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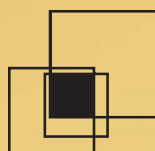
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# Policy Issues on Street Vending:

An Overview of Studies in  
Thailand, Cambodia and Mongolia

**Kyoko Kusakabe**



Informal Economy, Poverty and Employment

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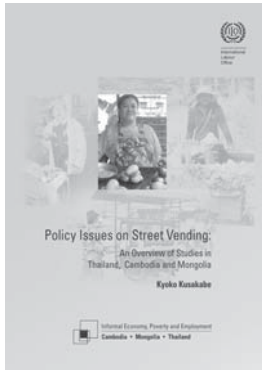
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International Labour Office



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Kyoko Kusakabe  
*Policy Issues on Street Vending:*  
*An Overview of Studies in Thailand, Cambodia and Mongolia*  
Bangkok, International Labour Office, 2006

ISBN 92-2-119166-4 and 978-92-2-119166-7 (print)  
ISBN 92-2-119167-2 and 978-92-2-119167-4 (web pdf)

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Printed in Thailand



## Foreword

Street vending and urban space for micro enterprises constitute an important policy theme that needs to be advanced further in development literature and policy. In many countries, urban space tends to be a highly political issue, involving many interests. Partiality towards modern infrastructure results in a rejection of traditional livelihoods conducted on sidewalks and shop houses. Some large retail stores, fearing competition from informal traders, may lobby for the latter's suppression. Where street vendors are allowed to ply their trade—whether legitimately or not—they do so under inhospitable conditions, with no basic facilities, and under constant fear of harassment and damage to their goods.

Even a cursory view of cities with brisk street vending activities shows that this economic activity can be a sponge that absorbs large numbers of surplus labour, especially women. Their market base consists of a mass of consumers who welcome the accessibility to inexpensive goods and services that they provide. To be sure, some studies have shown that when urban management policies allow vendors to conduct their trade, positive impact results on several fronts: on poverty, employment, entrepreneurship, social mobility, and peace and order. Economic and social resources are democratised, including between women and men.

This report, *Policy Issues on Vending: An Overview of Studies in Thailand, Cambodia and Mongolia*, summarises findings from studies on street vending completed in the three countries covered by the UK's Department for International Development (DFID)-funded ILO Informal Economy, Poverty and Employment Project. This study characterises street vending in each of these countries and highlights the role of policies especially concerning the legal status of vendors, their social security, and allocation of urban space. These studies were carried out following the ILO's approach of analysing informal economy occupations based on the four components of decent work: rights, employment, social protection, organization and representation.

We thank Dr. Kyoko Kusakabe of the Asian Institute of Technology (AIT), Thailand, for preparing this report as well as the Cambodia study on street vending, *On the Borders of Legality: A Review of Studies on Street Vending in Phnom Penh, Cambodia*. The Mongolia report, *Policy of Inclusion and Exclusion: Local Planning and Legislation on Vending in Mongolia*, was prepared by the Mongolian Cooperative Training and Information Centre (MCTIC) and Central

Union of Mongolian Trade and Consumers Cooperative (CUMTCC). The two Thai reports, *Fighting Poverty from the Street: A Survey of Street Food Vendors in Bangkok*, and *Policy of Inclusion and Exclusion: Local Planning and Registration on Vending in Bangkok*, were prepared by Dr. Narumol Nirathron of the Thammasat University and Dr. Vichai Rupkamdee of the National Institute for Development Administration (NIDA), respectively.

Several colleagues closely collaborated to produce this publication and to further related initiatives. Ms. Sandra O. Yu, Chief Technical Advisor of the Informal Economy, Poverty and Employment Project initiated and coordinated the preparation of this report. Mr. Tun Sophorn, Ms. Shurenchimeg Zokhiolt and Ms. Rakawin Leechanavanichpan, National Project Coordinators of Cambodia, Mongolia and Thailand, respectively, coordinated and supervised the preparation of the reports in their country. Ms. Ginette Forgues, Senior Specialist on Local Strategies for Decent Work, provided technical backstopping. Inter Press Service Asia-Pacific, in particular, Ms. Johanna Son, Ms. Zixin Lin, and Mr. Sanit Petchpromsorn, edited and designed the art work for this publication. Mr. Lambert Alfonso designed the cover for all the publications in the Informal Economy, Poverty and Employment Series. Ms. Paveena Eakthanakit, Ms. Srey March Leum and Ms. Altanchimeg Banzar provided invaluable administrative support.

It is our hope that this study will inspire policymakers, academe, and city administrators to explore the potential of street vending as a legitimate and viable business endeavour and regard urban space allocation as an important policy tool for legitimising this occupation and creating employment for their growing labour force.



**Christine Evans-Klock**

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# List of Abbreviations

AIT	Asian Institute of Technology
BMA	Bangkok Metropolitan Administration
CUMTCC	Central Union of Mongolian Trade and Consumers Cooperative
DFID	UK's Department for International Development
MCCI	Mongolian National Chamber of Commerce
MCTIC	Mongolian Cooperative Training and Information Centre
MNS	Mongolian National Standard
NCSM	National Centre for Standardisation and Metrology
NIDA	National Institute for Development Administration
NGO	non-governmental organization
SEWA	Self Employed Women's Association
SME	small and medium enterprises
UNTAC	United Nations Transitional Authority in Cambodia

Average exchange rates in 2005 (relevant period for the Thailand and Mongolian research findings):

Thailand Baht USD 1 = 40.3 baht

Mongolian Tugrik USD 1 = 1,187 MNT

# 1

## Introduction

Street vending is an important occupation for the urban poor in developing countries; the three countries reviewed in this paper are no exception. Women dominate street vending in East and South-east Asia, and it is one of the most important avenues for poor women to support their families. Although street vending is seen as an option for the poor, their legal and social status and business prospects differ domestically as well as regionally. In addition to various policies on urban development and street vending, macroeconomic conditions in each country have different impacts on street vendors (Bhowmik, 2005).

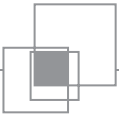
This paper compares the profiles of street vendors and policies on street vending in three countries—Thailand, Mongolia, and Cambodia—to identify the links between street vending and urban development and planning. It seeks to explore ways in which street vending can be supported to facilitate the overall well-being of the urban population and economy.

### 1.1 Quick review of literature on street vendors

Literature on street vending can be categorised into four groups. One set of literature looks into the economy of street vending, examining how street vending is an important source of income for urban poor households (McGee, 1977; Lyenda, 2005); how it provides efficient services for the urban poor (Yasmin, 1996; Tinker, 1997; Suriansyah, 2005); and how such income contributes to women's economic autonomy (Salway, et al. 2005; Mitra 2005).

The second set of literature follows and expands the political economy perspective through an examination of the meaning of street vending, and an analysis of vending as an expression of motherhood (Babb, 1989; Seligman, 2001; Horn, 1994). This brings in the different ways in which women operate their businesses (Mintz, 1971; Tinker, 1997); as Tinker says, they grow like amoebas. Brenner (1998) described how women vendors are seen as a threat to men and are socially punished for going out of their homes where they traditionally belong.

The third set of literature highlights the rights of street vendors and the harassment they face, as well as their lack of organization (Bhowmik, 2005). Street vendors are important members of Self Employed Women's Association



(SEWA), and their achievements through their organization have impressed many in other countries.

The fourth set of literature offers a different perspective and is seen more in the context of developed countries. It seeks to examine the relationship between street vending and the use of urban space, and looks at how street vending can revitalise urban spaces and bring life to human activities (Deguchi et al., 2005). When this perspective is applied in the context of a developed country, it often translates into beautification of the city using vendors as tourist attractions.

Increasing recognition of the role of the informal economy in developing countries has brought an acknowledgement of the role of street vending in terms of creating employment, and a critical subsistence income for the urban poor. Their roles in service provision—providing cheap food for the urban population and improving market access in residential areas—have also been recognised. However, even with the improved recognition, street vendors and their rights to space have not been integrated into urban space usage and planning. Urban space as a contested resource for the urban poor has been discussed considerably in the context of housing, but hardly in the context of street vending. This report attempts to fill this gap by examining how street vendors are defined in policy documents, and how such definitions of street vendors and urban space work to exclude street vendors from being meaningfully integrated into the urban development process. Using case studies from Thailand, Cambodia and Mongolia, the study examines how urban development policies define what activities are important in the urban area, how spaces should be utilised and governed, and who is entitled to participate in decision making.

It compares the three countries—Cambodia, Thailand and Mongolia—which differ in the history and development of street vending. Thailand has a long history of street vending. There, street vending is recognised as a part of urban development and there has been more trial and error in space management than in the other two countries. Cambodia and Mongolia changed from a state-controlled socialist economy to a capitalist economy in the 1990s, with Cambodia proceeding at a faster pace. The slower pace of change in Mongolia allowed it to retain the social security net of the socialist regime, while Cambodia has completely lost any kind of social security for its population. However, the challenge in Mongolia is to ensure that the growing number of street vendors is able to access existing schemes. Through these three different economic, social and political scenarios, the paper attempts to examine the linkages between urban policies and planning and street vendors' rights to their occupation and livelihood.

## 1.2 Methodologies and construction of the paper

This paper draws on four studies on street vendors in Thailand, Mongolia, and Cambodia commissioned by ILO in 2006.

- Narumol Nirathron's "Fighting Poverty from the Street: A Survey of Street Food Vendors in Bangkok" studied mobile and fixed vendors at Klongtoey and Dindaeng districts, as well as buyers of street food. In all, 236 mobile vendors, 508 fixed vendors and 385 buyers were interviewed. Around 65 percent of the respondents sold cooked food.
- "Policy Inclusion and Exclusion: Local Planning and Registration on Vending in Bangkok" by Vichai Rupkamdee et al. reviewed policies on vending in urban planning, and laws and policies on the use of public spaces for vending. It also solicited viewpoints from various stakeholders. The study had focus group discussions and case studies in three locations in Bangkok, in addition to key informant interviews and validation workshops with stakeholders.
- "Research on Policy of Inclusion and Exclusion: Local Planning and Legislation on Vending in Mongolia" by the Mongolian Cooperative Training and Information Centre (MCTIC) and Central Union of Mongolian Trade and Consumers' Cooperative (CUMTCC) aimed to identify conditions of large/middle-sized retail traders, street vendors and itinerant vendors in the three largest cities in Mongolia (Ulaanbatar, Erdenet, Darhan), and assess local policies on vending. It organized 20 focus group discussions, and conducted a structured interview with 506 vendors in 300 vending outlets. It also interviewed 131 customers, 25 companies that rent spaces for vendors, 24 municipality officials, and 25 officers of the ministries. A validation meeting with various stakeholders was organized at the end.
- Kyoko Kusakabe's "On the Borders of Legality: A Review of Studies on Street Vending in Phnom Penh, Cambodia" is a synthesis paper of six studies on street vendors carried out over the past decade in Phnom Penh (Rao, 1996; Kusakabe, 2001; Banwell, 2001; Kusakabe et al., 2001; Agnello and Moller 2004; Pou 2005). The Urban Sector Group, a non-government organization (NGO) supporting the Vendors' Association in Phnom Penh markets, facilitated all these researchers.

This paper begins with an overview of each of these studies, and comparisons of vendors' profiles and street vending policies in the three countries. Then, it discusses how street vendors are/can be included in the urban development process.

## 2

## Country cases

### 2.1 Street vending in Thailand

#### 2.1.1 Profile of street vendors

This section summarises findings from Narumol Nirathron's (2006) study. Street vending was dominated by the Chinese until World War I. Thais were encouraged to take up the trade by the government due to economic recession. The precarious labour regime under globalisation since 1980s, worsened by the 1997 financial crisis, increased street vending as a favourable source of income generation. In 2000, the number of "hawkers, peddlers and newsboys" increased to 390,600 from 310,500 in 1997 (National Statistical Office, 1997 and 2000).

Many of the studies on street vending in Thailand are focused on food vending, given the importance of eating out in Thailand, a phenomenon that Gisele Yasmeeen (1996) calls "public eating". Patrons of street food are from all walks of life, and not limited to the urban poor<sup>1</sup>. The ratio of monthly food expenditures allocated to food prepared at home in Thailand decreased from 76 percent to 50 percent between 1990 to 1998, while that of prepared food taken home and food eaten away from home increased (Nirathron, 2006). Nirathron's study showed that over half of the buyers interviewed bought street food at least once per day, and dinner was the most frequently purchased meal. Seventy percent of the buyers cited convenience and time-saving as the advantages of buying street food.

Nirathron's study divided street vendors into mobile vendors and fixed vendors. Her mobile vendor respondents were from provinces outside Greater Bangkok (88 percent), with 35 percent of them coming to Bangkok during the 1997 financial crisis. Half of the street vendors in Nirathron's study were in business for less than five years, while 26 percent have worked for five to 10 years. Only 14 percent were in the business for more than 20 years. Eighty-five percent of them received less than six years of formal education. Contrary to studies in the 1980s, Nirathron's study showed that women no longer dominate street vending.

Most of the fixed vendor respondents in Nirathron's study came from Bangkok. Their education level is slightly higher than that of mobile vendors but still generally low, as over 70 percent of the vendors had only completed primary education. Most of the fixed vendors operate as a family enterprise,

1 One of the Rupkamdee et al. (2005)'s cases showed that some vendors accept credit card payment. A vendor selling Thai silk scarves and blouses interviewed said she accepted credit cards in order to facilitate payment for her customers (Rupkamdee et al., 2005:44). This again shows that customers of street vendors are not only the urban poor, but also the middle and upper class as well as tourists.

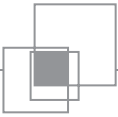
with both wife and husband being involved in the business. Seventy percent of fixed vendors had worked as mobile vendors earlier. Nirathron concluded that this suggests upward mobility among vendors. At the same time, it is interesting to note that the length of time in business is not very different for fixed and mobile vendors, although fixed vendors have been in the business for a slightly longer period. Only 41.5 percent of the fixed vendors and 52.9 percent of the mobile vendors have been in the business for less than five years. Nirathron calls the fixed vendors “‘professional’ business people who have already ‘passed the probation period’ and have already shown their capability” (p.55), and she recommends that they need to be treated and supported as small and medium enterprises (SMEs) by the government.

Unlike previous research, Nirathron’s respondents cited quick cash turnover as the main reason for vending food, rather than the requirement for low capital. What is interesting to note is that in Bangkok, those who have little capital work as commission sellers in addition to selling packaged food. They become disguised wage workers. This reflects the advanced stage of street vending in Bangkok. It has become more organized and more difficult for those with little capital to enter.

The income from vending varies among street vendors. Among the mobile vendors, 21.4 percent earned a daily profit of less than 200 baht, while 10.3 percent of fixed vendors earned a daily profit of more than 1,500 baht. Even among mobile vendors, 2 percent earned more than 1,500 baht a day. Among the fixed vendors, none earned less than 200 baht a day. Given that the minimum wage of Bangkok was 169 baht in 2004, the income from street vending is relatively high<sup>2</sup>. Because of relatively higher earnings and the possibility of earning more, Rupkamdee et al. (2005:41) noted that street vending is not only a choice for the urban poor but is also becoming an attractive occupation for the educated middle class. They see street vending as a way to become independent and they like to take up the challenge of being an entrepreneur. Rupkamdee et al. concluded that “street vending is no longer an economic activity among the urban poor but serves as an ‘economic choice’ for other classes as well” (2005:45). They also noted that many vendors are full-time vendors who have places to sell in many areas (2005:49).

Over 85 percent of the respondents in Nirathron’s study said that they were satisfied with their occupation because of the earning opportunities and autonomy that vending offers. Interestingly, mobile vendors at subsistence level in Nirathron’s study gave less importance to having their own capital than mobile vendors who are aiming to expand their business. She analysed that this might be because they rely more on credit, compared to vendors who are aiming to expand their business. She also noted that for subsistence vendors, the low interest credit offered by the government under the ‘registration of the poor’ did not address their problems but further aggravated their indebtedness. She argued that strengthening social and community

2 However, income fluctuates and it is also difficult to estimate correct earnings, since the family members of street vendors eat the food they sell as well.



networks to disseminate information about business planning is more important than offering credit, since knowledge of financial planning and cost-profit calculation are perceived by vendors to be one of the most important success factors.

Nirathron said that respondents did not cite lack of space as a reason for failure. However, they did perceive having an appropriate selling location as one of the important success factors (2.56-2.65 in three-point Likert scale). Location and proximity to customers are considered important by both mobile and fixed vendors. Participants in a stakeholder workshop organized by Rupkamdee and team in January 2006 noted that vendors and hawkers felt that they have no support in terms of social security, public health, career training, as well as provision of safe places to sell.

### 2.1.2 Policies on street vending

This section summarises findings from the study by Rupkamdee et al. (2006). In 2001, informal economy activities were valued at 2.33 million baht or 45.6 percent of GDP. Although street vending is an important economic activity in urban areas, all laws and policies prevent vending activities and punish vendors and hawkers working in public areas. Rupkamdee et al. (2005) noted that vendors are seen by policymakers as the cause of many problems such as pedestrian and traffic obstruction, and making the city dirty. But for their part, vendors have to grapple with air pollution, and most seriously, the uncertainty of laws and regulations.

Several acts have been put in place to regulate street vendors. The first was the Cleanliness and Order of the City Act issued in 1992. This act prohibited individuals from cooking and selling things on public roads and public areas. It also prohibited the use of cars and carts for cooking food for economic purposes in public roads and areas, as well as selling merchandise in cars or carts. Section 9 empowered local officials to prohibit vending activities. However, this law does not apply to private roads and properties. Vendors are allowed to sell products in certain zones and at particular times and days. Section 20 specified that vendors have to cease operations on Wednesdays or on any other designated day, and that they must be registered, have vending identification, and dress appropriately. They are also responsible for cleaning their work areas.

The Public Health Act of 1992 forbade anyone from selling things on footpaths, public roads, and public pathways. Vendors are allowed to sell on the streets only when they receive permission from authorised officials. The officials in charge are under the governor. Local officials<sup>3</sup> are authorised to determine prohibited zones, days and times when vending activities are banned, and other vending rules and regulations. They are also authorised to monitor the cleanliness of vendors.

The Traffic and Land Transportation Act of 1992 and the Highway Act 1993 prohibit any activity that obstructs traffic and pedestrian paths. This law

3 This includes the Governor of Bangkok Metropolitan Authority, Mayor of Municipality, Provincial Governors, and Deputy Mayor of Pattaya City.

empowers police officers and traffic officials to control the use of public roads. Thus, street vendors can be subject to punishment by both local officials and well as police officers.

The Bangkok Metropolitan Administration's (BMA) policy on street vending changes under different governors. In 1972, BMA enacted a new law to monitor street food vending. As can be seen in Table 1, from 1973 to 1977, the governors were lenient to vendors. During the recessions of 1979 and 1982, street vending was encouraged as a solution to unemployment. However, it was viewed as a threat to orderliness during economic booms (Rupkamdee et al., 2005:17).

**Table 1: Changes in the BMA's policies on street vending**

Governors	Policy direction and measure	
	Negative	Positive/new solution
1. Dr. Chamnan Yhuwaboon 1973	<ul style="list-style-type: none"> <li>- Forced vendors to find areas to sell by themselves</li> <li>- Vendors were forced from the streets to market areas</li> <li>- Forced vendors out of their spaces through clean-up campaign</li> </ul>	<ul style="list-style-type: none"> <li>- Made an exception and allowed vendors to sell in permission zones</li> <li>- Warned or advised vendors before arresting them</li> </ul>
2. Mr. Uth Wisootyothaphiban 1973-1974	Low enforcement	<ul style="list-style-type: none"> <li>- Made an exception and allowed vendors to sell in permitted zones</li> <li>- Allowed vendors to sell or enforce laws on vending</li> </ul>
3. Mr. Siri Santabutre 1974-1975	Low enforcement	<ul style="list-style-type: none"> <li>- Made an exception and allowed vendors to sell in permitted zones</li> </ul>
4. Mr. Sai Hutachareon 1975	Low enforcement	<ul style="list-style-type: none"> <li>- Made an exception and allowed vendors to sell in permitted zones</li> </ul>
5. Mr. Thamanoon Thien-Ngeon 1975-1977	Low enforcement	<ul style="list-style-type: none"> <li>- Made an exception and allowed vendors to sell in permitted zones</li> </ul>
6. Mr. Chalor Thamasiri 1977-1979	<ul style="list-style-type: none"> <li>- Focused on intensive laws</li> <li>- Established the City Police Office to monitor and control vending activities</li> </ul>	<ul style="list-style-type: none"> <li>- Made an exception and allowed vendors to sell in permitted zones</li> </ul>



**Table 1: Changes in the BMA's policies on street vending (Cont.)**

Governors	Policy direction and measure	
	Negative	Positive/new solution
7. Mr. Chaowat Sutlapa 1979-1981	- Focused on intensive laws	- Made an exception and allowed vendors to sell in permitted zones - Laissez-faire
8. Admiral Thiam Makaranontha 1981-1984	- Focused on intensive laws	- Made an exception and allowed vendors to sell in permitted zones - Sought buyers' cooperation in not buying in prohibited areas
9. Dr. Asa Meaksawan 1984-1985	- Focused on intensive laws	- Made an exception and allowed vendors to sell in permitted zones - Promoted cleaning campaign to clean selling areas
10. Maj. Gen. Chamlong Srimuang 1985-1992	- Focused on intensive laws by arresting both vendors and buyers - Prohibited vendors from selling on Wednesdays	- Compromised with vendors - Made an exception and allowed vendors to sell in permitted zones - Issued safety and cleaning policies to take care of vendors and buyers - Set up the Sanitary Office to take care of vendors and buyers
11. Dr. Krisada Arunwong 1992-1996	- Focused on intensive laws by arresting both vendors and buyers - Prohibited vendors from selling on Wednesdays	- Allowed vendors to sell in permitted areas - Compromised with vendors by not arresting them - Launched safety and cleaning policies - Had days off for cleaning of selling areas

**Table 1: Changes in the BMA's policies on street vending (Cont.)**

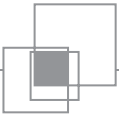
Governors	Policy direction and measure	
	Negative	Positive/new solution
12. Dr. Pichit Rattakul 1996-2000	- Focused on intensive laws.	- Compromised with vendors - Had provision for permitted area - Maintained safety and cleaning policies - Had days off for cleaning of selling areas
13. Mr. Samak Suntaravej 2000-2004	- Intensive law enforcement by arresting vendors and buyers	- Did not restrict vendors' selling activities on Wednesdays - Had provision permitted area for vendors

In 2003, Prime Minister Thaksin Shinawatra encouraged converting assets into capital to allow poor people to benefit from the microcredit scheme. With this, street vendors were allowed to present their rights to trade in public area as their collateral 'asset' to take loans from government banks. To comply with this policy, BMA Governor Samak Sundarawej intensified the campaign to improve orderliness in public spaces, and cracked down on illegal occupants of sidewalks and public roads. Stalls outside designated areas were demolished.

In 2000-2002, BMA launched regulations to improve orderliness of the city, and started charging sanitation fees from vendors (150 baht per square metres every 15 days), introduced registration of vendors and issued licences. However, this has resulted in rent-seeking by officers who collect the fees.

The present BMA governor, Apirak Kosayodhin, announced a Bangkok Agenda 2002-2021 that states strategies for Bangkok's sustainable development. None of the strategies directly referred to the management of vending activities, but several strategies would affect the operation of street vending. The emphasis of the strategy is to make Bangkok a beautiful city, thus implicitly imposing harsh measures on vendors especially in terms of zoning and limited days of operation (Rupkamdee et al., 2005:22).

In 2005, there were many cases of extortion by powerful gangsters for protection or permission fees from vendors. The Prime Minister took serious note of this problem, and in response, the BMA governor formed a committee to address the issue of extortion. The committee declared a policy to decrease the number of street vendors by 10 percent each year. BMA also prohibited any building owners from renting out space in front of buildings. With this, street vendors were no longer able to sell in prohibited areas, and these vendors were asked to contact the district offices that would designate alternative spaces to sell.



The problem for vendors is that policies on vending change with each governor and his/her response to national and local politics. There is no concrete direction for vending management, and vendors are often caught off-guard. For example, BMA suddenly changed the no-vending day from Wednesday to Monday, and vendors were not informed. Such fuzzy policies on street vendors result in street vendors being harassed by state officials, although the marginality of their nature provides reason for leniency towards them (Nirathron, 2006).

After a search for good practices, Rupkamdee et al. (2005) presented three cases. In the first case, the area is owned and managed by BMA, but without tight regulations. This allowed room for self-management by street vendors themselves within the area. In the second case, an individual won a concession from the ministry who owned the area to manage a private market. The market is well-organized and managed, resulting in a win-win situation for all parties involved. The owner goes around the market everyday and is responsive to the vendors' problems. The third case is a market in a private company's housing estate. The private company organized the market in the premises and managed the market itself. A high rent is charged and high standards of hygiene, orderliness, and security are maintained. At first, the vendors were not happy to relocate, but gradually, as business at the market picked up and the managers tried to persuade the vendors, relocation was completed and the market flourished. Through renovation by the company, the market has good infrastructure, including restrooms and a car park, and this has contributed to the increase in customers and consequently, an increase in income for vendors. Hence, vendors are also willing to pay higher rent for this place. All these well-managed markets showed successful negotiations between vendors and market managers in reaching an agreement on rent policies. The key to success, these case studies revealed, is how much managers listen to vendors and accommodate their needs.

## **2.2 Street vending in Cambodia**

In 1979-1980, after the fall of the Democratic Kampuchea regime in Cambodia, people returned to Phnom Penh, which had been totally empty for the previous four years. The first occupation that people engaged in was trade, especially barter. Till recently, retail trade has been one of the most important sources of income for many residents in Phnom Penh, as well as for new migrants. Many of the street vendors who started their business in 1979-1980 grew to have proper stalls in markets or small shops. This is because they were able to obtain places for free or with small capital at that time. Those who started as street vendors in the 1990s found it more difficult to secure a place to sell.

In Cambodia, the number of street vendors increased both during the economic boom periods and crises. Four peaks have been recorded in the number of street vendors: (1) in 1979-1980 immediately after the Democratic

Kampuchea regime; (2) around 1993 when United Nations Transitional Authority in Cambodia (UNTAC) came and the first general election was held. The economy boomed at that time and the population of Phnom Penh grew dramatically; (3) around 1997-98 when a domestic political crisis, the Asian financial crisis, and a series of natural disasters occurred. This was a period of economic difficulty, and people sought to make a living through street vending; (4) around 2002, when the economy recovered.

Around 80 percent of GDP and 95 percent of employment in Cambodia is said to come from the informal sector (Agnello and Moller, 2004). 'Service and shop and market sales workers' in Phnom Penh decreased in ratio from 1994 to 2001, but the absolute number is increasing (NIS 2000 and 2001). This shows that street vending remains an increasingly important livelihood option for the urban poor.

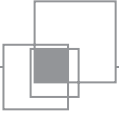
Street vending in Phnom Penh is heavily dominated by women. They are about 30-50 years old, and have relatively lower education than the average population in Phnom Penh. Only 12.3 percent of the street vendor respondents in Banwell's (2001) study completed primary education or higher. There are relatively more women-headed households among street vendors. Various studies showed that 30-40 percent of their street vendor respondents live in women-headed families, while the figure for Phnom Penh is only 13.5 percent. Street vendors work long hours—8-13 hours a day. More than half of the street vendors live near the market, and thus balance their long working hours with other household responsibilities.

Most of the street vendors under various studies contribute to half or more of their household income. However, their income is low and they need to support many dependents. Agnello and Moller's (2004) study showed that street vendors earn on average USD25.70 per day, and spend USD24.20, leaving a profit of USD1.48. With an average USD1.50 income from street vending per day, their per capita income falls below the poverty line of Phnom Penh. Thus, street vendors could be grouped among the poorest people in the urban population.

Still, the level of confidence that can be seen among street vendors is impressive. They consider themselves successful not because they can earn much money, but because they are able to support their family and bring up their children. However, for very small vendors, their income is not enough to support the household, and they need to depend on their husbands' income as well. This decreases their sense of autonomy in the household.

The market in Phnom Penh is still very small, with little facility for stocking vegetables and other fresh goods. Studies show that more than 70 percent of the street vendors procure their goods at the same or nearby markets. Many micro-vendors do not have access to credit, even buying on credit for one day, since they are seen to be unreliable. The median for initial capital investment is around USD5 with a working capital of USD12.80.

Vendors, with their meagre income and high competition, try to improve their business by developing relationships with customers. They are also



willing to improve their skills as seen in the fact that more than 70 percent of street vendors said they are willing to pay a fee for training.

Half of the respondents in Agnello and Moller's (2004) study said that harassment from market security and police was their most serious complaint. Other problems include the working environment (cleanliness and sanitation), credit, child care, and personal security. Since street vendors need to go to the market before daybreak, they are afraid of being robbed and mugged. Phnom Penh city is not safe enough for street vendors.

Harassment ranges from outright prohibition and confiscation of wares to collection of fuzzy fees. Street vendors need to pay various taxes and fees: rent for space, rent for umbrella, tax, sanitation fee, security fee and other fees collected by both Khan (district) and Municipality Police. Rental fees for space are paid to the market committee, or to people who let out space in front of their houses. Although the tax payable by vendors is specified in the Business Operation Tax Book, other fees are not specified in writing anywhere.

This fuzzy collection of various fees from street vendors stems from their unclear legal status. Street vending, in the Sub-Decree on Public Order, is basically defined as illegal. However, in the Business Operation Tax Book, the amount of tax that street vendors need to pay is clearly specified. Therefore, street vending is illegal, but vendors pay tax legally. For instance, all street vendors under this study pay their taxes. This lack of clarity in the status of street vendors makes their position vulnerable.

Policy documents in Cambodia and Phnom Penh recognise the importance of street vending as a livelihood option for the urban poor, and some also recognise the importance of a secure space to sell. However, all of them fall short of translating this concern into concrete policies and practices and programmes. They do not challenge the ambivalent status of street vending—at the margins of legality. In general, policy documents have a rural bias, focusing on rural development and leaving the urban population to fend for themselves; some even view them as being responsible for their own fate as they have made a 'choice' to migrate to an urban area. The focus of urban development, if at all, is generally on housing and community. Almost all support for urban poor is provided at the place of residence and not at the place of work. Noting that vendors spend most of their time in the market, they are vulnerable to be excluded from any support that is offered. Even though many policymakers acknowledge the existence and importance of street vending as a livelihood option for the urban poor, there is no mechanism to enable street vendors' participation in the renovation of public markets, which is a part of the Phnom Penh Development Master Plan. Street vending is still seen as a temporary phenomenon that will eventually be absorbed into the formal sector or grow into SMEs. Thus, its precarious status persists.

Having a precarious status in the public place and at the same time being unable able to build relationships of trust with other street vendors makes street vendors very vulnerable to shock, since they have few people to rely on. The Vendors' Association, organized in 1994, was an attempt to build

relationships among vendors. Kusakabe et al.'s (2001) study showed that association members displayed a higher sense of reciprocity, cooperation and mutual help and hope for the future as compared to non-members. They also had a higher sense of trust in the state and social system, and showed more engagement in improving their and their fellow vendors' livelihoods. The study suggested that one of the ways to foster self-governance in street vending is to strengthen such associations.

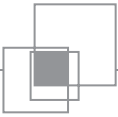
### **2.3 Street vending in Mongolia**

This section is based on the study by MCTIC and CUMTCC (2006), which covered a variety of street vendors. The respondents included vendors selling through permanent selling corners in big markets and shops (31.3 percent), street vendors (33.7 percent), kiosks (13 percent), vendors having temporary selling points in the streets (11.7 percent), small shops (6.3 percent), and traders who have containers (4 percent). Those with containers are large-scale retailers who are engaged in wholesale trade. Vendors in permanent selling corners and kiosks are middle-sized traders engaged in retail trading. Street vendors and vendors having temporary selling points in the street are micro-traders.

In Mongolia, since 1990s, the state-run economy was weakened and individuals began to pursue private businesses. A 1996-1997 study on Mongolian informal economy estimated that 23-28 percent of the economic activities in Ulaanbatar are carried out by the informal sector. The informal sector in Mongolia is defined as small establishments with less than five employees. A survey in 1999 showed that the informal sector contributes to 13.3 percent of total GDP. In 2005, the chairman of the Mongolian National Chamber of Commerce and Industry (MCCI) announced that the informal economy contributes to 17-20 percent of GDP. In Mongolia, informal sector economic entities are registered as taxpayers in accordance with international definitions.

Recognising the importance of growing informal employment, the Government of Mongolia adopted a policy on informal employment in January 2006. This policy aimed to provide government services to people and the creation of legal, economic, labour and social protection to the people in this sector. In this policy, informal employment is defined as the engagement of individuals, households and groups in non-agricultural works and services, which are legally not prohibited and not fully reflected in official registration, statistical information and social protection, and not organized in any forms (MCTIC and CUMTCC, 2006:18).

In the study of MCTIC and CUMTCC (2006), around 74 percent of respondents are aged between 25 and 49 years old. It should be noted that those in smaller vending activities (street vendors and vendors of kiosks) are in the higher age bracket. Street vendors have lower education levels as compared to those with a permanent selling corner. More than 70 percent of street vendors have an education of less than grade 10.



Among the respondents, 71 percent have been working in the formal sector—either in the public sector, manufacturing, trading companies or private companies. One of the factors that push people from the formal sector to informal sector is the income-earning opportunities that the latter brings. Private entrepreneurs can earn 2.6 times more than public officers. Another factor that push people into the informal sector is the bankruptcy and closure of processing factories. It should be noted that people who worked in the formal sector entered the higher ends of vending, such as work in containers, while 20.8 percent of those in street vending are retired or unemployed. Many herders moved to Ulaanbaatar due to dzuds (severe winter weather storms) that caused severe loss of animals. These herders came to Ulaanbaatar and became street vendors, as they do not have skills to work in formal sector. It is also seen that young newly graduated women are going into street vending. This is because of the lack of opportunity in other jobs. Women also do not want to be dependent on others. They want to earn money to go abroad to work and live.

As in Thailand and Cambodia, vendors in Mongolia work long hours—12-15 hours a day<sup>4</sup>. Some vendors who sell fruits and nuts are seasonal vendors. Street vendors would need USD50-100 as starting capital while vendors in small shops or selling corners in the big market and shops need at least USD1,000-2,000. Only 39.3 percent of the respondents had access to loans, and half of them had borrowed from individuals. Interest rates in banks range from 15.7 percent to 39.2 percent, while those of non-banking financial institutions and other sources went up to 85 percent per year in 2004. While 80 percent of the vendors of containers obtained loans, only 22.2 percent of the street vendors received loans.

As in the other two countries, the major reason for selection of a place is proximity to customers. Forty-one percent of vendors chose their locations because it is close to their customers. This is especially true for street vendors and temporary selling point vendors, while small shops and selling corners selected the places because of its availability.

The income from vending varies greatly across different types of vending. Vendors of containers earn the highest with 122,200 MNT per household member, while street vendors earn 21,000 MNT, and those vending in selling points on the streets earn 25,000 MNT. Since the earnings of street vendors and vendors at selling points are low, they can only contribute to 55.6 percent and 64.8 percent of household income respectively. Container vendors, on the other hand, contribute 82 percent to the household income. Noting that the minimum subsistence level in Ulaanbaatar was 30,000 MNT<sup>5</sup> in 2005, street vendors and vendors at selling points on the streets earn below the subsistence level.

Rental for selling space range from 25-30,000 MNT to 400,000 MNT per month, depending on the place. Some pay a daily rent of 1,000-4,000 MNT. In order to rent a space, one needs an ID card, guarantee capital, health insurance certificate as well as health and hygiene certificate of goods. These

4 Although they can only work for eight hours during winter in open markets.

5 USD1 = 1,190 MNT.

requirements mean that vendors need to be better educated to obtain a permanent place to sell.

According to the government standard Mongolian National Standard (MNS) 5021-2004, companies that rent spaces to small vendors and street vendors need to guarantee required standards in services such as electricity, garbage cleaning, fire safety, water supply, heating, sanitation and hygiene requirements. However, not all companies make enough provision to meet these standards. Problems regarding toilets, water and garbage services are addressed by small vendors themselves, and companies that rent out space do not help much.

Although there are no other laws/regulations that specify the authority in charge of managing street vendors, city officials close down kiosks that are located near bus stops. They also prohibit fire stoves in kiosks. According to a law on “Income taxes for entrepreneurs whose income cannot be estimated at current period”, small vendors and street vendors have to pay a flat tax rate. This puts a heavier burden on smaller vendors. In Ulaanbaatar, the rate is 6,000 MNT for trading, and 2,400 MNT for small vending. Although more than 90 percent of vendors of containers and small shops pay taxes, only 31.7 percent of street vendors do. This is because it is difficult to collect taxes from street vendors who do not have a permanent place to sell. They are not registered, and their income is too low to pay taxes.

A social insurance scheme for all employees was launched in 1994, and covers pension, benefits, health, industrial accidents and unemployment insurance. Formal sector employers must pay 19 to 21 percent of total wages for social insurance contribution, while employees pay 10 percent. For self-employed persons, the contribution rate for voluntary insurance is 12 percent. Most of the informal sector workers do not join the scheme, even though they have the right to do so. This is because street vendors have low and irregular income, low awareness about insurance, and experience difficulty in accessing services from insurance funds because of cumbersome administrative procedures. While all formal sector employees are covered by the compulsory social insurance scheme since 1994, only 47 percent and 8.6 percent of the workers in the informal economy joined the voluntary health insurance and pension insurance schemes respectively in 2001.

One way in which street vendors protect themselves against police harassment and also obtain social insurance is through getting a licence. To get a licence, the following permits are needed: land permission, certificate meeting required standards for trading outlets; registration at the tax office; certificate from hygiene department; certificate from National Centre for Standardization and Metrology (NCSM) on scales and weights; permits to use electricity; permits from fire inspection office. Larger vendors such as those with containers and those operating at selling corners obtain permits and pay fees for electricity, sanitation and fire in addition to official taxes. Street vendors normally do not obtain a licence, and do not pay any additional fees. Vendors cite complicated procedures as a reason for not obtaining a licence.



The complicated procedure, according to the authors, is a reflection of the lack of policy to support street vendors—and the only policy that exists is that street vending should stop (MCTIC and CUMTCC 2006:39). Obtaining a licence not only requires money, but also a long period of time. Vendors spend about 18,700 MNT for obtaining permits. Vendors operating small shops and kiosks spend on average more than a month to get a licence, while vendors of containers and selling corners spend only a week. The valid term of licence for street vendors is one month, temporary selling points on the streets three months and for small shops and selling corners in the market, one year and longer. This shows why street vendors do not obtain a licence—by investing several months to obtain a licence, they can only get a month-long permit. But then again, not having a permit means street vendors are vulnerable to police harassment. City officials set regulations and punish vendors who do not follow the regulations. For example, city officials set the time that kiosks can operate, but kiosk operators do not follow the regulation as their business does not become viable if they do. This ends up in vendors succumbing to pressure and paying penalties or bribes.

## 2.4 Summary of findings from the three countries

Table 2 summarises the profiles of street vendors in the three countries. In all three countries, street vending is an important source of income for the urban poor. It contributes to the national economy, creates employment, acts as a buffer for unemployment, and offers conveniences to customers. Street vending contributes to a large part of the vendors' household income, and for those people in the middle working age group, it is a core means of livelihood.

**Table 2: Profile of street vendors in the three countries**

	<b>Thailand (Bangkok)</b>	<b>Cambodia (Phnom Penh)</b>	<b>Mongolia (three cities)</b>
<b>Macroeconomic significance</b>	Informal economy activities total up to 2.33 million Bt or 45.6 percent of GDP (2001)	80 percent of GDP and 95 percent of employment comes from the informal sector.	23-28 percent of UB's economic activities are carried out by the informal economy (1996-1997) 17-20 percent of GDP is from the informal economy (2005)
<b>Place of origin of vendors</b>	Bangkok for fixed vendors and outside Bangkok for mobile vendors	Outside Phnom Penh	71 percent have worked in the formal sector

**Table 2: Profile of street vendors in the three countries (Cont.)**

	<b>Thailand (Bangkok)</b>	<b>Cambodia (Phnom Penh)</b>	<b>Mongolia (three cities)</b>
<b>Sex of vendors</b>	Both women and men (fixed vendors operate as a family)	Heavily dominated by women. High incidence of women-headed households (30-40 percent)	Both women and men Street vendors tend to be older than larger-scale traders
<b>Period when street vending increased</b>	1997 financial crisis 41.5 percent of fixed vendors and 53 percent of mobile vendors have operated for less than five years, 14 percent have operated for more than 20 years.	1979-1980; 1993; 1997-98; 2002 Both under economic boom and bust	Since the 1990s
<b>Education level</b>	More than 70 percent of fixed vendors and 85 percent of mobile vendors have less than six years of education	Lower education than average. More than 80 percent have less than six years of education (on average less than four years)	More than 70 percent have an education of less than grade 10
<b>Upward mobility</b>	70 percent of fixed vendors used to be mobile vendors. Attractive option for middle class (economic choice)	Larger traders start large or started in 1979-80	Large traders start large
<b>Reason for vending</b>	Quick cash turnover	Support family and children's education; no other option; natural disaster	Natural disaster Unemployed or retired No opportunity for other jobs and earning money to go abroad to work (especially for women)

**Table 2: Profile of street vendors in the three countries (Cont.)**

	<b>Thailand (Bangkok)</b>	<b>Cambodia (Phnom Penh)</b>	<b>Mongolia (three cities)</b>
<b>Credit needs</b>	Vendors with low capital operate as disguised wage workers. Those who want to expand need credit	Many do not have access to credit	22.2 percent of street vendors received loans (as compared to 80 percent for larger traders)
<b>Capital</b>		Initial capital investment USD5, working capital USD12.80	USD50-100 as starting capital.
<b>Income</b>	21.4 percent of mobile vendors earn less than 200Bt/day. 10.3 percent of fixed vendors earn more than 1,500Bt/day. Earn more than minimum wage (169Bt/day)	Contribute to half or more of their household income. Average income US1.50. Per capita income falls below poverty line	Private entrepreneurs earn 2.6 times more than public officers. Street vendors earn below subsistence level (21,000 MNT as compared to minimum subsistence level of 30,000MNT in UB). Contribute to 56-65 percent of the household income
<b>Problems identified</b>	Social security; public health; career training; providing safe place to sell	Harassment by market security and police; cleanliness and sanitation; credit; child care; personal security	Time-consuming bureaucratic hurdles in getting registered; illegal if not registered; no facilities in the market

In all the three countries, street vending grows both under economic recession as well as economic growth. As a core economic sector in the urban economy, when the economy picks up, demand goes up and more people enter the occupation. Migrants looking for economic opportunities also find the sector attractive. During recession, street vending becomes a buffer for the unemployed, hence pushing up the number of vendors.

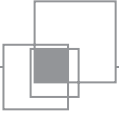
Cambodia and Mongolia have a special situation where government officers do not receive a living wage. With the deterioration of state-owned enterprises in Mongolia and the complete collapse of state-owned enterprises in Cambodia, many former state-owned enterprise employees had to enter street vending to earn a living. At the same time, especially in Cambodia but also to some extent in Mongolia, many women went into street vending to support their husbands' positions in the government—positions that do not earn them adequate income, but provide them with social status. These women vendors can be found in middle-sized retail outlets and among street vendors, and they engage in vending to support the family rather than to expand their business.

There is a large difference in income among street vendors across countries. In Thailand, street vendors are not the poorest of the poor in urban areas. They earn higher than the minimum wage, and many white collar workers go into street vending to earn more. In Cambodia, street vendors are the poorest category in the city. They live below the poverty line. There are significantly more women-headed households among street vendors in Phnom Penh, and most street vendors have many dependents. In Mongolia, street vendors constitute the poor in urban areas. They are made up of relatively old (retired) people as well as those who do not have other employment options. They earn almost the same as public officers, which is again, not a living wage, and lack the social status that public officers have.

Education levels of street vendors in the three countries vary. Mongolian street vendors are the most educated, with most of them having completed grade 10 or less. In Bangkok, it is grade 6 or less, while in Phnom Penh it is grade 4 or less.

However, the gender composition of those in the occupation shows the relative levels of earnings in each country. In Cambodia, street vendors are predominantly women. In Thailand, both women and men work as mobile and fixed vendors. In Mongolia, the vendors are not predominantly women although they form the majority (63 percent) of vendors interviewed. They are older in age, and hence lack other employment options. This confirms the notion that the sex segregation of occupation is defined by the remuneration. Thus, women are found in occupations that bring lowest remuneration or in lowest earning sectors.

The low capital required and the ease of entry have often been pointed out as the reason for going into street vending. This is still true in Cambodia, where one needs on average USD5 to start the business. In Mongolia, the requirement is a bit higher at around USD50. Thailand is different in this regard. The level of street vending in Thailand is much higher, with higher hygiene and equipment standards. So, those who do not have capital become disguised wage workers as commission vendors for a large company. Credit needs are again not uniform across countries. In Cambodia, micro-vendors need credit. In Thailand, subsistence-level vendors seem to face less difficulty in buying on credit as compared to Cambodia, but once vendors think of expanding their



businesses, the need for credit is quite clear. Studies showed that the micro street vendors need other forms of support (such as business management skills and information) rather than credit. These cases show that the needs of street vendors are context and type specific, meaning that a uniform programme will not benefit all of them.

One of the issues raised, especially in the Bangkok case study, was whether street vending can become a vehicle for upward mobility for the urban poor. The Bangkok case showed that 70 percent of the fixed vendors started as mobile vendors, and were able to accumulate capital through street vending to become larger. That is, migrant workers can start as petty mobile vendors and move up the ladder to become large entrepreneurs. It is well-known that the owner of Bangkok Bank used to be a mobile vendor.

The case studies in Cambodia and Mongolia showed that larger vendors started big. In Cambodia, all vendors were petty street vendors in 1979-1980, immediately after the Democratic Kampuchea regime. Those operating shops and market stalls started as petty street vendors in that period. However, those who started street vending after that do not seem to move up but only change items they sell from time to time. This is because during the early 1980s, space was freely available for vendors to occupy and the demand for goods was extremely high, thus they could do good business. In the 1990s, the window of opportunity closed and with tougher competition from more and more vendors, upward mobility seems to be difficult. In Mongolia, there is little sign of upward mobility. More investigation might be needed, but current data seems to suggest that those who are container vendors and shop owners started large, with USD1,000-2,000 worth of investments from sources other than street vending.

It should also be noted that in Bangkok, more men are fixed vendors, and they have family support, i.e. other family members who also work in the business. Support from family members is important for the growth of the business, and it would be difficult to conclude whether street vending itself is a vehicle for upward mobility or whether there is any condition that needs to be fulfilled before it can be a vehicle for upward mobility. This further leads us to an understanding that women will be generally more disadvantaged, since they normally have less control over the time and labour of other members of the family, especially their husbands. Men, in contrast, are able to command the time of their wives and children. This also explains why women are concentrated in small vending. It is not their lack of skills or capital, but the lack of free labour they can access and control that makes the crucial difference in the growth of business between women and men.

## 3

## Policy issues and responses

In the following section, three policy issues will be discussed: street vendors' legal status; street vendors' access to and inclusion in social security schemes; and their inclusion in urban development planning

### 3.1. Legal status of street vendors and their integration in development policies

In all the three countries, street vending is defined as illegal. Table 3 summarises the policy-related issues in the three countries. Even though the majority of policy makers interviewed in these countries said street vending is a necessary activity for the livelihood of the urban poor as well as for national economy, no attempt has been made to change their illegal status.

**Table 3: Summary table on policies on street vending in the three countries**

	Thailand	Cambodia	Mongolia
<b>Laws that prohibit street vending</b>	Cleanliness and Order of the City Act 1992 Traffic and Land Transportation Act 1992 Highway Act 1993	Sub-Decree on Public Order	
<b>Laws that regulate street vending</b>	Public Health Act 1992 (requires permission to sell) Orders from BMA governor		

**Table 3: Summary table on policies on street vending in the three countries (Cont.)**

	<b>Thailand</b>	<b>Cambodia</b>	<b>Mongolia</b>
<b>Laws that specify authorities in charge of regulation</b>	Cleanliness and Order of the City Act Public Health Act Traffic and Land Transportation Act Highway Act	Sub-Decree on Public Order Place in and around the market is controlled by market committee, and Khan/Sangkat controls other areas.	Government standard MNS 5021-2004 holds companies that rent space to street vendors responsible for providing satisfactory infrastructure (which is not enforced).
<b>Taxes and fees</b>	Sanitation fees since 2000 Street vendors do not pay taxes Extortion and rent-seeking in some places	Specified in Business Operation Tax Book All street vendors pay taxes daily No document that specifies the fees collected by market committees and police	Law on income taxes for entrepreneurs whose income cannot be estimated at current period puts flat tax rate for all small traders. 31.7 percent of street vendors pay taxes.
<b>Registration of vendors</b>	Started in 2000.	No registration	Cumbersome registration process, which allows only short duration of permit. Need to be registered to rent a space. Without registration, more vulnerable to harassment by police.

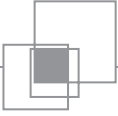
**Table 3: Summary table on policies on street vending in the three countries (Cont.)**

	<b>Thailand</b>	<b>Cambodia</b>	<b>Mongolia</b>
<b>Other policy documents</b>	Beautification of city (can impose harsh measures on vendors) No concrete direction for vending activities management, but left to BMA governor's discretion	Bias towards rural development; focus on infrastructure and housing in urban areas; residential bias rather than workplace support	Policy on informal employment 2006 aimed to provide government services to people engaged in informal employment. A basic perspective towards street vending that it should be stopped
<b>Social security</b>	30 baht universal health coverage	None	Voluntary participation in social insurance scheme, although there is a need to be registered in order to join. Only 47 percent of workers in informal economy have joined the voluntary health insurance.
<b>Possible success cases</b>	Self-management; private agent under concession from state; management in private land	Vendors' Association able to cultivate sense of trust	

Policies on street vending remain fuzzy in all these three countries. In Bangkok, policies change frequently depending on who becomes the governor of BMA. There is an attempt to regulate, register and relocate street vendors; this stems from the view that street vendors are obstacles for pedestrians and traffic as well as an eyesore in the city. The current governor has a plan to beautify the city, without any reference to vendors.

In Cambodia, the national development policy and urban development policy are not explicit in their policy direction about street vending, and as the National Poverty Reduction Strategy Paper noted, the assumption is that the urban poor are responsible for their own fate since they came here by 'choice' as seen below.





“Unlike the rural poor who constitute the vast majority of the poor in Cambodia and who are considered to be innocent victims of poor administration and underdevelopment (lack of infrastructure and basic services), the urban poor are deemed to be responsible for their predicament. They are given a much lower priority for assistance because, on paper at least, they are much better off than their rural peers in terms of incomes, nutrition and proximity to basic services like education and health.” (p.86)

Development priority is given to rural areas. In urban development, the focus is on housing. Street vendors are defined as illegal but still pay taxes legally. Tax rates are specified in the Business Operation Tax Book. However, since they are defined as illegal, they have to pay fines and other amounts to the police.

Mongolian street vendors are in a similar situation. In Mongolia, street vending is not explicitly prohibited. However, they need to be registered. The registration process is very cumbersome, requires many documents and is time-consuming as well as expensive. At the same time, there is no clear advantage for street vendors in acquiring a licence, as it can be used only for a month. So, vendors remain illegal and are vulnerable to police harassment and extortion.

Due to their illegal status, street vendors have to bear extra expenses. In Bangkok, although they do not pay taxes, street vendors give extra payments to the police, local authorities, and sometimes, gangsters. In Cambodia, even though they pay taxes legally, they also pay the police and the market committee to secure a place to sell. In Mongolia, unregistered vendors pay local officers and the police.

There is an overall lacuna in policy direction and commitment to ensure the rights of occupation and space for street vendors. The management of street vendors is left to local-level authorities. Street vendors are ‘managed’ in various ways in urban areas. In Cambodia, the market committee manages the place in and around the public marketplace, and the Khan (District)/Sangkat (Sub-district) manages other streets. They will take decisions on regulations and fees. There is little room for street vendors to participate in the governance of markets and streets.

In Mongolia, market management is left to private investors, and they are responsible for the infrastructure, sanitation, hygiene and other facilities in the market. However, little investment is normally made to improve the place, and thus street vendors are left with no choice but to sell amid bad conditions. The Bangkok study shows a wider variety of street vendor management systems, including some successful ones. Some are managed by vendors themselves, some by the contractor, and some by the private real estate developer. The key learning is that all the managers listened and responded to street vendors, leading to a win-win situation. While legal status remains an issue for street vendors, successful cases in Bangkok indicate that it is not registration of

vendors that improved their condition, but the way they were heard and involved in the governance of the street and their selling space.

In addition to the lack of policy directions regarding street vendors, governments in all three countries lack assume that street vendors will go ‘wild’ if they are not regulated properly. The state’s lack of trust in street vendors is reciprocated by the vendors, who do not trust the state. Street vendors, in the face of such uncertainty in their lives, place considerable trust in their customers. Getting and maintaining regular customers is the most important coping strategy for street vendors. This echoes ‘clientelisation’ of Geertz (1978). Customer relations are seen as the most important issue for street vendors in all the three countries.

“To her, the heart of street vending is ‘access to customers’. Vendors do not mind travelling a long way to serve customers as long as there are customers to serve.” (Rupkamdee et al., 2006:37)

Policy approaches have so far been unable to create a culture of trust among street vendors. The Cambodian case showed that street vendors who are association members trust the state and social system, and are more ready to engage with and improve their selling place and work environment. At present, there are no vendors’ associations in Mongolia and Bangkok<sup>6</sup>. There are several associations in Cambodia, but they are still in their infancy and receive no recognition or support from the government. Street vendors have yet to realise the benefits of collective negotiations, while government officials and policymakers have yet to realise the benefits of strengthening associations.

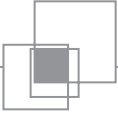
### 3.2 Social security of street vendors – schemes and challenges

In all three countries, there is almost no access to social security for street vendors. In Cambodia, there is no state-provided social security system. There are NGOs in Phnom Penh that offer health services and child care services to the urban poor. However, many are community-based and offered in small pockets in the city. Thus, not many street vendors are able to access these services.

In Thailand, social security currently does not include own-account workers. Even in the formal sector, only half of those employed are covered. If own-account workers want to join the social security system, they need to pay double premiums, with the state contributing less than 20 percent of the total contribution. Street vendors can access the 30 baht universal health service, however, are not able to avail of this service (one needs to have a housing registration in the area in order to apply for the 30 baht for all health scheme). Likewise, some are not happy with the service they get through the 30 baht scheme. The scheme covers only health problems, so they are still not covered for pension, accident insurance, or child care.

In Mongolia, formal sector workers are covered by the social insurance scheme. However, informal sector workers, including street vendors, may

<sup>6</sup> Sometimes, temporary groups are organized in the face of eviction.



participate voluntarily. Voluntary participants need to contribute a higher amount, and they have to be registered to be able to apply. Thus, even though they are on paper included in social security, vendors are actually excluded from the whole scheme, since monthly registration is a problem for them.

In a country like Cambodia where there is no state-provided social security scheme, NGOs play a large role. But NGOs have their own target groups, and only one NGO works with street vendors. Thus, depending on NGO services is not sufficient for street vendors.

Cambodians have tried to create their own social security scheme by organizing associations. Such efforts are still in its infancy, and the association depends on external support. However, it does prove their ability for self-governance. Through the development of such associations, mutual security can be provided among the members. A savings and credit scheme and a child care service have been organized among association members. The challenge now is to sustain and expand such activities.

Would such an association model be effective in Thailand and Mongolia? In Thailand, the trend is to explore ways to include informal sector workers in the existing social security scheme. The scheme is still being negotiated, and it is important that street vendors' inputs be considered in designing the scheme for informal sector workers. In Mongolia, the government's role in providing social security to the population is high both in actuality and in the people's perception. However, the system made for state-managed economy has not yet adjusted to the open economy and the increasing number of informal sector workers. As the state gears up to meet this challenge, it is important that street vendors are organized so that their voices are heard. Noting the diversity in traders in Mongolia, it is important that their different needs are catered to.

### **3.3 Urban space – accommodation of informal sector activities and vendors' rights to sell**

The third policy issue for street vendors is to secure their rights to space to sell. While the issue is closely related to their legal status, it should be approached from an urban planning perspective. How spaces are defined and planned is critical for street vendors, who are seen to occupy 'public' land, and disturb order in 'public spaces'. The challenge for policymakers now is to translate the newfound recognition of street vendors as an integral part of urban life into space management systems.

As Gouth et al. (2006:29) noted, poverty policy is about managing the relations within 'poor areas' and between these and the 'prosperous areas'. Policies on poverty are not contained within a particular scale, but 'it typically relates and contrasts the different scales'. Street vending policies are not merely about allowing the poor to sell in a small corner of the market, but about how these spaces are integrated in relation to other urban spaces, and how the space management is strategically positioned within urban development

policies. In other words, the whole framework needs to be inclusive towards the urban poor and marginalised women and men in cities, and city beautification campaigns should not be prioritised at their expense.

In this connection, Perera's (1994) work on accommodating the informal sector in restructuring urban voids is an interesting approach. He demonstrated how accommodating the informal sector both in physical and economic terms contributes to sustainable urban development. Table 4 shows the land development/redevelopment techniques summarised by Perera (1994:56). As seen in Table 4, most approaches see urban space as a mono-function unit. It is interesting to note that Perera included sidewalks and street corners that street vendors normally occupy in his definition of urban voids. He included this because "the same spaces have been identified as having potential to accommodate a secondary function without disrupting the primary function" (Perera, 1994:56). Such a multi-layered concept about the use of space is crucial to accommodating street vendors in urban spaces.

**Table 4: Urban development/re-development techniques to accommodate informal sector in urban voids**

Techniques	Type of void
Regularisation of existing uses	Sidewalks, street corners, leftover land pockets, streets with low traffic movement
Allocation of land reservations	Railroad reservation, riverbank reservation
Development of prime vacant land	Unused land parcel in a railway yard
Vacated railway track	Urban renewal/redevelopment
Dilapidated low-income housing settlement	Dilapidated inner city block
Urban conservation	Old shopping arcade, dilapidated municipal market

Source: Perera, 1994:56

In Mongolia, the development of open space is the main method for providing better facilities for street vendors. In Cambodia, the present technique used is 'regularisation of existing use', with regulation solely decided by the authorities. The same regularisation in Bangkok worked out better since the space manager was more responsive to the vendors' situation and needs. The cases suggest that it is not only the technique that is of importance, but also the process of governance. Even when the special planning techniques recognise the secondary and tertiary functions of a space, street vending can still be marginalised from market management if the governance of space does not equally recognise the need of each function.

# 4

## Conclusions

The paper compared the three country studies on street vending, looked into how they are defined in policies and legal framework and the implications from such definition and positioning. Noting that the political economy perspectives and collective action perspectives have been well-articulated in street vendor studies, this paper attempted to link these to urban development policies and space management systems.

The studies have shown that in all the three countries, street vending is defined as illegal. At the same time, the enforcement of relevant laws and regulations is often lenient or contradictory. For example, in Cambodia, even as one law defines them as illegal, the other stipulates the legal taxes payable by them. Development policies also do not clearly support or prohibit street vending. It is kept fuzzy, and this lack of clarity leaves much room for extortion and rent-seeking. At the same time, vendors' illegal status makes them ineligible for social security and unable to get secure places to sell. An example of this is seen in Mongolia, where street vendors need to register themselves to avail of social insurance but where the registration process is too cumbersome for street vendors to go through every month.

Therefore, it is important that street vendors are given clear legal status so they are able to claim their entitlements to pursue their livelihoods and their rights to space. At the same time, the case studies showed that legal status by itself will not enable them to claim their rights. For example, even though vendors in Mongolia are allowed to sell, and the companies that rent out space are supposed to provide infrastructure, there is very little enforcement and hence no implementation. It is therefore important to set in place market governance that is inclusive of street vendors.

There is no single prescription for a market governance inclusive of street vendors, especially given the differences in profile and resources of street vendors, as well as policies and social security schemes in each country. The studies showed that street vendors within and between three countries are diverse in terms of their profiles as well as access to resources and services. For example, Thai street vendors are not necessarily the poorest in the urban population, while street vendors constitute the poorest in Cambodia. Likewise, street vendors in Cambodia are predominantly women while in the other two countries, the degree of sex segregation of the sector is not as

evident, although more than half of the vendors are still women. The studies suggested that the low remuneration in street vending could be a reflection, as well as construction, of sex segregation of the occupation.

In Thailand, there is a universal health service scheme and in Mongolia, there is a well-covered social insurance scheme (although it mainly covers the formal sector). But in Cambodia, there is no state-provided social security scheme. As a result of these different contexts, the urgency of the needs of street vendors might be different as well. The market management technique that works in one country might not be able to meet the needs of the vendors in another country.

What was seen especially with Thailand's success cases was that the management listened to vendors' voices and was responsive. They did not try to control them. Having vendors' voices reflected in the management of the market has provided constructive ways to improve both the urban space utilisation as well as enhance vendors' businesses. In Cambodia, the association created space for a more positive engagement of members with the authority, opening a space for better negotiations and creative solutions to problems in the market and on the streets.

To integrate street vendors meaningfully into urban planning, it is essential to see urban spaces as multi-functional and multi-layered. Following Perera (1994), many of the urban development techniques saw urban spaces as mono-functional, linking a space to one function. Spaces are seen in different ways by different people who use the space. How the different users negotiate and emerge with creative solutions to the usage and management of the space is the challenge that has to be taken up in order to accommodate street vendors in urban development.

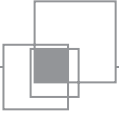
If urban spaces and markets were managed strictly under the principles of participatory governance, vendors would be a part of the decision-making process that governs urban spaces. This would, in turn, promote a multi-functional approach to space that would allow each context to throw up the management system best suited to its unique complexities.

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# Policy Issues on Street Vending: An Overview of Studies in Thailand, Cambodia and Mongolia

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**Kyoko Kusakabe**

This paper synthesizes findings from several different studies on street vending in three Asian countries—Thailand, Cambodia and Mongolia. Street vending is an important occupation for many urban workforce in these countries, but the status of the occupation is different across countries. In Thailand, it is a viable economic option for entrepreneurial women and men, in Cambodia, it is the only option for poor women, and in Mongolia, it is an option for those who are excluded from formal employment.

Whatever the status of the occupation, street vendors in all the three countries face the same problem—insecure rights to work space or to selling space. Street vending is essentially illegal in many parts of these countries. This forces street vendors to be engaged in continuous negotiations with various actors for their rights to working space.

This paper problematizes current policies that keep street vending in a fuzzy area at the borders of legality, and recommends that meaningful integration of street vending in urban space is possible only if street vendors have a voice in managing urban space as full-fledged stakeholders in urban planning. This will lead to a multi-layer, multi-functional approach to the definition of urban space, which can lead to innovative ways of managing urban development.

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This is part of a series of papers being published by the Informal Economy, Poverty and Employment Project, implemented by the ILO Subregional Office, Bangkok. This project is funded by the UK's Department for International Development (DFID). This publication was further supported by the project, Knowledge Sharing on Decent Work and the Informal Economy in the Context of Poverty Reduction, implemented by the Policy Integration Department, ILO Geneva, also funded by DFID.

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This publication is also available online at the ILO's Informal Economy Resource Database:  
<http://www.ilo.org/dyn/infoecon/iebrowse.home>

**ISBN 92-2-119166-4**  
**978-92-2-119166-7**