of participating in their governance. In the same vein, Shah (2006: 1) orate that local governance includes the formulation and implementation of collective action at the local level. It is alleged that local governance would boost people’s confidence in themselves and their self identity and self worth. However, to be able to achieve this, for example in a unitary state, local government can act on behalf of the central government since the major responsibility of local governments is to provide goods and services to residents within a particular geographical area, town, cities or communes (Bird and Slack 2007: 737) and also to give citizens in that area a sense of participation in the political processes that influence their lives. Thus, local government becomes about local decision-

making, planning, financing, implementation, monitoring, accountability and management of local development processes that do not rest only on the powers, resources and actions of local government but also important space and roles given to other actors and citizens to participate.

Prompted by the decentralization policies operating at the government level during the 90s, the organization of the local governments throughout Zambia changed. These changes were aimed at transferring power and responsibility to the lower levels of government. The decentralization policy, adopted in 2004, created a new tier of local government between the citizens of Zambia and the local governments. Falleti (2005: 328) defines decentralization as “a process of state reform composed by a set of public policies that transfer responsibilities, resources, or authority from higher to lower levels of government in the context of a specific type of state”.

In the current debates, decentralisation has ceased to be a local government affair and has turned into a local governance issue. (Local) governance is seen as a different way of governing (Rhodes, 1999 Stoker, 1998 UNDP, 1997 as cited in Helmsing 2002: 319). Stoker (1998: 17) states that, “governance is ultimately concerned with creating the conditions for ordered rule and collective action”. He defines governance as “the development of governing styles in which boundaries between and within public and private sectors have become blurred” and he further defines governance as “a set of institutions and actors that are drawn from but also beyond government” Stoker (Stoker 1998: 18). On the other hand, John (2001) defines governance as “the capacity of governing systems to co-ordinate policy and solve public problems in a complex context”.

The essence of governance is its focus on governing mechanisms where it is not possible to recourse to the authority and sanctions of government (John 2001). In addition, the governance concept points to the development of a structure which cannot be imposed by outsiders but is the result of the interaction of a multiplicity of governing each other and influencing actors (Stoker 1998: 17).

However, many local governments do not consider the informal economy (street vendors) as an important actor in the economy. Generally, work within the informal economy is usually not recognized or protected under legal and regulatory frameworks. As informal activities in many countries are on the fringes of the law, authorities often confuse them with criminal activities and subject them to oppression (ILO 2002:3 as cited in Brown 2006). Street vending is mainly affected by policy and practice of both national and local governments. According to Brown (2006: 191) actions of local governments can be a major hindrance to the development of a secure environment for street trading. Brown further adds that, the roles of local governments and their relations with traders depend on their structure and responsibilities, the urban financial system and the regulatory environment they enforce. For instance decentralization of local governments has not been particularly helpful to street trading.

In Zambia, there is lack of participation by street vendors in any decisions that local government makes concerning street vending. The survey that was carried out revealed that very few traders were engaged in consultations with the local authority during the construction of the new Soweto market. Brown notes that Involving all relevant stakeholders in decision making would probably result in more appropriate and acceptable policies with greater chance of implementation and success (Brown 2006: 205).

However, in most developing countries, urban authorities and elites have long complained that street vending is a major problem in their cities (Bromley 2000: 10). For this reason, the local government has the responsibility of making sure that they get rid of street vendors. They also have responsibilities to limit congestion, road accidents and crime and to protect consumers against fraud and public health hazards. It is essential too that they collect taxes to be able to finance public services and that they try to bring the whole population within the system of law enforcement, taxation and government support. Generally, local governments have a task to

promote economic opportunity, encouraging entrepreneurship, competition and the widespread availability of goods and services (Bromley 2000: 17). This is why Lusaka local government has constructed enough market infrastructures in the city so as to meet the above issues mentioned by Bromley.

In 2009, the Ministry of Local Government and Housing intervened in the responsibility of the local government and gave the Zambia Police Service about K2 billion to rid the swelling numbers of street vendors from the major roads in Lusaka's central business district. They were about 300 police officers patrolling the town centre on a daily basis getting K50,000 each per day. The police managed to get rid of the vendors. Today the patrolling has not continued because it is too costly for the local government to sustain the operational costs using its own resources, hence, street vendors are back to the streets (Kalaluka 2009).

Another governance issue is concerned with urban public space. The economic liberalization policies of the 80s and 90s that led to a lot of unemployment causing an increasing number of urban residents to move into the informal sector and engaging in various economic activities especially street vending, competition for urban public space grew (Brown 2006: 12). Street vendors concentrated on city spaces where volume of people was high, particularly the central business district in shopping streets, office locations and bus stations. However, many of these locations constitute conflict zones or restricted areas and elite city locations where it is illegal to sell on those streets (Bromley 2000, Leduka 2002).

In addition, Morales and Cross (2007: 15) state that, "where street markets are discouraged or repressed, vendors must often invade (illegally or informally) the space in which to gain access to their clients. This process often puts them in conflict with other local stakeholders who are usually more powerful – local businesses and local franchises of multi-nationals, but also middle-class and upper-class elites who see streets stalls as an infringement of "their" right to use public space". Street vendors and local government contest the appropriate use of space by physical presence and in terms of how local government defines the appropriate use of urban public space. Street vendors in Lusaka often invade illegally the space in the CBD in order to access customers.

Important to note in the debates of public space is the notion of public and private which differs in different parts of the world. Space is controlled in many different ways, according to Brown (2006) it is controlled by boundaries and social conventions that differentiate between the public and private sphere. He adds that, for the urban poor, private space is restricted and fragmented, ignoring the fact that urban public space is an essential resource for the poor but this rarely comes out in policies focusing on housing and shelter.

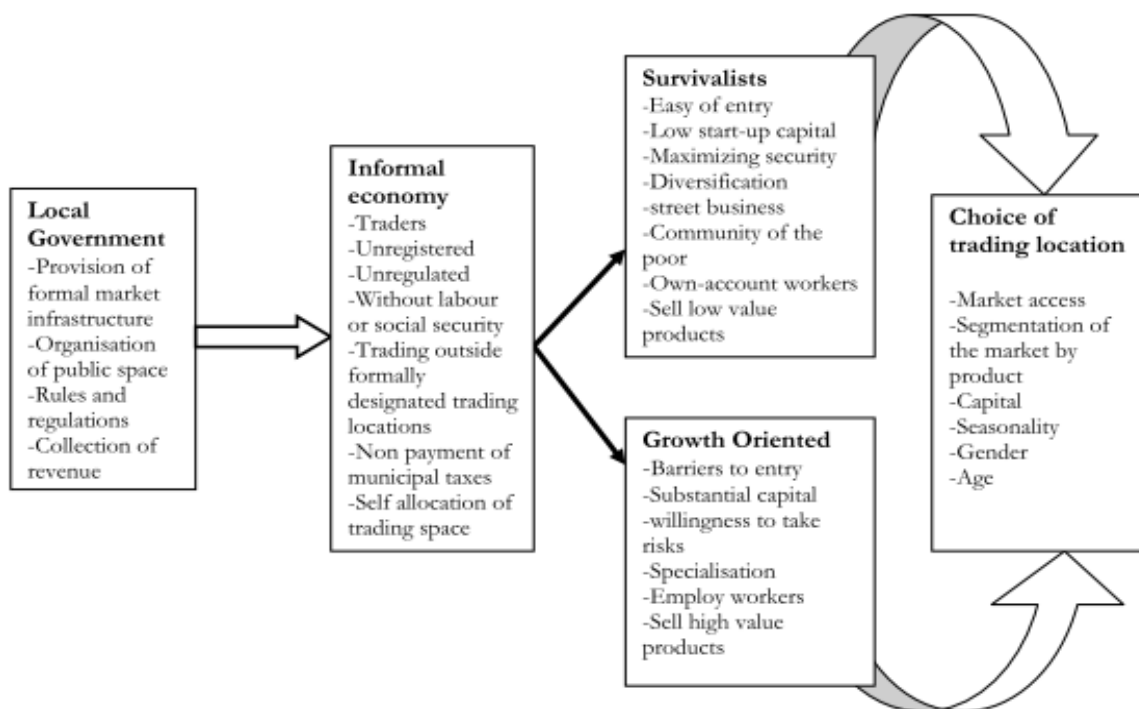
There are several legitimate claims of access to and control of urban public space. Some scholars emphasize more on the potential of urban design to foster a vibrant urban culture, others focus on the excluding effects of privatizing and sanitizing public space in new shopping malls and modern markets. Brown (2006) states that formal spaces have historic, civic and ceremonial significance, and streets and highways are spaces for the movement of people and vehicles to support the urban economy, and squares and green spaces have policies recognising the economic importance of urban public space to the poor. Brown recognizes the challenge of reconciling competing claims for space and also to ensure that the poor have a voice in negotiations over its use. In many instances, urban design is generally dominated by the culture of the rich and powerful, as a result there is inclusion and exclusion of the culture of certain groups in urban society from urban public space such as the poor (Brown 2006).

In some cases, urban managers may try to construct an image of a modern city in order to attract foreign investment, or to implement infrastructure projects such as construction of new shopping malls or new roads. This type of intervention in the physical environment usually implies eviction of those who used to occupy the space causing severe implications for the livelihoods of the poor who depend on the streets (Brown 2006). Street vendors' livelihoods in

Lusaka are not secure as evictions from the public space occur at any time. This tends to make the poor more vulnerable as the space on which they depend on to survive is taken away. Nonetheless, street vendors in Lusaka always find their way back on the street. Thus, local government has to move away from a situation of not considering street vending as part of the economy, but acknowledging that it is a growing activity which is not disappearing and rather needs to be included in urban planning.

The theoretical debates have revealed that the informal economy is important in creating employment opportunity and income for the urban poor and that governance plays a key role in enabling citizen participation in the economy. Thus an analytical approach is developed to facilitate the analysis of the study.

**Figure 2.1: Analytical Approach of the Study**



Source: Own elaboration based on existing literature on the informal economy and field findings

Figure 2.1, provides a framework to analyze the choice of trading location of informal entrepreneurs. Local governments' major role is to provide goods and services to residents within a particular geographical area or city. In this case local government provides market infrastructure so that traders in the informal economy can trade in a good and secure environment to achieve order in the city. The local government also sets rules and regulations to guide traders and they collect revenue from traders through taxes. The traders in the informal economy are either survivalists or growth oriented entrepreneurs who have different rationale for choice of trading location. We see in theory that street vendors mostly survivalists want to maximize security therefore one may guess that they would want to locate at the government market because it is safer and that is a better way of maximizing security. However, this is not the case and one may see this to be strange, thus a question remains on why are traders still in the streets, why have they not moved to the formal market. This paper will try to find out why this is the case by asking the vendors themselves.

## **CHAPTER 3:**

# **Contextual Underpinnings: Street Vending in Lusaka**

### **3.1 A Brief Historical Background of Street Vending in Zambia**

Street vending activities can be traced as far back as the creation of Northern Rhodesia and before colonization, the Zambian society used to trade in public areas mostly along important trading routes. In the late 1970s and early 1980s street vending was referred to as black market and products such as soap, detergent, candles, cooking oil, bread and sugar were among the items that were usually in short supply in the legal retail outlets and therefore sold on the black market (Hansen 2004). The term black market was used to refer to any illegal marketing activity such as vending in streets, yards and homes. “Police occasionally undertook weeps of the black marketers, confiscating their goods and imposed fines or prison sentences on them. But most marketers returned to the streets” (Hansen and Vaa 2004: 64). However, during this time street vending was not so visible, it became more visible after the adoption of the neo liberal reform policies in the 1990s. This shift towards liberalization brought many effects on the Zambian citizens. Privatization of major national companies and downsizing of the civil service led to huge unemployment leaving people without any other option but to join the informal economy. It is estimated that the formal economy lost about 61,000 jobs between 1992 and 1995 (Global Policy Network 2001). Consequently, the reduction of the formal economy fuelled the rapid expansion of the informal sector.

In 1997, out of a total labour force which was estimated at 4.2 million workers, not more than 11 percent were employed in the formal economy (Muuka 2003: 52). The remaining 89 percent of the labour force was either unemployed or employed in the informal economy mainly in street vending activities with the majority of people being women and youths. It is important to note that the main players in street vending are the most vulnerable people in society such as new migrants, the poor, the less educated, persons searching for jobs, and individuals disadvantaged in various ways (Msoka 2006). Street vending serves as a livelihood strategy for the poor or supplementary activity where, individuals in the formal economy employ it as a coping strategy when the economy is not doing fine or when people want to raise money for a specific planned activity (Msoka 2006).

### **3.2 Case Study: Lusaka District**

The district under study has a significant amount of street vendors in Zambia. A 1997 estimate set the number of street vendors in Lusaka central business district at 12,000 (Zambia Daily Mail 1997 as cited in Hansen and Vaa 2004: 71). The majority of them came from low income residential areas that have poor access to health and education facilities and a small proportion came from medium income areas.

In recent years the number of street vendors has continued to increase in Lusaka district. As a result, government with the help of the European Union decided to build modern markets in Lusaka city with the hope that this will solve the problem of street vending. One such market is the New Soweto Market built near to the central business district of Lusaka. This market was used to establish why street vendors do not use designated formal infrastructure that government has built and why on the other hand some traders choose to use the infrastructure.

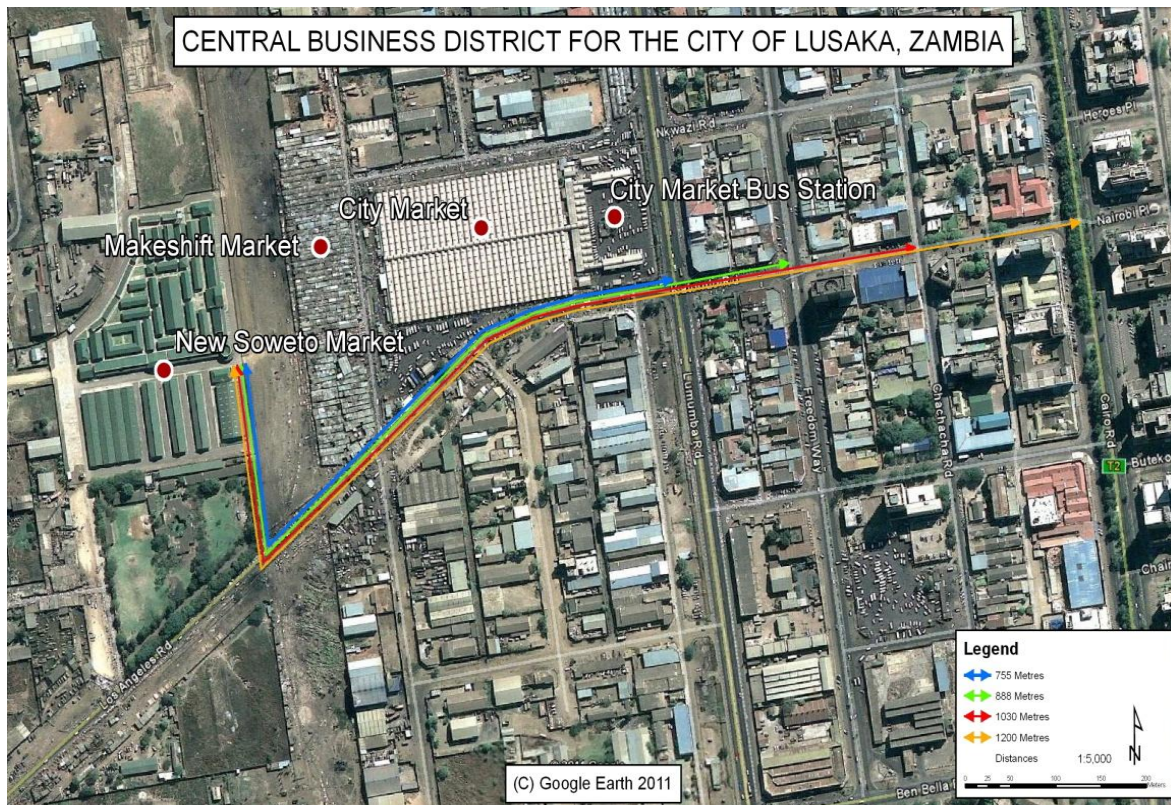
# The New Soweto Market: Context

Figure 3.1: Market Place



Pictures illustrating the situation at the New Soweto Market 2011

Map 1.1: Location of New Soweto Market within CBD



In 2005 government decided to build New Soweto Market close to the CBD of Lusaka with 2,476 spaces which include shops and two market sheds in order to solve the problem of street vending. The biggest number being the market sheds with 1,428 stores allocated to the poorer traders who pay the minimal amount of rental charges. The total cost of the market infrastructure was K36 billion (\$2,725,898.3) which was funded by the European Union (MLGH. 2011).

The site that was chosen by government for building the new market had illegal traders who established themselves with makeshift stores for many years. These traders had a market development committee that coordinated all the market affairs at the illegal site. Hence, when government decided to construct at that site they decided to work closely with the committee in order to convince the illegal traders to move from the site. The committee agreed to work with government to ensure that their traders could easily move to pave way for construction of the new market. However, it was a very big challenge for the committee to convince their members to move because they did not have an alternative place to relocate the traders while waiting for the completion of the new market.

In addition, the traders refused to move from the site because they believed they were going to lose out in terms of ownership. Due to the fact that the market would be owned by the local government, the traders would be expected to pay monthly rentals. They did not like the idea of paying rent since they had complete ownership of the makeshift stores and would use their stores to get credit from friends or sell them when they needed to sort out family problems. Furthermore, the traders were afraid of losing their established customers and also not knowing where to trade from while they waited for the construction of the new market.

Even so, after several negotiations with their members, the market development committee succeeded in convincing them to move and pave way for construction. All the traders that had makeshift stores at the site where the new market was to be built were registered by the committee and the local authority so as to give them first priority in allocation of the new stores upon completion. During construction, the traders moved to the streets.

In 2009, the construction of the new Soweto market was completed and the market development committee became the market committee for the new Soweto market in order to continue serving the needs of the traders in the market. All the traders that had makeshift stores were allocated new stores and the remaining stores were given to successful applicants that had applied to the local government. However, most traders that were allocated the stores did not occupy them instead they continued vending in the streets. One of the reasons that attributed to the non occupancy of the stores is high monthly rental charges by the local government.

The initial rental charges were K60,000 (\$12.6), K150,000 (\$31.5), K600,000 (\$125.8), K800,000 (\$167.7), K2,400,000 (\$503.2), K3,000,000 (\$629.1) and K30,000,000 (\$6290.5) per month using US dollar exchange rate of \$1 equals K4769.07 (Bank of Zambia 2011). To resolve this issue, the new Soweto market development committee engaged into negotiations with the local government to reduce the charges, this was achieved and all the charges were reduced by half. The new charges are K30,000 (\$6.3), K75,000 (\$15.7), K300,000 (\$62.9), K400,000 (\$83.9), K1,200,000 (\$251.6), K1,500,000 (\$314.5) and K15,000,000 (\$3145.3) per month. The traders accepted the reduced prices and agreed to move to the market. With these developments the government was confident that they had managed to solve the problem of street vending.

On the contrary, recent developments still show that government is having problems dealing with street vendors. On 8<sup>th</sup> December 2010, the Zambian Republican President Rupiah Banda officially opened the new Soweto market. During the official opening, he urged street vendors to move to the markets and utilize the infrastructure that government had put up instead of trading in the streets. The president warned that those found on the streets will be pursued by the law. He noted that although traders face a lot of challenges, there was need for

them to take up space in the newly constructed markets (Zambia National Broadcasting Corporation. 2011).

In addition, Lusaka city council public relations manager alleged that the removal of street vendors from streets in the city of Lusaka continued to be a major challenge (Lusaka Times 2010). She added that there has not been any cooperation from the vendors who have continued to trade from the streets. She urged vendors who had been allocated stores in the new Soweto market to move in and trade from the market. “She noted that too often people tend to leave the markets and start trading outside giving the impression that there is no trading space and yet there is adequate space” (Lusaka Times 2010). The local government has adequate market space in almost all the settlements in Lusaka and that most of the market stores are still empty because people have opted to trade on the streets. She argued that members of the public were also to blame due to the fact that they buy from the street vendors, thus encouraging them to continue trading on the streets (Lusaka Times 2010).

Despite all the efforts by the government to remove street vendors, the situation has not changed there are still a lot of street vendors in the CBD of Lusaka. The new Soweto market development committee has continued working at the new market to meet the needs of their members (traders) and they are also working closely with government in convincing the traders that have left for the streets to move back to the market. Figure 3.2 shows pictures of street vending activities in Lusaka CBD.

**Figure 3.2: Street Vending Activities**



Pictures illustrating street vending activities in Lusaka CBD July 2011



### 3.3 Legislation and Market Management

Figure 3.3: Street Vending



Picture showing a poster put up by the Lusaka City Council July 2011

Even if the informal economy has prospects for economic growth and employment creation and in spite of its large size, it is not allowed by law and has mainly been regarded as a nuisance by the authorities. According to the Market and Bus station Act of 2007 of the laws of Zambia, street vending is considered as an illegal activity (Government of Zambia 2007). Thus, the government has built formal markets for the traders. The law further stipulates that, “all markets shall be under the control of a local authority having jurisdiction in the area in which they are situated” (Ibid.). Practically local authorities are responsible for the management of all markets except for private markets which are usually run in partnership with the local authority. Regarding the issue of licences and permits, the Act states that, “a local authority may issue licences or permits to pedlars, hawker and marketers or any other category of licence as may be prescribed for the purpose of operating in a market or market street” (Government of Zambia 2007). Therefore, the local authority charges K100,000 per year for a hawker and peddler license and K50,000 per year for renewal of tenancy agreement for all traders in the council markets. They also charge health and safety licences for traders engaged in businesses such as saloons, restaurants and butcheries and they collect taxes (market levy (rent) and personal levy). The new Soweto market is managed by the Lusaka city council and it operates everyday from 08hours to 18hours.

## **CHAPTER 4:**

### **Street vs. Market Location**

This chapter presents the analysis and discussion of the research findings. The responses to the research questions that were answered are presented in different themes, which are discussed and analyzed in detail below.

#### **4.1 The Profile of Traders in the Sample**

The average age of the surveyed traders was 26 years. The majority (45%) were aged between 20 to 29 years. The remaining of the traders were aged between 30 to 39 years (32.5%) and 17.5% of the traders were aged 40 years and above. The sample size had more female than male traders, with 55% being female and 45% male. My purpose was to select as many women as men for the study sample, however, I observed more female traders than male traders in the new Soweto market.

The majority of traders (77.5%) were married with most of their spouses working in the informal economy as self employed entrepreneurs. Most of the traders raised their capital through doing odd jobs and from relatives. Sixty three percent of the traders were born outside Lusaka, being the capital city the traders migrated to Lusaka in search of jobs and other better opportunities. However, the job market in Lusaka was saturated and most of the traders ended up joining the informal economy mainly in street vending activities. These findings are consistent with the dualist theory which states that the persistence of informal activities is due to the fact that not enough formal job opportunities have been produced to take in surplus labour, due to a slow rate of economic development and a faster rate of urbanization (Tokman 1978).

In general, out of the 40 traders, (63%) managed to reach secondary school level of formal education, 35% managed to reach primary school level of education and only 2% of the traders had no formal education. None of the surveyed traders had tertiary education. This shows that most of the traders have attained a particular level of education. In the past most self employed entrepreneurs were assumed of not having any form of education. Studies conducted in the 1970s and published in the early 1980s indicated that the bulk of both men and women in the informal economy had very little or no education (Judai & Associates 2002: 22). However, my findings have revealed that most traders in my sample have acquired some basic education with the majority reaching high school. This argument is also found in a study done in Uganda, where Ikoja-Odongo and Ocholla's (2004:56) found that most traders had completed primary and secondary education.

From figure 4.1 below, it can be observed that out of the total surveyed traders, 72.5% were engaged in informal trading due to having difficulties in finding salaried jobs, 15% of the traders engaged in informal trading as an easy means of setting oneself up as self employed with low initial capital while the remaining 5% was due to being fired, another 5% was due to other reasons while the least 2.5% was due to the flexibility in working.

**Figure 4.1: Reasons for Selling**



Source: Field Research Findings, July 2011

Most traders sell for survival because they cannot find formal jobs due to government policies of downsizing the civil service and privatisation of major companies. This has made the formal job market in Zambia to become smaller and unable to cater for most of its population. These findings are in conformity with the statement by Kirshner (2010) that, the forces of global integration put downward pressure on salaries and, in addition to deregulation, liberalization and privatization, resulted in the erosion of incomes, social services and benefits, leaving many workers with no option but to create their own jobs in the informal economy in order to survive. It can be argued that most traders in the sample engage in informal trading as their only alternative source of income because they cannot find formal employment. This argument is also found in a study done by Berner et al (2008:1) where they found that, “survival entrepreneurs do not start their business by choice but because they cannot find wage employment”. Similarly, a study done in Zambia by Phillips et al. (as cited in Gomez 2008: 11) revealed that as much as half of the entrepreneurs saw their business as a survival effort.

In addition, a study done by Judai and Associates in Zambia also help confirm my findings. They found the reasons for which women and men in Zambia engage in informal businesses. However, they categorised their findings into two, the push and pull factors presented in table 4.1. Their findings under the push factors resonate with my findings on reasons why people sell.

**Table 4.1: Reasons for Going into Informal Enterprise**

<b>PUSH (COMPELLING) FACTORS</b>	<b>PULL (MOTIVATING) FACTORS</b>
<ul style="list-style-type: none"> <li>• Lack of formal employment</li> <li>• To supplement income from formal employment</li> <li>• Retrenchment</li> <li>• Retirement</li> <li>• Limited capital</li> <li>• Encouraged by friends or family</li> <li>• Inherited the business</li> <li>• Lack of education and training for employment in the formal sector</li> <li>• No other option</li> </ul>	<ul style="list-style-type: none"> <li>• Profit making/financial gain</li> <li>• To utilize skills/received training in the area</li> <li>• Career preference, choice, dissatisfaction with previous job</li> <li>• To gain financial independence</li> <li>• For charity/compassion work</li> </ul>

Source: (Judai & Associates 2002: 31)

## 4.2 Perceptions of Regulation and Licensing

All the traders in the sample acknowledged that by law street vending is illegal and that the local authorities do not give any trading licenses to street vendors. However, all the street vendors would like to have a trading license such as the hawker's license which allows them to sell goods in streets so that they could be trading freely without fearing evictions from the council. On the contrary, the council police commandant explained that,

*“There is a certain segment of traders in the streets that are given hawker's licenses. These are not supposed to be stationery and we have not allowed them to be trading in the central business district. They can only trade from the peripherals, outside the CBD and they are not supposed to be stationery but always mobile. This is what we call the hawker's license or the peddler's licenses” (Mwale 2011, key informant interview)<sup>3</sup>.*

From the explanation by the council police commandant one sees a misconception on how street vendors view the hawker's license. Even so, it was established that most of the street vendors trade without licenses and hence they are regarded as being illegal. It is for this reason that they are evicted or have their goods confiscated by the LCC. One street vendor narrated her experience with law enforcement as she was selling in the street,

*“One day when I was selling the council police arrested me, got my goods and locked me up in prison awaiting my trial in court. The disposal for street vending cases do not take long so I stayed only for one day in prison and the following day I went for my hearing in court. The judge ruled that I pay a fine of K100,000 for selling in the streets failure to which I serve a minimum sentence of one month in prison. At the time of ruling I didn't have money, however our social networks as vendors is strong. My colleagues raised that money through contributions and I was released from prison the following day. When I went to the council to collect my goods I didn't find them, they were gone and no one could tell me who got them, so I had to start from scratch raising capital for my business. I borrowed money from my friends and bought new goods. This is how we survive on the streets it is not an easy thing selling on the streets because we lose our livelihood when caught by the police and we have to struggle to start afresh” (Anonymous, 2011, personal interview)<sup>4</sup>.*

The findings revealed that the compliance of the law by street vendors has not been good. According to the council public relations manager,

*“The compliance of law patterning to street vending hasn't been so good. I say this because street vending is there. Despite the prosecutions that we've had, despite the messages that we've sent people stand up with their heads high and say it's ok to sell in the streets but we think it isn't ok. People have got no respect for the law, there's a lot of lawlessness in this country and people have just taken it that they can sell anywhere which is not good” (Makanta 2011, key informant interview)<sup>5</sup>.*

In addition, 2011 being an election year the situation of street vending has worsened with politicians relaxing on the law enforcement on street vendors for fear of losing votes. This has made the population of street vendors in Lusaka's CBD to more than double. The council public relations manager explained that,

*“People have taken advantage probably thinking to themselves that they can only do a person who is standing a favour if they are allowed to sell on the streets. By doing this person a favour they tend to think that this person is going to think that those people who sell on the streets are going to vote for him/her. But then as a*

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<sup>3</sup> Key informant interview with Mr. W Mwale Council Police Commandant held at Lusaka City Council, 29<sup>th</sup> July 2011.

<sup>4</sup> Personal interview with a street vendor (name withheld due to confidentiality) held in Lusaka central business district, 16<sup>th</sup> July 2011.

<sup>5</sup> Key informant interview with Ms. C Makanta Public Relations Manager held at Lusaka City Council, 20<sup>th</sup> July 2011.

*local authority whether it's an election year or not whether there are votes or not we have to do our work and our work is not allowing street vending because we know that street vending is an illegality and we do not allow illegalities" (Makanta 2011, key informant interview).*

The statements from the local government official imply that they are only concerned about the law and not the needs of the vendors. They are not helping the poor instead they are making them become more vulnerable by arresting them and confiscating their goods. These are people who have very little start up capital and have to do odd jobs or get help from their relatives in order to start their business. One wonders who the law on street vending is protecting. Is it the poor in society or the elite who see street vending as an infringement of 'their' right to use public space? I leave this to the reader to think about.

It has been noted that the people in the informal economy are the majority voters, thus, politicians avoid enforcing the law in times of elections for fear of losing. This was evident even from my own observations. The streets in the CBD have more than doubled by the street vendors as compared to two years ago. In fact during research it was revealed that the vendors were aware that they are not being evicted because the politicians wanted their votes and they were also aware that after elections the situation may change, hence, they are maximising their opportunity to sell from the streets. In addition, the vendors said that during an election year they sell from the streets with no worries of being evicted because they are usually protected by political influence.

Despite inadequate law enforcement, local authorities have a chronic lack of funds for their operations in law enforcement. The Lusaka city council police commandant explained that,

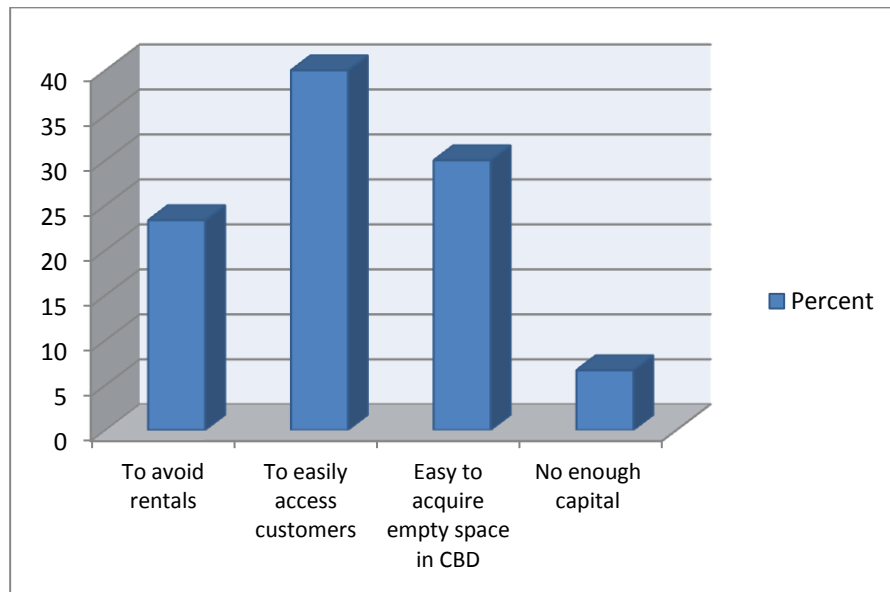
*"The local authority faces several challenges in controlling and managing the city environment. One such challenge is the issue of resources as the institution needs huge sums of money to get rid of street vendors. In 2009 resources were given to the local authority by central government to get rid of street vendors. The resources were used to deploy police officers on the streets to prevent people from trading in the streets. During this period street vending was almost wiped out but it became too costly for the council to sustain the operation. Within three months the council spent billions of kwacha to get rid of vendors this program became difficult to sustain because there were no revolving funds. The monies that were raised from penalties and fines through the courts were not ploughed back to the council; the monies went into the Judiciary, an institution in charge of disposing court cases of street vending. This made the operations of getting rid of street vendors difficult to sustain" (Mwale 2011, key informant interview).*

With the knowledge that the traders have concerning the illegality of street vending and the efforts being made by the LCC to get rid of the vendors, I present the voices of the vendors to understand why they continue trading from the streets.

### **4.3 Why Selling on the Streets**

People engage in street vending for different reasons, out of the total sample of 30 street vendors which includes former market traders, figure 4.2 reveals that the majority (40%) engage in street vending because they easily access customers due to the high volume of movement of people within the CBD. On the other hand, 30% sell in the streets because it is easy for them to acquire space within the CBD where there are no formal application procedures and this saves them from incurring costs. Twenty three percent sell in the streets to avoid paying rent in the formal markets and the remaining 7% due to not having enough capital to sell sufficient goods in the market. These findings are in agreement with De soto's argument that, the informal sector grows because traders try to avoid the cost of formality in terms of strict rules and regulation, taxes, time and effort involved in complying with formal state procedures (De Soto 1989). Street vendors in Lusaka try to avoid all these costs by operating illegally on the streets.

**Figure 4.2: Reasons for Street Vending**



Source: Field Research Findings, July 2011

The street vendors were asked if they had an alternative place where they can operate from if removed from the streets. The findings revealed that 60% had an optional trading place either in the compound markets or in markets within the central business district. While, 40% had no optional trading space as most of the markets were full or not conducive for business. Markets being full, referring to markets within the CBD and not conducive, meaning that customers usually buy their items from the streets hence they would not be able to make substantial profit if they had to trade from the market. Additionally, spaces with high flow of human and vehicular traffic are considered as conducive by the street vendors as they offer them easy access to their customers. These findings resonates with the findings by Morales and Cross (2007: 15) that, “where street markets are discouraged or repressed, vendors must often invade (illegally or informally) the space in which to gain access to their clients.

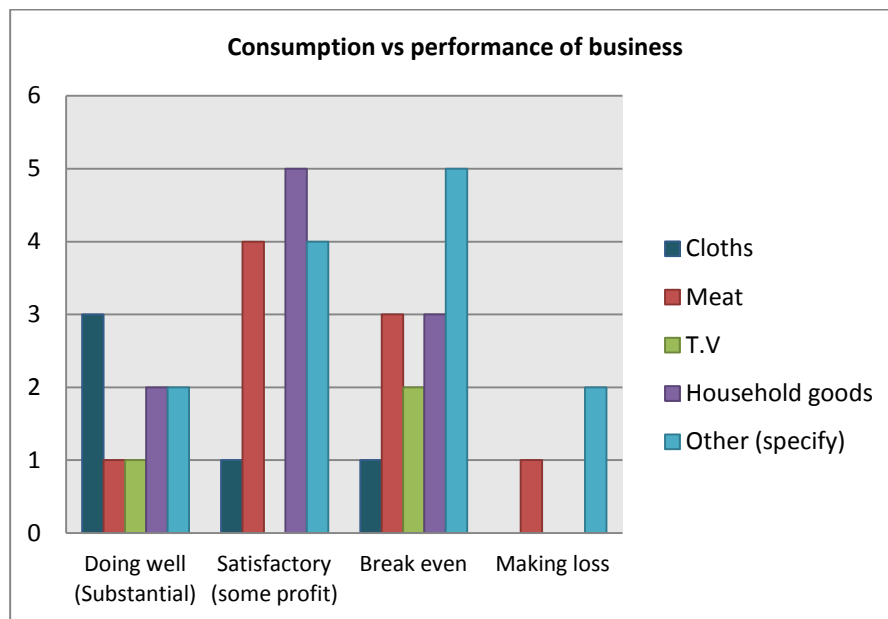
It is important to note that most of the vendors were selling from other compound markets before moving to the streets, thus, there are empty trading spaces in compound markets for those that left. Of the 10 former market traders, 80% left the market due to loss of business and 20% due to high rental charges. In addition, 30% of the traders even claimed having lost all their capital and they had to borrow money from friends in order to continue selling. Furthermore, 20% of the traders complained on the space allocated to them in the market as not enough as they would like to expand their businesses. Nonetheless, some of the traders have continued selling other items from the market on their allocated space and in the streets. Thus the traders that have diversified their business selling some goods in market and some on streets are trying to increase their security rather than maximising profits. By diversifying their businesses they are trying to spread their risks so that in case one business fails they are able to depend on the other business thereby increasing their security. This argument is also found in a study done by Berner et al (2008) where they characterized survival entrepreneurs as people who “attempt to increase security and smoothen consumption rather than maximising profits; for this purpose they diversify their activities instead of specializing”. It can be concluded that most of the former market traders in the sample have left the market due to loss of business and wanting to diversify their businesses.

The street vendors were asked if they would relocate seeing that government has built more markets within Lusaka city. Most of them said they would prefer to remain trading from the streets within the CBD because the streets are very busy with so many pedestrians and vehicle

movements and they felt that they were bringing goods closer to the people at a cheaper price. Nevertheless, they could only move if government would build more markets within the CBD, however, this is not possible because most of the land has been taken up by other developments. These findings show how the Lusaka city planners zoned very little space for market traders within the central business district without taking into consideration future population growth. It has been revealed that as the population grows many people want to sell from within the CBD.

A cross tabulation of variables was done in order to establish the relationship and association between items traders buy from the extra income with the performance assessment of their businesses at present and the performance of business at present with ownership of business premises.

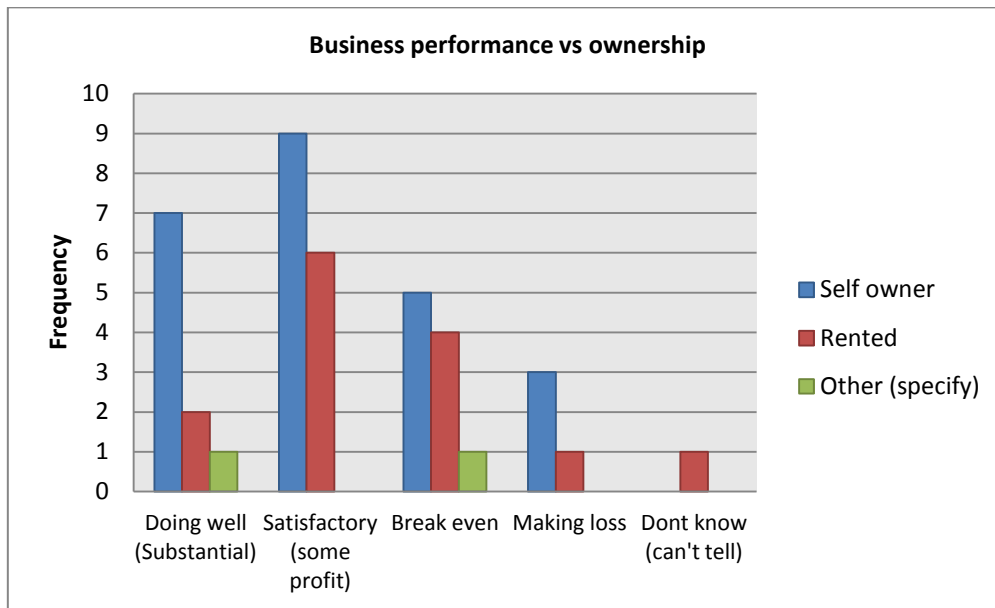
**Figure 4.3: Items Bought from Extra Income vs. Performance of Business**



Source: Field Research Findings, July 2011

From figure 4.3, it can be observed that those whose business is doing well put priority on buying cloths. These constitute the highest number in frequency. Thus during data collection it was discovered that the majority whose business is doing well are traders who sell from the streets and they spend their extra income on buying cloths. In this case, it is worth considering that cloths are considered as an economic good and a higher fraction of people able to buy clothes are those who are economically stable. Coming second in the group of 'doing well' are those who buy household goods and do other things with the income. The main activities done under other items category are building houses and paying children's school fees. Respondents whose business are satisfactory and break even constitute the highest frequency with a total of 14 each out of the total sample of traders. Traders whose business is satisfactory spend most of their income on household goods followed by meat and other items. Those whose business is break even spend most of their money on other items followed by meat and household goods. Generally, the majority of the traders spend their extra income on other items and household goods. It can be concluded that most of the businesses are survival oriented because most traders do not reinvest their extra income in their business rather they buy household goods and other items to cater for their basic or immediate needs.

**Figure 4.4: Performance of Business at Present vs. Ownership of Business Premises**



Source: Field Research Findings, July 2011

From figure 4.4 it is evident that the ownership of the business premises is critical to its performance. Thus, the respondents who are owners of the business premises account the highest in frequency in three of the performance indicators of the businesses followed by the ones renting. It is evident from the survey that the majority of the respondents' businesses are performing satisfactorily with some profit followed by those doing well. Respondents whose business performance are at break even and are owners of business premises come in the third position with the least being the ones making a loss. From this analysis, it is compelling to conclude that self ownership of business premises is essential for a successful business operation. This is because paying rent does not help traders to have security but having own premises seems to help in having security for instance when traders are in desperate need of money they can easily rent out or sell their premises to raise funds. This is the reason why a lot of traders end up trading in streets so as to avoid paying rent but have their 'own' premises in the streets were they can easily rent out or sell their trading space. These findings reveal that property rights are essential to street vendors as they would prefer to have ownership of stores instead of paying rent. However, this is not the case in council markets as stores are only leased out and the lease agreement has to be renewed every year. Therefore, with some traders selling from the formal market it was necessary to find out the rationale for choice of trading location by both street and market traders.

#### **4.4 Reasons for Choice of Trading Location**

Traders have different reasons for choice of trading location. Table 4.2 shows that traders selling from the formal market infrastructure choose to sell from there due to the benefits of having order and security, and sanitary environment. While street vendors choose to sell from the streets due to easy access to customers and non payment of rentals. I argue that, street vendors do not see order and security and having a clean environment as motivating enough for them to trade from formal market infrastructure. They see access to customers and non payment of taxes as important, thus they choose to remain in the streets. Further, they are focused on meeting their immediate needs and issues of sanitation and security become secondary. Thus, having easy



access to customers enables the vendors to make more money in the streets, thereby having more competitive advantage over the market traders.

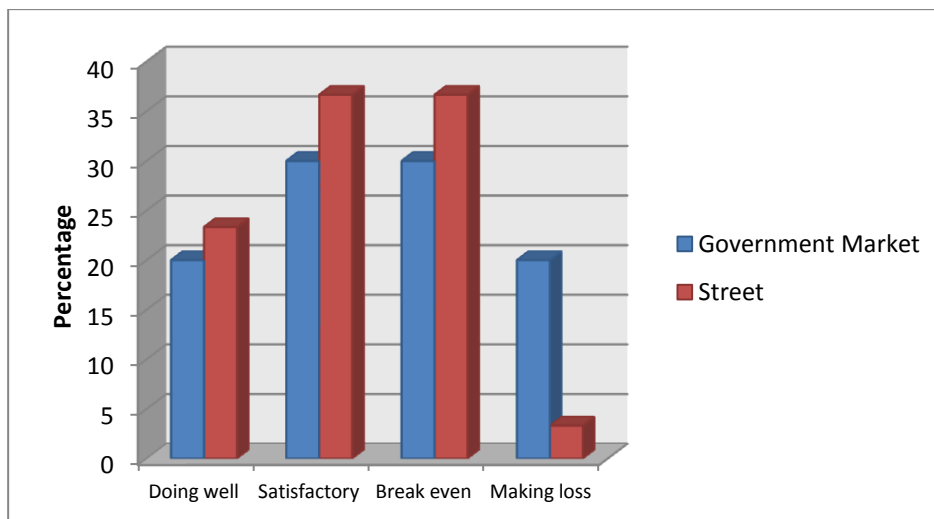
**Table 4.2: Rationale for Trading Location**

Reasons for choice of trading location	Market traders (%)	Street vendors (%)
None payment of rentals	0	23
Order and Security	30	0
Easy accessibility to clientele threshold	20	60
Availability of trading space	20	17
Sanitary environment	30	0
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Field Research Findings, July 2011

It is important therefore to note that the location of where a trader operates and the business performance was of importance in this research. Figure 4.5 gives an idea of how location influences the performance of business. The results do clearly indicate that traders selling from the streets have their businesses doing better than the traders selling from the formal market.

**Figure 4.5: Performance of Business vs. Location**



Source: Field Research Findings, July 2011

Out of the total number of traders whose business is doing well, figure 4.5 indicates that 20% are from the market and 23.3 percent are from the streets. In terms of traders whose business is satisfactory, 30% are from the market and 36.7% are from the streets. For those whose business is at break even, 30% are from the market and 36.7% are from the streets. For those making losses, 20% are from the market and 3.3% are from the streets. The findings have revealed that there are more traders making losses in the market than in the streets. It can be argued that traders selling from the streets are performing better than those in the market by having more sells. Hence, this becomes one of the motivating factors for choice of trading location.

In addition to these findings, I carried out short interviews with three street vendors to get an in depth understanding of why they think they sell more in the streets than in the market. According to the street vendors, they sell more in the streets because there are more people passing through the streets of the central business district than in the market. As customers walk

through the CBD on their way going to the market they get attracted to goods on the streets and they end up buying from street vendors (look and buy phenomenon). On the other hand, most goods sold in the streets are similar to those sold in the market hence the reason why people end up buying from the streets. In addition, street vendors have strategically placed themselves in busy streets that are main access roads leading to bus stations and main markets near the CBD thereby, gaining access to more people than the market traders.

Moreover, the closing hours of the shops and council markets have had an impact on why street vendors sell more. The shops within the CBD close at 17hours and council markets close at 18hours. It is around this time that the CBD gets really busy with people knocking off from work and trying to get on buses to go home. On their way home they buy goods from street vendors (who knock off at their own time). Furthermore, the street vendors interviewed said they make more sells in the streets compared to the market. For example one street vendor aged 37 said, *"I make an income of about K80,000 per day in the streets than a K40,000 I used to make when I was in the market"*, this is double of what she used to earn in the market. Another street vendor aged 33 said *"I make more money in the streets such that after two days I can afford to buy more goods for sell, this was not the case when I was in the market, it used to take me two weeks or more to buy new goods"*.

The street vendors also said that they trade from the streets to cut down transport costs as this reduces their operational costs for their business. A 34 year old vendor said, *"I trade from the streets to cut down on transport cost because I buy all my goods from town and it is cheaper for me to sell from here than to pay transport cost for my goods to be taken to the compound market where I used to sell from"*. It can be argued that the street vendors have managed to capture a specific segment of the customers market that sustains their livelihood.

However, in order to confirm the stories of the street vendors, I carried out interviews in the central business district with 4 public customers that buy from the streets to get their views as to why they prefer buying from the streets instead of buying from traders in the formal markets. It has been observed that, for decades many low-income families have depended on the cheap supply of goods and services offered by the street vendors (Teltscher 1994:171). The interviews carried out with the customers revealed that they are from low income groups considering that the sector is connected to poverty. The age of the customers varied from 27 to 65years old. In general all the respondents have been buying from street vendors for a very long time (since they were old enough to buy their own stuff). All the respondents said that they buy from the streets due to easy accessibility of goods and that they cut down on the time they spend shopping. A customer aged 40 said *"buying in shops take up most of my time as I usually spend more time looking for stuff to buy. For example when I want to buy clothes I spend most of my time looking for something unique as most shops sell similar clothes but on the streets I easily find unique clothes from traders selling second hand clothes"*. On the other hand, one customer aged 35 complained that the new Soweto market is a bit far from the CBD and that government has not provided a bus station to ease transportation, hence it is difficult to get to the market and booking taxis is expensive. Therefore, they continue buying from the streets to cut down on transport costs.

The other reason why customers buy from the streets is the affordability and durability of second hand goods such as clothes, shoes, bags and the fact that these goods are not so common. All the respondents said that they prefer buying second hand cloths and shoes from the streets because in shops most of the clothes and shoes are expensive with poor quality made in China. Therefore, they prefer buying from streets as they would buy more and save money to buy other items. In addition, they said that most clothes and shoes found in formal shops are common and that they prefer wearing unique clothes and shoes that are usually found with traders selling second hand goods. When asked why they do not buy their second hand goods from the market, most respondents said they save time and when in a hurry it is easier for them to buy from the street vendors. In addition, they said that street vendors are flexible in terms of pricing than market or shop traders who usually complain that they pay high rental prices hence

prices are not negotiable. These findings are in agreement with Saha (2009:231) who found that, the urban poor prefer to buy clothes and accessories from street vendors, because the goods the vendors sell are usually cheaper and affordable than those found in formal retail shops.

One notable issue came out from all the interviews. All the respondents do not buy food items such as vegetables and fruits from the streets because of hygiene related issues. They buy their food items from the supermarkets or council markets. This confirms the reason why some traders prefer selling from the market because they still have customers buying from them.

When asked to comment on the issue of formalisation of street vendors by government. The respondents noted that the informal sector is important for the poor as an employment sector as most of them are in the streets for so many reasons. For instance others have limited capital to expand their business, others do not have shops in the market and most of them do not have any other livelihood activity apart from vending. Hence, government should come up with a better policy that would protect the livelihoods of the street vendors.

On the other hand, when asked if they would follow the traders in the markets once government formalizes all the street vendors; most respondents said they would follow the traders in the market, however, they would reduce on the frequency of shopping as they would require more time for shopping. The respondents also recognized that despite them buying in the streets it was dangerous as motor vehicle accidents may happen at any time. These responses show that street vending will not be easy to end because so long the vendors are in town, there are willing customers to buy from them and these customers can only stop buying from the streets once formalization of all traders takes place. Hence it is essential to know whether the traders in the formal market are different from those in the streets.

#### **4.5 Are Traders in the Formal Market Different from those in the Streets**

A short survey was carried out with 10 traders from the new Soweto market to find out whether traders in the formal market are different from those in the streets. The findings revealed that there are two groups of traders in the market. The first group of traders have very little start up capital and sell from the market shed while the second group have substantial start up capital and sell from the shops within the market. The second group of traders that sell from the shops pay more than double rental charges compared to the first group. In addition, those that sell from shops have to pay rent whether they use the shop or not which adds to their fixed costs while those that are in the market shed pay on a daily basis so if they do not go to sell on a certain day they do not have to pay. This shows that the traders that own shops have a willingness to take risks while the other traders maximize their security. Additionally, traders in shops sell high value products which require substantial capital while those in the market shed sell low value goods. Furthermore, most of the traders that own shops have employed workers or relatives to sell while the traders in the market shed sell on their own. It is assumed by Gomez (2008: 4) that employing more workers (paid or unpaid) indicates higher sales, improved productivity and expansion of business in general.

The findings also revealed that there is a high likelihood for the first group of traders to sell from the streets than for the second group. This is because all the former market traders that are in the street were selling from the market shed and have similar characteristics as the first group of traders. It is interesting to note that the characteristics of traders selling from the market shed are similar with those of street vendors.

From my field observations I confirmed that the two different categories of traders existed in the market. The traders in the shops were selling different products from those in the market shed. In the shops they sell products such as, hardware, medicine, new cloths and several different new accessories. On the other hand, the traders selling from the market sheds sell vegetables and different types of food stuffs that are similar to what street vendors sell. The

traders in the shops specialise in the products they sell while the traders in the market sheds sell different kinds of products like street vendors. In addition, it was observed that most of the traders selling from the market shed were women and those in the shops were male majority. The new Soweto market development committee chairperson explained that, *“the reason why the new Soweto market has a mixture of traders was to encourage the traders to grow and to graduate and expand their business and own a shop”* (Phiri 2011, Key informant Interview)<sup>6</sup>.

Therefore, it can be argued that the traders in the first group are survivalists entrepreneurs while those in the second group are growth oriented entrepreneurs. It is important to note that these are interesting findings because I thought that just because traders in the market pay rent then they were all growth oriented. However, it was found that there are both survivalists and growth oriented entrepreneurs in the market. Thus, trading is a survivalist strategy for traders in the streets and those in the market that sell from the market shed, while on the other hand trading is growth oriented for traders in the market that sell from the shops

The survey further revealed that 70% of the traders had problems in the market due to loss of customers to street vendors. The remaining 30% said they do not have any problems. Nonetheless, the market traders do not mind trading from the market despite the above mentioned challenge due to the benefits they get selling from the market. These benefits include; security, clean environment, storage facilities and having a piece of mind knowing that they have a specific place to trade from even during rainy season unlike the street vendors who have to chance empty spaces in the CBD.

It can be concluded that traders in the informal economy are heterogeneous and thus, their decision for choice of trading location is influenced by various issues regardless of the provision of formal market infrastructure by the local government. In addition, the findings have revealed that the traders in the informal sector play a specific function in the economy of providing goods and services to a specific segment of the consumers’ market. The street vendors in Lusaka cater for a specific market demand by providing goods and services that are considered to be less costly and more durable by the customers thereby satisfying a particular market demand.

In addition, the street vendors sell in the open without hiding from the law enforcement officers and they do not ‘steal’ customers from the formal economy. This is because most informal sector enterprises provide services that are not found in formal enterprises such as providing second hand goods at affordable prices to their customers as most formal businesses sell new products with high prices that the poor people who buy from the street vendors cannot afford. Hence the notion that the informal economy steals customers from the formal economy cannot be justified. Rather they compete for customers by strategically locating themselves in streets where there is high volume of people that is streets which are near bus stations and markets so that they easily capture customers. Thus, the study has revealed that the informal economy is not inferior or submerged in the formal economy but is a segment of the consumers market that has found a niche in the economy by considering selling in the streets as a better option.

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<sup>6</sup> Key informant interview with Mr Phiri – New Soweto market committee chairperson held at the market, Lusaka, 19<sup>th</sup> August 2011.

## **CHAPTER 5:**

# **Provision of Market Infrastructure by Government: For whom is it a Reasonable Policy**

The informal economy in many developing countries raises serious challenges to governments and labour market organisations, in that most of them have tried to formalise the informal economy but have not succeeded (Xaba et al. 2002: 14). The new Soweto market serves as an important case in this study. By overlooking the voices of the traders in decisions of building formal market infrastructure, the consequences have been increased street vending in Lusaka district. Although it is an illegal activity, street vending is one of the most visible activities in the informal economy. The Lusaka city council has for many years been trying to get rid of the vendors through the provision of formal market infrastructure but to no avail. This has led to the contest of appropriate use of public space by street vendors and local government. Both the local government and street vendors have right to public space from their own position. Vendors feel they have to continue selling on the streets to be able to sustain their livelihoods, while the LCC have the responsibility to manage the city environment and ensure that there are no street vendors in undesignated places.

However, despite the local government not considering street vendors as an important actor in the economy, they play an important role of providing goods and services to a particular segment of the consumers' market. The findings revealed that street vendors prefer trading from the streets because they are nearer to customers, they do not pay rent/taxes and it is easy for them to acquire space in the CBD where there are no formal application procedures and this saves them from incurring costs see section 4.3. In addition, interviews were carried out asking people why they buy from the streets. This was to establish whether formal infrastructure changes their relationship with the traders see section 4.4. Hence, in view of the findings, I found it necessary to discuss and analyse whether the provision of formal infrastructure by the local government means formalisation of street vendors. Thus, in relation with the theories that were used as the theoretical framework for this study, i.e. dualist, structuralist and legalist a number of issues were deduced when the data was analyzed.

It has been revealed that the local authority wants to restore order in the CBD by managing and controlling street vending through providing formal infrastructure and setting out trading zones. The local government does this by regulating working hours, registering traders, charging taxes and licences such as yearly tenancy agreement, health and safety licences, personal levy and market rent.

What you see in Lusaka is that on the one hand you have a process of formalisation where the government provides formal market infrastructure to keep out the so called 'illegal' street vendors from the real economy and force them to become formalized by trading from formal market infrastructure. The local government says that by registering the traders and getting them to pay taxes, they regularise their business and this becomes a process of formalization from their point of view. Hence, what the local government in Lusaka says or thinks it is doing comes from the dualist kind of thinking where the formal and informal economy are seen as two separate entities and not linked. By building market infrastructure they are formalising the traders and they see those in the streets as the 'other' having no link with the formalized traders. This kind of thinking by the local government of seeing the informal economy as the obverse of the normal sector in terms of being unregulated, unregistered and untaxed, that is, as being outside the modern economy compels me to argue that this is not the case. From my findings it was revealed that street vendors buy their products from the formal shops through direct

transactions showing that the formal and informal sectors are found coexisting in an economic system through activities such as trade and business.

On the other hand, in the structuralist view, “formal and informal activities are simply alternatives facets of the same economy and their articulation adopts a ‘variable geometry’ depending on the scope of state regulation, the requirement of capitalist firms, and the size and characteristics of the labour force” (Portes and Schauffler 1992: 18). The structuralist views the informal economy as an extra layer having formal and informal sheds. Thus, it can be argued that market traders have become semi formal because despite having registered their businesses and complying with tax payments, they do not have social security or social protection that people in the formal economy enjoy. Hence, they seem to have sheds of being both formal and informal. However, the LCC sees the market traders as being formal and the street vendors as being informal, according to them once a trader registers or renews his or her license and pays the necessary taxes then they become formal the rest of the characteristics of being formal seem not to matter to them.

Yet still, for the legalists’, whose argument fits best in this paper, it is not just a matter of giving them a formal trading place or by just declaring them legal from one day to another that changes the meaning of being informal or being a street vendor. Legalist argue that government should introduce simplified bureaucratic procedures to encourage informal enterprises to register and extend legal property rights for the assets held by informal operators in order to unleash their productive potential and convert their assets into real capital (Chen 2009: 204). This means that the local government has to come up with policy strategies that will not treat street vendors as a homogenous group were they want all of them to formalise and become formal. Instead, they have to treat the traders as a heterogeneous group and come up with polices that will benefit both groups.

“To policy makers, formalization means that informal enterprises should obtain a license, register their accounts, and pay taxes. But to the self employed these represent the costs of entry into the formal economy. What they would like is to receive the benefits of operating formally in return for paying these costs, including: enforceable commercial contracts; legal ownership of their place of business and means of productions; tax breaks and incentive packages to increase their competitiveness; membership in trade associations; and statutory social protection” (Chen 2005: 30).

For instance, street vendors in Lusaka do not see the benefits of trading in the market hence they keep resisting government infrastructure. However, this is at the expense of market traders who experience loss of business due to street vending. In this case one may ask what benefits are needed for street vendors in Lusaka to formalize. My findings revealed that ownership of business premises is important. Those traders who owned the business premises had their business doing better than those that were trading from rented premises. The street vendors considered the space in the streets as ‘theirs’ due to them not paying rent.

In addition, the traders who were selling from the makeshift stores had ownership of stores despite them being squatters on the land but when government decided to build a formal market infrastructure on the same piece of land they lost that ownership and the benefits that came with it, instead they now incur costs by paying rent and other taxes. This became a disincentive for the traders. The only incentives that the Lusaka local government provided is trading in a clean environment with order and security and having storage facilities, however, this is not enough to convince a street vendor who lost ‘ownership’ to formalize.

Nevertheless, the bringing of informal traders under the formal regulatory environment leads to increased tax base for the local government and this also reduces unfair competition among the traders. Therefore, it is necessary for the local government to ensure that formalization of street vendors offers the benefits and protections that come with being formal

and does not just impose costs of becoming formal. Thus, people need to move away from seeing the informal economy (street vendors) as illegal but accommodate it as part of the economy.

Hence, what is needed is an approach to formalization of street vendors that seeks to promote appropriate regulations. This is because street vendors usually do not employ workers and they often earn so little that they fall into the lowest tax brackets, in short they are survivalists. What is burdensome to these traders are the government regulations and fees related to registering their businesses, for them formalization requirements need to be made simpler and less costly and it ought to be seen as an incremental process that starts with the introduction of appropriate incentives and benefits of becoming formal and then gradually enforces compliance with the cost and regulations associated with operating formally (Chen 2009: 210). These are operational strategies that can be achieved once a government gets committed. However, the benefits of being formal to a trader are missing in Lusaka and what is needed is a comprehensive design for formalization of the informal economy which may include elements listed in table 5.1 below.

**Table 5.1: Formalisation of the Informal Economy: A Comprehensive Approach**

Formalization of street vendors	Registration and taxation <ul style="list-style-type: none"> <li>• simplified registration procedures</li> <li>• progressive registration fees</li> <li>• progressive taxation fees</li> </ul>
	Legally-recognized property rights <ul style="list-style-type: none"> <li>• legal ownership to business premises</li> </ul>
	Benefits of operating formally <ul style="list-style-type: none"> <li>• access to finance and market information</li> <li>• access to public infrastructure and services</li> <li>• tax breaks</li> <li>• limited liability</li> <li>• clear bankruptcy and default rules</li> <li>• access to government subsidies and incentives</li> <li>• membership in formal business associations</li> <li>• access to formal systems of social security</li> </ul>

Source: Adapted from (Chen 2009: 207)

Nonetheless, formalization of the informal economy has its limits, thus, it needs to take different forms. If the local government provides formal infrastructure to formalise, does this deal effectively with street vending. I argue that there is more to formalization than just providing infrastructure. Apart from the operational costs there are other issues such as political interests which cannot be dealt with just by providing infrastructure. The political interests play a major role in the formalisation of street vendors. In Lusaka, street vendors are protected during election time by the politicians so that they get their votes. On the other hand, street vendors take advantage of political interests and maximise the benefits of selling from the streets. This situation tends to undermine the efforts of formalization by local government because the streets become free for all neglecting law enforcement all to satisfy the interests of the politicians. Thus, the informal economy is not a short term residual category to be dealt with by short term interventions because it is here to stay (Lund 2009: 37).

Consequently, formalization should be seen as a continuous process that is done in a gradual manner involving incremental steps of formality; further, it should be acknowledged that formalization will not advance quickly or automatically for traders who choose to formalize, the government procedures and incentives for registered informal businesses need to be revised and streamlined (Chen 2009: 211) with the political interests consciously addressed. Moreover, it should be acknowledged that formalization will not be desirable for all street vendors as is evident from my findings that most of the street vendors preferred to remain trading in the streets than in formal markets. It must also be recognized that many informal enterprises will remain informal or semi informal for the foreseeable future while on the other hand, we will see new entrants in the informal economy while others becoming formal (Chen 2009: 211).

Therefore, the key issue is for government to come up with policies that create more formal employment opportunities and to reduce the costs and increase the benefits of trading from the formal market. Thus, there is need for local governments to move beyond formalization.

“De soto used the metaphor of building a bridge from informality to formality, instead of throwing the poor a raft” (Bettcher et al. 2009: 2).

To deal effectively with the informal economy and those who earn their livelihoods in it, the Zambian government will require a comprehensive economic strategy with the following interrelated components, creating more employment opportunities through employment-intensive growth and formalizing informal enterprises through a context-specific mix of incentives (Chen 2009: 212). In addition, the government has to consider making the law on street vending relevant to the economic situation of today with high unemployment rates. Therefore, instead of treating street vendors as a nuisance, as illegal, as tax evaders, government needs to revisit the law on street vending to accommodate the vendors who do not want to formalize. One way can be allowing vendors to sell from the streets after 16hours when the formal shops are winding up their business and the local authority can come up with a system of collecting revenue from the street vendors.

Also to ensure that credit and business empowerment programmes coordinated by government institutions do not crowd out informal enterprises because in such situations, these enterprises are forced to rely on informal sources of financing which in some cases are expensive and of a short term nature (Ishengoma and Kappel 2006:18). For example, Zambia is currently implementing a citizen economic empowerment programme where all citizens are invited to apply for funds to invest in entrepreneurship. However, the pre-requisite of applying for the funds is to have a registered business. As a result, street vendors do not have a chance of benefiting from such programmes unless they formalise.

Thus, there is need for the government to come up with a national policy on vendors drafted jointly by the government and street vendors which should bring out the voices of the vendors that has been missing in Zambia. This can help build consensus on regulatory and enforcement issues and in turn help the government to come up with actual needs of the vendors instead of responding to assumed needs such as building formal market infrastructure for all.



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# Appendices

## Appendix i: Map of Zambia



Source: Google maps

## Appendix ii: Map of Lusaka CBD Showing Markets and Bus Stations



### Appendix ii: Key Informants

Name	Position	Organization
Ms. C Makanta	Public Relations Manager	Lusaka City Council
Mr. W Mwale	Police Commandant	Lusaka City Council
Mr Phiri	Committee Chairperson	New Soweto Market
Market Manager	Market Manager	New Soweto Market

## Appendix iii. Questionnaire for Market & Street Traders



Street vending in Zambia: A case of Lusaka district

“Why are street vendors not conducting their business from formal designated markets?”

Dear Respondent,

My name is Pity Ndhlovu; I am a student from the Institute of Social Studies in the Netherlands. I am conducting a research on why street vendors do not conduct their business from designated markets as part of my dissertation leading to the award of Master of Arts in Development Studies specializing in Local Development Studies.

I would therefore be grateful for your assistance in completing the following questions to the best of your knowledge. The responses that you will provide in this research will be treated with confidentiality and are only meant for academic purposes.

Thank you for your cooperation.

Date of interview..... Place of Interview.....

Instruction: Please tick your response

**Part A: Vendor profile: Background information**

1. Age:
2. Sex: (Male) (Female)
3. Marital status:  
(Single) (Married) (Divorced) (Widow)
4. If married wife/husband occupation.....
5. Place of birth:  
City..... Province..... Country.....
6. Years of education completed:
  - a) No schooling
  - b) Primary school
  - c) Secondary (high school)
  - d) College
  - e) University
  - f) Others (specify)
7. Why did you sell? (can choose more than one reason)
  - a) Ancestral/family tradition
  - b) Loss of agriculture
  - c) Easy means of setting oneself up as self-employed up/low initial invest
  - d) Flexibility in working
  - e) Community feeling from people working in the same area
  - f) Lack of competition from large units/ease of entry
  - g) I was fired
  - h) Difficulty to find other salaried job
  - i) For survival
  - j) Other (Specify)
8. Why do you continue with this work?
  - a) Need money/income to survive
  - b) Cannot find an office job
  - c) Need flexibility
  - d) Common practice among my community/family tradition
9. How did you raise your capital to start selling? .....
10. How do you assess the performance of your business at present?
  - a) Doing well (substantial)
  - b) Satisfactory (some profit)
  - c) Break even
  - d) Making loss
  - e) Don't know (can't tell)
11. What items do you buy when you have extra money?
  - a)cloths
  - b) meat
  - c) T.V
  - d) other (specify)

**Part B: About the Enterprise**

12. Where do you operate your business from?
  - a) Government Market store
  - b) Streets
  - c) Other
13. Why did you decide to operate your business in this area (detailed response)?  
.....  
.....
14. Ownership of business premises:

- a) self/owner                      b) Rented
- c) Leased                            d) Other (specify)
- 15. Ownership of land on which business is established
- a) Public                            b) Private
- c) Family                            d) squatter
- e) Other (specify)
- 16. If operating from market, do you have any problems at the market?  
(Yes)                      (No)
- 17. If yes to question 15, please specify.  
.....
- 18. If no to question 15, what are the benefits of trading at the market?  
a) security                      b) sanitation                      c) other (specify)

**Part C: Infrastructure and Location**

- 19. How did you obtain this location to sell?  
a) From the community leader
- b) Inherited from family
- c) Saw an empty space and acquired informal rights with time
- d) Used an empty space when the earlier owner does not show up to work
- e) From local government
- f) Other (Specify)
- 20. If from local government what was the process of getting the store?  
a) Application
- b) Was on the list of traders that were displaced
- c) Had to pay a bribe to an official from local government/market committee to help
- d) Other
- 21. Do you pay any rent, taxes or levies at your trading location? (Yes)                      (No)
- 22. If Yes: how much? .....
- 23. If trading in streets: Are you aware that by law it is illegal? (Yes)                      (No)
- 24. Why do you continue trading in streets? .....
- .....
- 25. What has been your experience with the enforcement of the law?  
a) Evictions                            b) Confiscations
- c) Bribe extortion                      c) Never had any problem
- 26. Has government ever consulted you concerning trading location? (Yes)                      (No)
- 27. If yes, how were the consultations done?  
a) Through the market committee
- b) Through meetings with local government officials
- c) Other (specify)
- 28. Do you have any other option for location? (Yes) (No)
- 29. Would you like government to give you a formal license to sell? (Yes)                      (No)
- 30. What do you think about council markets?  
.....
- 31. What three measures would you like government to introduce for assisting you improve your enterprise (start with most important).  
.....  
.....



**Part D: Additional questions for former market traders**

32. Why did you decide to leave new soweto market and operate your business in this area (detailed response)? .....
- .....
- .....
33. When you were operating from market, did you have any problems at the market?  
(Yes)                      (No)
34. If yes to question 15, please specify. ....
- .....
35. If no to question 15, what were the benefits of trading at the market?  
b) security                      b) sanitation                      c) other (specify)

THANK YOU FOR YOUR TIME