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A Review of Studies on Street Vending in Phnom Penh, Cambodia

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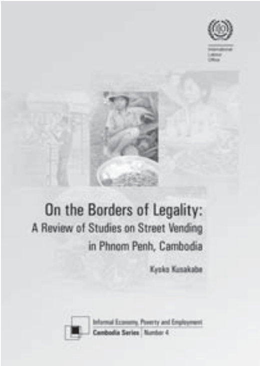

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Foreword

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 their accessibility and inexpensive goods and services. 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 study, *On the Borders of Legality: A Review of Studies on Street Vending in Phnom Penh, Cambodia*, brings together findings from different studies in Cambodia on street vending. It characterises street vending in Cambodia, describes its contribution to employment, and highlights the role of associations in engaging the state so that appropriate policies may be established to capitalise on the potential of this subsector. Specific policy recommendations are further outlined.

This study is based on ILO's approach of analysing informal economy occupations based on the four components of decent work: rights, employment, social protection, organization and representation. Similar research studies were carried out in Thailand and Mongolia which, together with this Cambodian report, form a series of publications on street vending. These initiatives were carried out under the UK's Department for International Development (DFID)-funded ILO Informal Economy, Poverty, and Employment Project, which covers Thailand, Cambodia, and Mongolia.

We thank Dr. Kyoko Kusakabe of the Asian Institute of Technology (AIT), Thailand, for preparing this report. We acknowledge the collaboration of the AIT and the Urban Management Programme which funded the preparatory research activities leading to this report. 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, and Mr. Tun Sophorn, National Project Coordinator of Cambodia, initiated and coordinated the preparation of this report. 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. Ms. Srey March Leum and Ms. Paveena Eakthanakit 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 to create employment for their growing labour force.

Christine Evans-Klock
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Table of Contents

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1

Introduction

Phnom Penh was virtually empty when the Democratic Kampuchea regime collapsed in January 1979. With the fall of the regime, people started returning to Phnom Penh. One of the first business activities that they engaged in was trade, which started with barter in temporary marketplaces near the railway station. Since then, vending has become one of the main income-generating activities for all classes of people. It has provided the daily necessities for the urban people who returned from rural areas with little or no possessions. In the 1990s, in addition to these returnees from border camps, more and more poor people from the rural areas poured into Phnom Penh. Vending again became the most easily accessible occupation for these new settlers in Phnom Penh. However, by 1990s, markets were crowded and it became difficult to find places in the market. Small vendors took to the roads around the public marketplace. This led to conflict between the vendors and the market committee in charge of the management of the public market, and since then, securing a place to sell has become an important issue.

Several studies on the struggle of micro-vendors in Phnom Penh have been completed.

(1) Rao, R.R. (1996) *Women in the urban informal sector: A case study in Phnom Penh*. This report, published by Urban Sector Group, interviewed 258 informal sector workers, including 196 street vendors. It gives a broad idea of the quality of life of women working in the informal sector in Phnom Penh.

(2) Kusakabe, K. (2001) *Women's participation in the market: Women retail traders in Phnom Penh, Cambodia*. This monograph published by the Asian Institute of Technology is based on a Ph.D. study by the author. Through interviews with 249 retail traders, including 92 street vendors (both vendors in marketplaces without stalls and hawkers), the critical connection between traders' background, their performance and their perception of their businesses is uncovered.

(3) Banwell, S.S. (2001) *Vendors' voices*. This report published by The Asia Foundation was researched by the team from Urban Sector Group. In all, 89 street vendors (whom the report calls micro-vendors) in two markets (Daum Kor and Chbar Ampeau) were interviewed to develop an overview of market governance and review the problems faced

by women micro-vendors. Interventions made in response to these problems are also described in this report.

(4) Kusakabe, K., M. Chan, S. Chea, C. C. Theng. (2001) *Social capital of women micro-vendors in Phnom Penh markets: A study of Vendors' Association*. This occasional paper published by Urban Management Programme is a result of a research conducted jointly by Asian Institute of Technology and Urban Sector Group. After interviews with 182 street vendors, 77 of them members of Vendors' Association, the influence of association membership on a sense of trust among street vendors, as well as their gender views was explored.

(5) Agnello, F. and J. Moller (2004) *Vendors' purses: Women micro-entrepreneurs and their business needs, Phnom Penh, Cambodia*. This report was published by Urban Sector Group. About 288 street vendors in six public markets in Phnom Penh were interviewed to build a profile and business of street vendors, and explore their business plans and development needs.

(6) Pou, S. (2005) *Fighting poverty, fighting the market: Street vendors in Cambodia*. Written under the directive of Asian Institute of Technology and Urban Management Programme, this report describes the market chain of vegetables in the Phnom Penh market, as well as the legal and policy provisions related to street vendors in Cambodia.

The current paper reviews these studies and attempts to describe the importance of micro-vending both as a livelihood option for the urban poor, especially for urban poor women, and as a contributor to the urban economy as a whole. It elucidated the conflict in use of space between street vendors and the market and municipal authorities. It argues that the contradictions in law and regulation and the actual enforcement make street vendors' positions precarious and vulnerable to extortion and exploitation. Specifically, the paper aims to:

(1) describe the structure and function of public markets;
(2) review the profile of street vendors in Phnom Penh;
(3) analyse how street vendors are defined in laws, and treated in policies/programmes and highlight the vulnerability of street vendors caused by the legal and institutional framework as well as their lack of other forms of support
(4) explore how the Vendors' Association has been able to decrease the vulnerability of street vendors;
(5) recommend support for street vendors.

Respondents in the studies reviewed are mostly those who are selling at or near public markets on the streets and open spaces without stalls. Itinerant sellers are only referred to in passing, if at all. Therefore, in this paper, street vendors will refer to those who market their wares in public spaces (on roads and in open spaces, especially near markets) without stalls, and do not include itinerant sellers.

2 Profile of markets and street vending in Phnom Penh

After the fall of the Democratic Kampuchea regime, traders gradually started assembling at places where markets used to be before the regime abolished them. Space was up for grabs, and women and men claimed the places on a first-come-first-served basis. Since the market was still small, most of the vendors preferred to sell at the fringe of the marketplace rather than secure a proper place inside the market, and only those who had extra labour to secure a place inside the market could occupy a stall in the marketplace (Kusakabe, 2001). In 1985, the government reorganized the marketplace and reallocated stalls to people who were already there.

There are currently 31 public markets in Phnom Penh (Table 1). Banwell (2001) reported that there are around 300 poor women working in one market as street vendors. Pou (2005) estimated that the number of vendors in Phnom Penh is around 5,000 (Table 2). This includes only those who are vending in and around public markets, and does not include itinerant sellers or vendors along the street outside marketplaces. It has been observed that the number of street vendors has increased rapidly in recent years. For example, Pou (2005) said that the number of vendors in Daum Kor market increased by 50 percent since 2001.

Table 1: List of public markets in Phnom Penh

District *(Khan)*	Name of market
Prampir Meakkara	Orrusey
	Sereipheap
Daun Penh	Psar Thmei
	Psar Kandal
	Psar Chas
	Psar Tapang
	Psar Sileup
	Psar Kandal
	Psar Soriya
Chamcar Mon	Kapkor
	Olympic
	Tuol Tumpong
	Beung Kengkang
	Psar Doeun Thkov
Tuol Kork	Samaki
	Depot
	Psar Daum Kor
	Psar Moan Ang
Meanchey	Chhbar Ampeau
	Kbal Thnol
	Beung Tumpon
	Steung Meanchey
Reusseykeo	Teuktla
	Tuol Sangke
	Psar Km6
	Psar Km7
	Preak Leap
Dangkor	Cheung Ek
	Porchentong
	Chumpu Vorn
	Traperng Krasaing

Sources: Trade office in Phnom Penh and Economic and Finance Department of Phnom Penh Municipality, in Pou (2005:15)

Table 2: Number of street vendors in Phnom Penh by location

Districts *(Khan)*	Locations of micro-vendors	Numbers
Prampir Meakkara	Block Orrusey market	724
	Block Borey Keila	129
	Block Bak Touk and Block Duy Mech market	240
	Block Boeung Pralit market and behind Khan Prampir Meakkara	163
Sub-total		*1,256*
Daun Penh	Block Cambodia-Japan Friendship Bridge	96
	Block Psar Thmei and Chaktomuk	170
	Block Preah Sisowath School	69
	Preah Ketomealea Hospital	99
	Block Wat Phnom	36
	Block Phsar Chas	124
	Block Psar Tapang	63
	Block Psar Sileup	72
	Wat Koh	169
	Block Royal Palace	70
	New Garden, Victory Monument	260
Sub-total		*1,228*
Chamcar Mon	Block Wat Lungka	166
	Block Kirirum cinema	271
	Block Beung Trabek	220
	Block Psar Olympic	141
	Block Psar Mek	53
Sub-total		*851*
Tuol Kork	Block Tuol Kork	220
	Block Beung Salang	82
	Block Khleang Rumsev	351
	Block Sonthor Muk	215
	Block Teauk Laak 3	112
	Block Psar Km4	53
	Block Psar Sameki	40
	Block Preah Kosamak Hospital	139
Sub-total		*1,212*
Meanchey	Block national road number 1	83
	Block Steung Meanchey	197
Sub-total		*280*

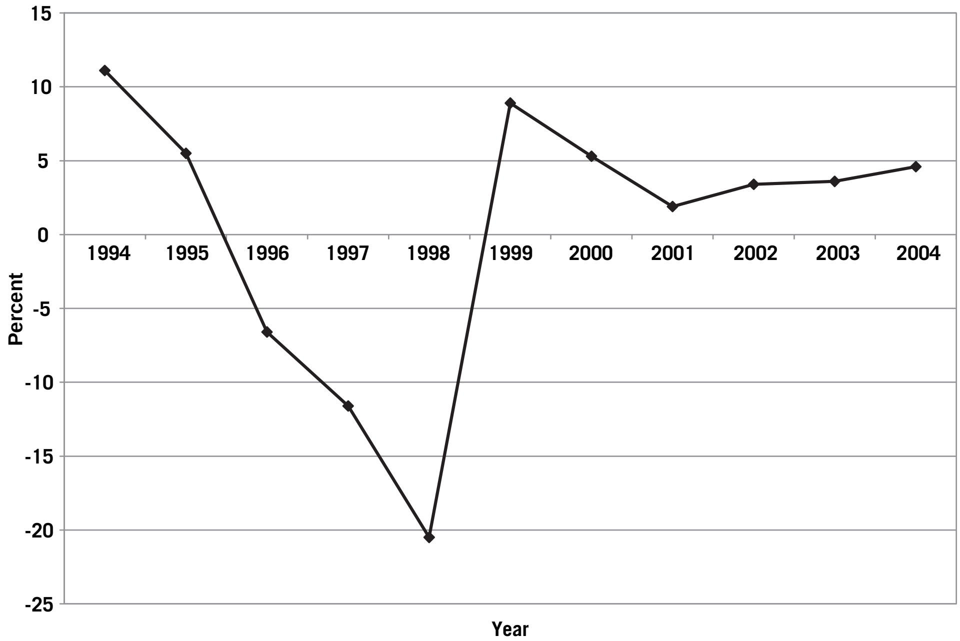
Table 2: Number of street vendors in Phnom Penh by location (Cont.)

Districts *(Khan)*	Locations of micro-vendors	Numbers
Reusseykeo	Block Svay Pak	85
	Block Psar Km7, 8, 9	95
	Block Km6 market	140
	Block Prek Leap	185
	Block Obek Khaam market	40
	Block Psar Toch	70
	Block Bakheng	55
Sub-total		*670*
Dangkor	Block Cheung Ek market	21
Sub-total		*21*
Grand total		**5,518**

Source: Economics and Finance Department of Phnom Penh Municipality in Pou (2005:13); based on the places where the Business Operation Tax Company collects taxes both in and around the markets from street vendors.

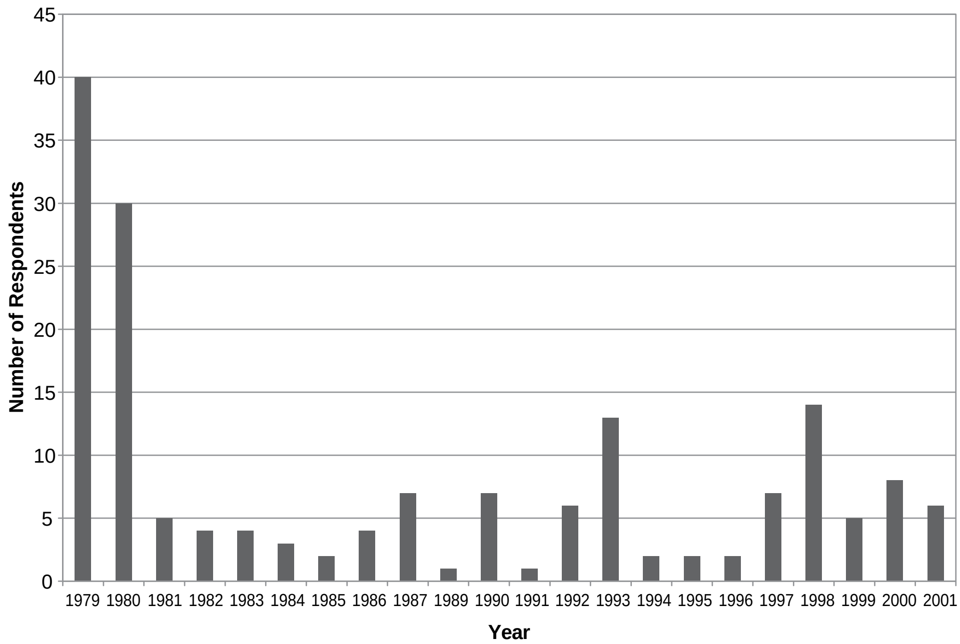
The number of street vendors shot up during periods of economic growth as well as economic crisis in Cambodia (see Chart 1 for GDP growth rate). The increase in street vendors is directly related to the increase in migrants into Phnom Penh. Kusakabe's (2001) study showed that street vendors came to Phnom Penh much later than traders with shops and stalls. Street vendors came to Phnom Penh on average in the year 1990, while shops and stall owners came in between 1980 and 1982. It is one of the first occupational options for migrants. The years when the street vendors came to Phnom Penh and started business (Chart 2 and 3) show three peak periods. In 1979 and 1980, immediately after Khmer Rouge regime fell, was the first peak. Over 40 percent of the street vendor respondents came to Phnom Penh during this period (Kusakabe et al., 2001). In 1993, when the United Nations Transitional Authority in Cambodia (UNTAC) was deployed in Cambodia for the first general election, the second peak was seen. These two peaks have been marked by high economic growth.

Chart 1: GDP per capita growth rate (at constant 2000 prices; in US$) 1994-2004



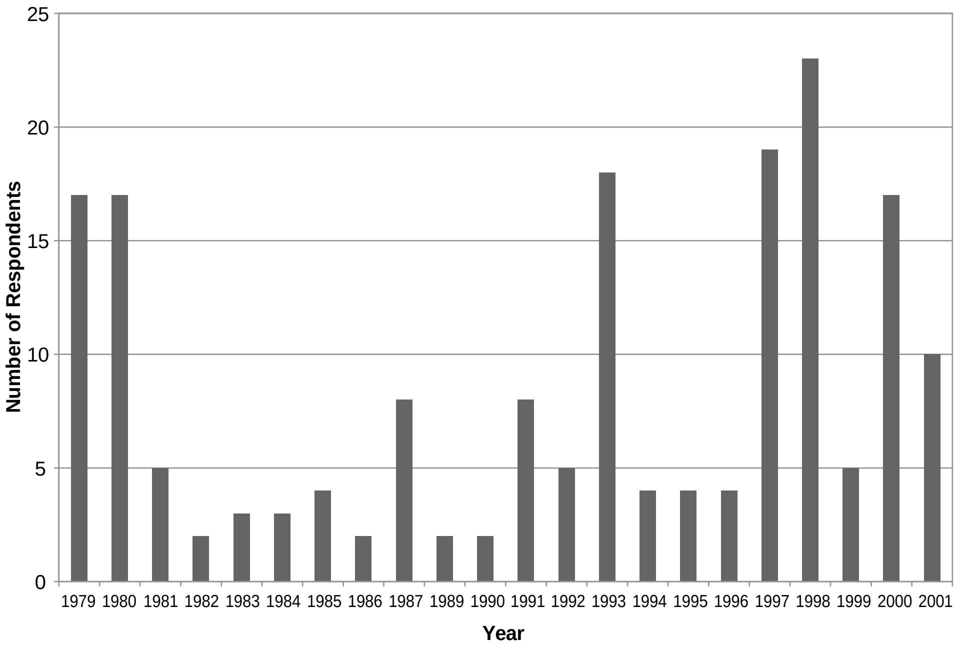
Source: www.nis.gov.kh National Institute of Statistics of Cambodia website (accessed May 2006)

Chart 2: Year that respondent street vendors came to Phnom Penh



Source: Kusakabe et al. (2001)

Chart 3: Year that respondent street vendors started their business

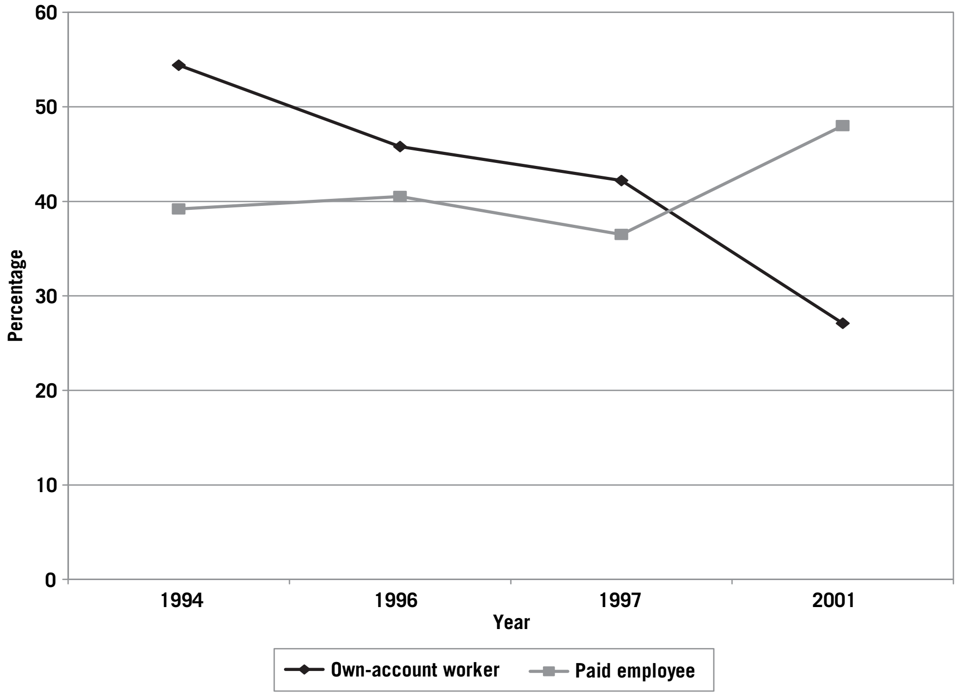


Source: Kusakabe et al. (2001)

The third peak was around 1998, marked by economic recession, political crisis and natural disasters. Cambodia's economy showed negative growth during this period due to the political crisis of 1997, the Asian economic crisis, droughts and flood. This resulted in an influx of migrants into Phnom Penh, and consequently, an increase in the number of street vendors. Pou (2005) pointed out an increase in the number of street vendors in 2001-2002. This is the period of economic recovery, and reflecting brisk sales, the number of street vendors increased. In Cambodia, where employment options are limited, street vending increases during both boom and bust periods.

According to the Asian Development Bank (ADB), 95 percent of all employment is provided by the informal sector (Agnello and Moller, 2004), while 80 percent of Cambodia's GDP also comes from this sector. Even though the percentage of 'service and shop and market sales workers' decreased in Phnom Penh from 53.6 percent in 1994 (NIS 2000) to 47.8 percent in 2001 (NIS 2001), the absolute number is increasing—from 57,044 in 1994 (NIS 2000) to 84,446 in 2001 (NIS 2001). The percent of own-account workers is going down while that of employees is going up in Phnom Penh. This signifies that there are more options for low-income people, such as work in factories, while in the early 1990s, the only option for poor women was street vending. As can be seen in Chart 4, the relative importance of street vending has gone down, but it is still one of the most important options for the poor, especially women.

Chart 4: Percentage of own-account workers and paid employees among employed population (10 years and over) in Phnom Penh 1994-2001



Source: www.nis.gov.kh National Institute of Statistics of Cambodia website (accessed May 2006)

3 Profile of street vendors in Phnom Penh

All the studies reviewed described similar personal backgrounds of street vendors. Banwell (2001) showed that 83.2 percent of respondents sold vegetables or fruits. In Agnello and Moller (2004), vegetable sellers comprised of 43.9 percent of their respondents, while 17 percent sold prepared food. Vegetables are the most popular items for selling among poor street vendors, since they require the least capital.

Almost all the street vendors in Phnom Penh are women. Agnello and Moller (2004) reported that only 3 percent of the vendors were men. Most of the street vendors were in the working age of 30 to 50 years old. This underlines the importance of street vending for the livelihood of poor households. Banwell (2001) showed that 46.1 percent of their respondents were less than 40 years old. Vendors' purses study reported that 60 percent of the respondents were aged between 30 and 50 years old. Kusakabe et al. (2001) reported the average age of respondents at 40.14.

The education level of street vendors is lower than the average for Phnom Penh. According to the census of 1998, 50.7 percent of the women in Phnom Penh have completed primary education or higher. Banwell's (2001) study revealed that only 12.3 percent of the street vendor respondents completed primary education or higher, and 34.8 percent did not have any schooling. Agnello and Moller (2004) said that 75 percent of the street vendor respondents had been to school, but only 18 percent completed primary school. Kusakabe et al. (2001) found that the average years of schooling was 3.34.

Higher numbers of women-headed households are found among street vendors. In 1998, 13.5 percent of the women in Phnom Penh were widowed/divorced/separated (NIS 1998), and in 2004, 12.9 percent of the women in urban areas were recorded similarly (NIS 2004). Kusakabe's (2001) study showed that compared to vendors who have stalls and shops, street vendors are more likely to be widowed/divorced (17.5 percent for the former, and 31.5 percent among the latter). Banwell (2001) found that around 40 percent of their respondents were widows/divorcees. Agnello and Moller (2004) said that 30 percent of their respondents were widows/divorcees. Kusakabe et al. (2001) reported that 35.2 percent of the respondents were widows/divorcees/separated.

Banwell (2001) reported that 46.1 percent of the respondents were living with four children or more; Agnello and Moller (2004) reported the average number of children per respondent at four; Kusakabe et al. (2001) reported an average of three children per respondent and 14.3 percent of the respondents had no children.

Street vendors' contribution to their household income is very high, even for those who are living with their husbands. Nearly 90 percent of the respondents contributed half or more of the household income (Banwell, 2001), while 52 percent of the respondents were the sole income earners in the household. Kusakabe et al. (2001) reported that 26.9 percent of respondents were the sole income earners. Agnello and Moller (2004) reported that 60 percent of respondents live with five to 10 family members and have two to four income earners. Kusakabe et al. (2001) reported that on average respondents lived with five people and 2.16 persons contributed to the household income. Since street vendors' income is small, without being supplemented by other income sources, it is very difficult for them to survive. Banwell (2001) reported that 23.7 percent of the widows and divorcees have other income earners in the household. When the vendors are the sole income earner, financial management becomes very difficult in the household.

Despite making a significant contribution to the household income, the amount of influence they have over expenditure decisions depends on their age. Banwell (2001) reported that over 70 percent of the vendors aged 40 and above said that they make decisions themselves, while only 58.5 percent of those aged below 40 years said that they make the decisions.

Street vending is not a temporary occupation. Agnello and Moller (2004) reported that most respondents have been in this occupation for seven to 10 years. They have very long working hours, averaging eight to 13 hours a day, seven days a week. The long hours of work for street vendors are reflected in who they speak with most—Kusakabe et al.'s (2001) research showed that street vendors spoke with other vendors more than with family members in the last one week of the interviewing period.

The average net income of street vendors is around US$1.50 per day (6,000 Cambodian riel). The National Poverty Reduction Strategy of Cambodia 2003-2005 calculated the overall poverty line for Phnom Penh as 2,470 riel per day per person and food poverty line as 1,737 riel. If the street vendor is a sole income earner supporting three people in the family, with an average of 6,000 riel per day, street vendors will fall below the poverty line (Agnello and Moller 2004). Banwell (2001) also indicated that street vendors live below US$1 a day, and with most of the street vendors being the major earner in the family, street vendors and their families can be categorised as the poorest of the urban poor.

Most of the street vendors are not originally from Phnom Penh. Kusakabe et al. (2001) showed that only 18.7 percent of the respondents were born in Phnom Penh. The highest number of respondents (26.9 percent) was born in Kandal, 9.3 percent in Takeo, 9.9 percent in Svay Rieng, and 9.3 percent in

Prey Veng. The last three provinces are the most impoverished provinces of Cambodia.

Kusakabe et al. (2001) showed that 55.5 percent of the respondents lived near the market, while 4.9 percent lived in the market, sleeping in market stalls. Around 60 percent owned houses, while others rented houses. Even those who owned houses live in squatter areas, and hence their ownership of houses is precarious. Banwell (2001) showed that street vendors averaged 23 minutes of travel time from home to market with a median of 15 minutes. Most stay very close to the workplace in order to economise on transportation costs.

Even though many street vendors are long-timers in Phnom Penh, most of them still maintain their linkages with their native villages. Kusakabe et al. (2001) showed that only 8.2 percent of the respondents do not have relatives in the provinces. Nearly 70 percent of those who have relatives in the province visit them at least once a year, while nearly the same percentage have their relatives from provinces come and visit them in Phnom Penh at least once a year. However, among the 182 respondents, only 15 respondents remitted regularly to their relatives in provinces. Some of them will go back to their province when there are celebrations and other occasions, collecting contributions from fellow vendors to contribute to ceremonies back home. The large sum of money that they could collect by gathering contributions from fellow vendors gives them 'face' when going back to village. However, most of the street vendors stated that they do not want to go back to the provinces even when business goes bad. Their relatives in the provinces are not always considered a safety net that they can rely on in difficult times.

Agnello and Moller (2004) reported that 41 percent of the respondents chose the occupation because they did not have enough capital to start any other business, and 26 percent said they did not have other choices. However, the level of confidence that can be seen among street vendors is impressive. The economic independence and the sense of being able to take care of family contribute to this positive feeling. As one street vendor said:

> *"It is dignified. I can earn money by myself. No one will look down on you. It is independent. I am my own boss. If I want to stop [selling] I can. I have money to pay for my house rent. I have enough to spend for each day."*

Being able to provide for their families leads to a high sense of satisfaction among street vendors. Kusakabe (2001) compared the perception of street vendors[1] to other more established entrepreneurs, such as those who have stalls or shops or sell goods requiring higher capital. In this research, 64.6 percent of the street vendors were satisfied with their business, and 50 percent considered themselves successful. The main reason for the positive assessment of their

1 Kusakabe (2001) classified street vendors, hawkers and traders in squatter areas as well as market traders without stalls as one group.

business was that they were able to support their family as well as sustain their business[2]. At the same time, the reason why the sense of satisfaction and success is not as high as other better-off retail traders is because their income is often too small to support the family single-handedly. They need the support of their husbands to maintain the family. In this sense, they felt anxious to find and keep their husbands, which weakens their bargaining power in the household.

2 Those who felt the most satisfied (91.7 percent felt satisfied) were shop owner-traders, luxury item traders in market stalls and non-perishable item traders in market stalls who have husbands working in the government. The main objective of this group of women retail traders is to support the meagre salary of their husbands and enable them to maintain their government positions. In Cambodia, government officers have higher social status than business operators, thus for them, it was important that their husbands remained as government officers. Those who considered themselves the most successful (90.3 percent considered themselves successful) were perishable item (eg. vegetable, fruits, fish, meat) traders in market stalls. These are professional traders who have total control of their business and take pride in the products they sell. In this group of retail traders, nearly half were widows and had a great sense of independence.

4 Operation of street vending business – the case of vegetable vending

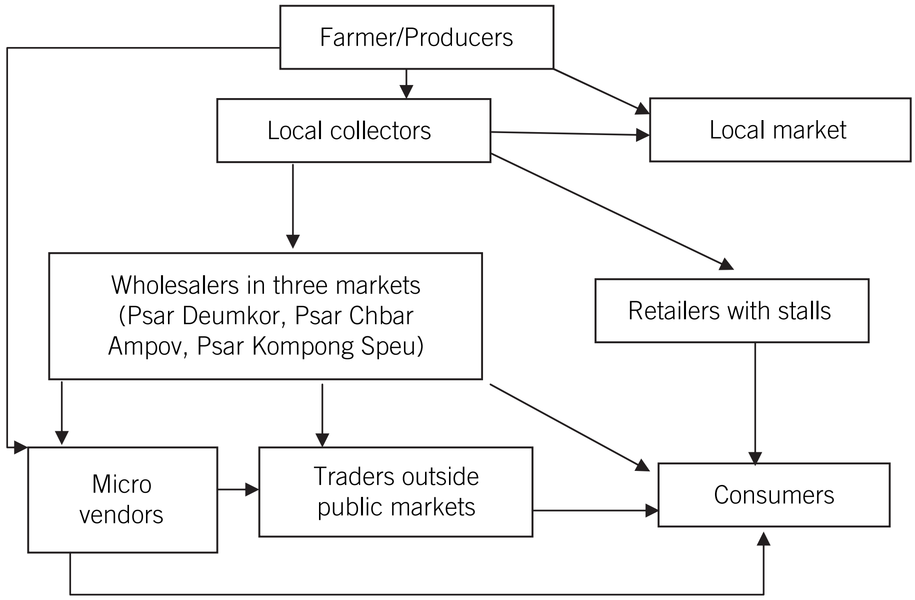
Street vendors sell various kinds of goods, with vegetables being the most common because of their low initial capital requirement. One of the most striking characteristics of the operation of street vendors in many of the major public markets in Phnom Penh (such as Chbar Ampeau and Daum Kor markets) is that most street vendors buy from other vendors in the same market (Banwell 2001). Banwell (2001) showed that 73 percent of the street vendor respondents replied that their suppliers are from the same or nearby markets. By buying in bulk or by buying at odd times of the day, they purchase vegetables at a cheaper price. The distinction between wholesalers and retailers is quite vague in Phnom Penh markets, and many vendors who sell to street vendors also continue retail sales in the same market. Sometimes, street vendors themselves sell wholesale to hawkers who sell vegetables in nearby communities. Agnello and Moller (2004) showed that 95 percent of their respondents sold only to individual customers, while two percent sold to other street vendors.

Although the advantage of street vendors coming together and buying in bulk is quite obvious, there is very little attempt among street vendors to do so. In Agnello and Moller's (2004) study, five percent (nine out of 196) of the street vendor respondents bought goods in bulk by grouping with others to reduce the cost. Some vendors said that it is difficult to buy vegetables in bulk, since the quality of vegetables is not standard and there will be quarrels over who gets the better quality vegetables.

Chart 5 shows the market chain of vegetables. As seen from the chart, the commodity chain for vegetables in Phnom Penh markets is short. In the absence of a proper storage facility for vegetables, they have to be delivered from the farm to the market in a day or two. Agnello and Moller (2004) pointed out that 85 percent of the respondents bought their goods from wholesalers and 10 percent from farmers. Only a handful of street vendors grow their own vegetables. Most of the vegetables come from nearby provinces[3].

3 According to Pou (2005), provinces supplying vegetables to Phnom Penh markets are Kandal, Kompong Speu, Takeo, Kampong Cham provinces as well as suburbs of Phnom Penh itself. Some vegetables come from Vietnam (Lam Dong province), and are normally offloaded at Chbar Ampeau market.

Chart 5: Market chain of vegetables in Phnom Penh



Source: Pou (2005:28)

Local collectors collect vegetables on-farm and/or buy them at Daum Kor market, where trucks loaded with vegetables come from nearby provinces. Collectors often have contracts with farmers and farmers are obliged to sell vegetables to them. These local collectors[4] sell the vegetables to wholesalers as well as larger retailers directly. Most of the wholesalers operate in Chbar Ampeau and Daum Kor markets, where retailers come to buy vegetables in the early hours of the morning. As one vendor puts it, "This market never sleeps." The largest retail market is Orrusey market, while Thmei (Central) market is the second largest.

Contrary to more established retail traders[5], street vendors are often unable to buy on credit, thereby limiting the quantity of goods they can trade. Since they do not have a stall, there is nothing that they can put up as guarantee. Only those who have long-term relationships with wholesalers can buy on credit, and even then only for a day[6]. Agnello and Moller (2004) found that 26 percent

4 Collectors pay business operation tax to the wholesale market (200-500 riel per day).

5 According to Kusakabe (2001), over 90 percent of perishable goods (fish, meat, vegetable and fruits) sellers with stalls buy goods on credit, and 88 percent of non-perishable goods (grocery, stationeries, etc.) sellers with stalls buy goods on credit, while only 67 percent of the traders without stalls buy on credit. Sellers with stalls said that no capital is needed to start a business. Once one has a stall, middle merchants will fill the space with goods at no cost. Such benefits are not available to street vendors.

6 Retail traders with stalls can buy on credit for longer periods. Luxury items (watch, gold, etc.) traders or non-perishable item (stationery, grocery, etc.) traders with stalls can extend the repayment period up to two weeks, and many said they can repay any time. If they have a stall, perishable item (fish, meat, vegetable, fruit) traders can also buy on credit for an equally long period of time, even though 17 percent of the traders need to repay within a day (Kusakabe, 2001).

buy goods on credit, and almost 40 percent of the street vendors interviewed buy goods partially on credit—that is, by paying half of the price immediately and the other half at the end of the day. Agnello and Moller (2004) said that if street vendors borrow money from moneylenders, the interest rate is often 20 percent per month. Information on credit sources is not easily shared among street vendors. Even though some non-government organizations (NGOs) provide microcredit, it is not widely known among street vendors (Kusakabe et al. 2001).

All the studies showed the subsistence level of street vendors' business operations. Kusakabe et al. (2001) report noted that the average initial investment capital is 137,504 riel (around US$35), while the median is 20,000 riel (around US$5). Among the respondents, 12.6 percent did not have any start-up capital. Working capital was on average 165,398 riel (around US$42), with a median of 50,000 riel (around US$12.8)[7].

Agnello and Moller (2004) noted the main costs incurred by street vendors—they include rent paid to the stall or house owner to sell in front of the building; market security fee, and transportation costs. Securing and retaining a place to sell goods is identified as one of the most expensive and significant problems. Twelve percent of their respondents reported losses. According to their survey data, the cost for rental (from umbrella to space) is on average 1,405 riel (US$0.35) per day. Some pay 7,000-8,000 riel (US$1.75-2) daily for the space, while the umbrella costs a few hundred riel. The average daily market fees[8] were 1,133 riel (US$0.29), while the median was 1,200 riel (US$0.31) (Banwell, 2001). On average, Agnello and Moller's (2004) data showed that street vendors earn 102,698 riel (US$25.7) per day, while their expenses stood at 96,773 riel (US$24.2), leaving 5,925 riel (US$1.48) as profit.

In this very limited business condition, with low capital and relatively high cost of operation, vendors rely on public relations tactics to keep their sales up. One of the strategies is to encourage customer loyalty. How much they are able to keep regular customers is seen as the most important skill for their work. Agnello and Moller (2004) asked street vendors what a person had to be good at or do well in to be a successful street vendor. The replies included: have capital; have a large permanent selling space in a good location; sell all kinds of goods; have well-organized, well-presented and clean goods; use sweet words with customers; be pleasant and quick; sell at the ongoing market price; have regular customers; stock goods when they are cheap and be free of debt. It is important to note that with limited space and limited capital for their business, they rely on their personal skills to keep their businesses afloat.

Street vendors also exercise trial and error to look for better business opportunities. Kusakabe et al. (2001) noted that 59.3 percent of the respondents have never changed the items they sold, while 22.3 percent of

7 A few of the street vendors operated with large capital, thus the average has increased. One used clothes seller had a working capital of US$1,500.

8 This includes taxes, fees for security, use of latrines, and other fees/services.

them have changed their goods more than twice. Agnello and Moller (2004) pointed out that street vendors want to expand or diversify business by selling more or selling different types of goods, but few feel brave enough to do so. According to their study, 72 percent of the respondents noted that the major obstacle to business expansion is lack of capital, while 21 percent said that finding a reasonably priced selling place is the major obstacle.

Street vendors' willingness to improve their business can also be seen in their willingness to invest in training to improve their skills. Fifty-five percent of respondents in Agnello and Moller's (2004) study showed their willingness to receive training and business advice, and among them, 75 percent were willing to pay a minimal fee for training (2,000 riel). Of those who do not wish to be trained, 58 percent replied that they do not have time to be trained as they are busy with their activity in the market; 11 percent said that they are unable to attend training because they do not have relatives to take their place while they dedicate themselves to training.

According to Banwell (2001), problems that street vendors face are: bad smell (93.3 percent), rats and mosquitoes (92 percent), other pests, flooding (both accounting for 82 percent), health and hygiene (78.4 percent), air pollution/dust (76.4 percent), access to credit (66.3 percent), personal security (53.9 percent), sanitation (46.4 percent), food preservation (38.2 percent), children and child care (30.6 percent), security of goods (25.8 percent), and access to clean water (18.2 percent). Agnello and Moller (2004) showed that harassment from market security and police is the most serious complaint made by 51 percent of the respondents.

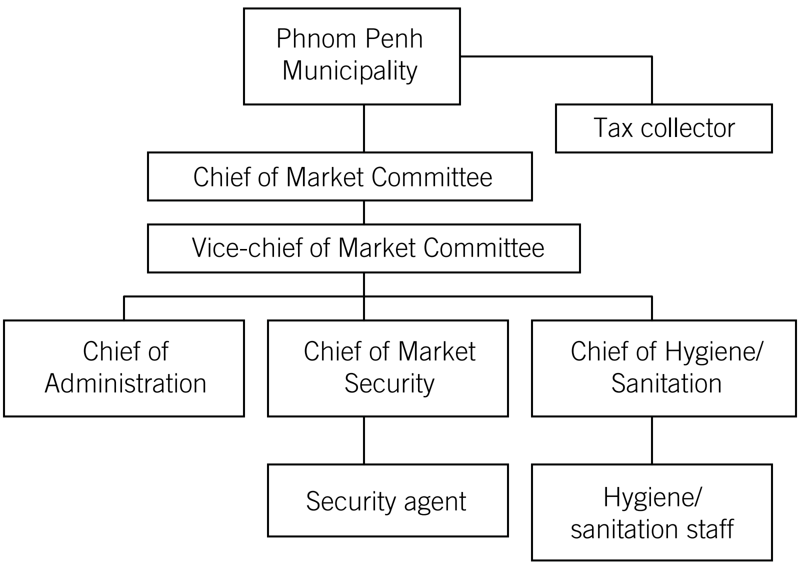
Banwell (2001) also noted that there is no water source available in and around the market, and the vendors need to buy water from pushcarts. Dangers that come with working in the market for an extended period of time also include security of their homes. Many street vendors live in squatter areas and other low-income housing areas vulnerable to fire. Kidnapping of children and theft worry street vendors. Agnello and Moller (2004) noted that street vendors also fear for their personal safety when going to the wholesale markets in the early mornings, when it is still very dark. They are afraid that goods may be stolen by gangsters or glue sniffers or they would be mugged by motor taxi drivers.

Agnello and Moller (2004) showed that street vendors are also worried that their work might have a negative impact on their family, particularly on their children's health and schooling, as seen in some of their quotes: "There is no time to take care of children and take care of home"; "If I cannot cook on time for my husband he will be angry with me"; "I am always at the market, but I am always worrying about the security of my family at home. I am afraid of burglars, of people burning down my shelter, killing my husband, of my children, and so forth."

5 Street vendors in policy documents

Chart 6 shows the structure of a public market. Market committees work with the local district government (Khan), but are answerable to the municipal government and ultimately to the Ministry of Interior (Banwell, 2001). Market committees set internal rules and regulations for the market. Rules governing daily taxes are drafted, approved and annually amended by the municipality. The market committee also supervises tax collectors in the market. Tax collection (pasi) has been auctioned off from 1998 and each contract lasts for five years. Banwell (2001) reported that when the Ministry of Finance complained in 1997 that tax collectors in charge of Phnom Penh markets owed the Ministry of Finance more than 700 million riel ($205,000), pressure on street vendors to pay more in daily taxes and fees increased. Because there are other bidders in the auction, the present tax collector tries to fulfil the payment in order to continue the contract. The present tax contractor is Phan Y Mech Investment Company, whose five-year contract started from January 1, 2003. This tax is the only fee that business operators have to legally pay.

Chart 6: Structure of public market in Phnom Penh



Source: Modified from Pou (2005:16)

Articles 8 and 11 of the business operation tax book describe the method and rate of tax collection (see Table 3 for tax rates). Article 14 specifies the punishment for collectors who demand more; first time violators will be fined 20 percent of the total monthly tax collection, and second time violators will be fined 50 percent. Article 15 states that vendors can complain to the Sub-district (Sangkat) or Tax Management Committee to take action if asked to pay a higher rate of tax.

Table 3: Tax collection rates specified in the Business Operation Tax Book

Types of Taxes	Rate (Riel)
Live duck and chicken (one head)	20
Rent one big umbrella	50
One piglet	50
Sell one basket	100
Sell cigarette per place	100
Mobile baggage cart	100
One silver and gold store	200
Every type of goods store	200
Every bed for selling goods and food/beverage	200
Selling fuel wood and charcoal	200
Selling something in one bag	200
All kinds of wholesale store	300
Selling fruit tree seedling and flowers	500
Small restaurant	1,500
Big restaurant	2,500

Note: All rates mentioned here are daily rates.

Source: Economics and Finance Department of Phnom Penh Municipality, 2003 in Pou (2005:17).

Tax collection itself is relatively transparent. After the formation of vendors' associations, street vendors were informed of the tax rates. Tax collection has not been a major problem since then and only 4 percent of the respondents complained of high taxes (Agnello and Moller, 2004). Most vendors complained of 'other fees' collected as security and rentals; and harassment from security and police personnel.

Agnello and Moller (2004) noted that selling space is one of the most expensive and significant problems street vendors face. It is not only the fees for security guards but also the monthly rentals charged by market committees (80,000-90,000 riel per month). In the absence of any written regulation that elaborates on the process of deciding such rental rates, market regulation and fee policies are murky and unclear. Street vendors who sell in front of other people's houses pay rent of around 2,000-4,000 riel per day to the house owners.

Street vendors also face heavy fee collection by police. Khan police as well as Phnom Penh municipality police collect around 1,000 riel per day from street vendors, or between 10,000 to 30,000 per month (Pou 2005). There is no written regulation that allows police to collect fees or states the amount to be collected. The police and Sangkat/Khan chief explained that this is based on Articles 12 and 13 of the Sub-Decree of Public Order (Pou 2005).

Despite all these payments, street vendors' rights to space are not secure, and there is no guarantee for their long-term business places. This can be seen in quotes in Agnello and Moller's (2004) study:

> *"It is better to sell at the same place everyday, because then we will have regular customers."*
> *"I paid security guards money [for the place] but when the fish seller comes, they let them sell there [in the place where I was selling]."*
> *"Market security people always chase us. As a result, we have no selling space and do not know where to sell."*

Sub-Decree on Public Order signed by the first and second Prime Ministers on 10 August 1994 states that street vending is illegal. Article 12 states that selling goods and disturbing the public order are prohibited. In case of violation, they will be fined 10,000 riel. Article 13 states that selling goods by cart along the road is prohibited. In case of violation, they will be fined 2,000 riel. But the Business Operation Tax Book includes in their types of taxes 'rent one big umbrella', 'sell in one basket', 'mobile baggage cart' (Table 3), which are all characteristics of street vending. This contradiction in law and regulation creates a space for fuzzy fee collections to occur. Hence, even though street vendors pay taxes and fees, they are still not entitled to their business and space.

Control over the area around the markets is divided between the market committee and the local government. Street vendors are chased away or their goods confiscated by local authorities to maintain order in the area of their responsibility. When street vendors move to the other side of the road, they are chased away by the market committee responsible for the area around the market (Pou, 2005).

The Urban Poverty Reduction Strategy recognised the importance of access to a secure business space. After extensive consultations with organized communities, NGOs and community-based organizations (CBOs), the Municipality of Phnom Penh and UN Habitat jointly developed the strategy in 1999. This strategy, based on lessons from earlier collaborations, aims to:

- improve access to basic services for the urban poor—by securing affordable land and housing, enabling the delivery of physical infrastructure (water supply, drainage, roads, sanitation, electricity, transport, solid waste collection), social infrastructure (education, health care, family planning) and implementation of disaster management (against fire and floods);

- enhance local economic potential (especially for women)—by providing education, vocational and business skills, credit and savings, industrial employment, marketing information, and space for small businesses and marketing; and
- strengthen participatory urban governance mechanisms—by facilitating community organisation and leadership, setting community development management committees, creating land and housing policies for the urban poor, simplifying procedures for government services, eliminating corruption, and securing tenure.

Although the Urban Poverty Reduction Strategy recognised the importance of a secure space for street vendors, better skills and better living and working environment, it fell short of being translated into concrete policies and programmes. It also did not problematise the legal status of street vendors and the extra fees they pay to stay in operation. They did not define street vendors' access to space as their entitlement, and also did not challenge the contradictions in policies and regulations. As a result, there has been no change in the status of street vendors in the legal and developmental framework.

The Poverty Reduction Strategy Paper (PRSP) 2003-2005, issued three years after the Urban Poverty Reduction Strategy, reiterated the problems, including the lack of attention to the situation of urban poor. The paper pointed out that the urban poor, which includes all the street vendors, are seen more as a hindrance to city development rather than a target for support.

> *"The urban poor, who are predominantly squatters, or even worse, street dwellers, have been seen as an obstacle to urban development because they often hinder the development of infrastructure by occupying state public land and because their rural appearance and habits are out of step with modern city life… The usual response from middle class people and from officials is that the urban poor should be sent back to the rural areas where they belong." (p.85-86).*

PRSP concludes that urban poor are given much lower priority in assistance since they are considered to be 'responsible for their predicament' (p.86), whereas the rural poor are seen as victims of underdevelopment.

Recognising this lack of attention to the livelihood of the urban poor, PRSP includes the following recommendations for adequate economic opportunities/ income generation, particularly for women: improve understanding of the informal sector and apply measures to regularise it; and review policies and practices in city markets and city streets to ensure affordable space for poor vendors by making regulations and charges known to the poor and monitoring implementation.

However, the operationalisation of these recommendations is a challenge, and so far no concrete policies and programmes have come out of this recommendation. PRSP again does not challenge the legal status of street vendors or the contradictions in policies, and does not see street vendors' access to space as an entitlement. Six years after the Urban Poverty Reduction Strategy, there has been little change in the status of street vendors.

A more recent policy paper, the Cambodia rectangular strategy (2004-2008), is a guiding principle for development issued by the Prime Minister. It has four strategic 'growth rectangles': Agricultural productivity, diversification, and competitiveness; Private sector growth and employment; Rehabilitation and construction of physical infrastructure; and Capacity building and human resource development. Each strategic 'growth rectangle' has four sides;

Growth rectangle 1:	(i) improved productivity and diversification, (ii) land reform and mines clearance, (iii) fisheries reform, and (iv) forestry reform.
Growth rectangle 2:	(i) strengthened private sector and investments, (ii) promotion of small and medium enterprises (SMEs), (iii) creation of jobs and improved working conditions, and (iv) establishment of social safety nets for workers.
Growth rectangle 3:	(i) transport infrastructure, (ii) water resources management and irrigation, (iii) energy and power grids, and (iv) information and communication technology.
Growth rectangle 4:	(i) enhanced quality of education, (ii) improved health services, (iii) greater gender equity, and (iv) a rational population policy.

This policy has more emphasis on rural development as well as formal sector manufacturing sector. Although Growth Rectangle 2 includes some focus on employment creation and improved working conditions, the wording shows that the interest is more on formal manufacturing sector employment.

In 2005, Phnom Penh Municipality announced the Phnom Penh Development Master Plan. It is a grand urban infrastructure development plan with a US$59 million investment including road and canal development, and demolition, relocation, and land sharing plans for slum areas. It also includes improvement of Kandal, Chas (Old) and Thmei (Central) markets. All decision-making in the process of improvement will be done by the market committee and the investment company. There is no notion of vendor participation in this process. Under this plan, Daun Penh district is to be developed as a tourism zone. It should be noted that Daun Penh district has the second largest number of street vendors, second to Prampi Meakkara district (Pou, 2005). Daun Penh district hosts Thmei (Central) Market, Chhas (Old) Market, as well as Victory Monument New Garden, which has a high concentration of street vendors. Again, street vendors' participation in the design and decision-making of the tourism zone development is absent.

In short, there is a strong rural bias in strategies for poverty alleviation and provisioning of social support in Cambodia. If any support is discussed for the urban poor or urban development, the focus is on housing. This focus on housing also leads to residential bias in terms of support to the urban population. Almost all support for the urban poor is provided at the place of residence rather than at the place of work. Thus, PRSP as well as the Urban Poverty Reduction Strategy emphasise community development and not workplace organization. It should be noted that street vendors spend most of their time in the market. As a result, they are often excluded from information that is provided to the community. Some vendors complained that the government distributed sarong (traditional skirt for women) to people in the poor community. But since they were in the market, they did not know about it. Even if they knew, they said, they would not be able to wait in the community to receive the goods.

Street vendors, along with other informal sector workers, are still seen as temporary workers. As was evidently seen in the Rectangular Strategy, the state is hoping that street vendors and other informal sector workers would be absorbed into formal manufacturing sector employment with the expansion of private sector investment and growth in SMEs. Since the state considers it a temporary phenomenon, they keep street vending illegal and just acknowledge the necessity of the occupation for the time being. Thus, no revision of law is made to strengthen the status of street vendors and no programme is introduced to support the business of street vendors except for initiatives by NGOs.

Pou's (2005) study showed that most government officials and police acknowledge that street vending is a necessary occupation. He has interviewed urban planners, Sangkat chief and district and municipality police officers. They have all agreed that street vending is a necessary occupation especially for the poor, although according to the Sub-Decree, it is illegal. The police officers also admitted that street vendors provide them an opportunity to collect some fees to complement the low salary from government. Middle-ranked officers of the government said that street vending provides convenience for consumers, because they can buy things without going to public market far from their houses. They cited the Khmer saying 'Even a millionaire has a soiled frying pan'; that is, everyone needs to do basic activities such as eating, and street vendors contribute by offering consumer friendly service for these basic activities. For their part, tax collectors were happy to see more vendors, since more vendors translated into higher income for them.

Although most policymakers acknowledge the necessity of street vending, they do not plan to actively support the activity. Thus street vendors remain invisible in policy actions, although they are an integral part of any city market in Phnom Penh.

6 Role of vendors' associations – social capital of street vendors

In the face of a precarious status and lack of entitlement to their employment, street vendors' main source of security is their families. Building trust among street vendors is not easy. Because of physical proximity and the length of time that they spend in the market, they interact and talk a lot with their fellow vendors. However, they do not trust other vendors as seen in Kusakabe et al.'s (2001) study: "If I ask them to help me, they will tell me that I am lazy and look down on me. When I am suffering, if others look down on me, the suffering will be much harder. So, I normally tolerate it and keep to myself." (p.15)

Kusakabe et al.'s (2001) study also showed that 62.1 percent of the respondents said that they had no one to entrust their business to if they had to attend to something else for a week. Nearly 30 percent of the respondents said that they had no one to entrust their children to either. Forty-seven percent replied that they had never discussed the problems they faced in their workplace or residence with others. This again shows that they do not trust others, and are afraid that others might use the information against them.

Having a precarious status in the public place and at the same time not being able to build up trusting relationships with other street vendors makes street vendors very vulnerable to shock, since they have few people to rely on. The Vendors' Association has been organized in some of the major public markets with the help of an NGO Urban Sector Group since 1998. The Association provides microcredit, support for access to health services, child care services, as well as legal and rights training. They also negotiate with market authorities collectively. It should be noted that significantly more vendors who are Association members discuss their problems with others (61 percent for members and 46.7 percent for non-members) (Kusakabe et al. 2001). One Association member remarked, "Business is not only for selling. It is also for relating with each other (*roap ann kania*)."

Forming an association improved some members' confidence and their sense of being recognised in the society. "We can talk with each other easier. When people are fighting, I stop them. If we talk correctly (*niyui trew*), they will listen. After I joined the Association, people come to talk to me about their problems."

There are significant differences in perception between Association members and non-members for the following questions:

- People in the market look out mainly for the welfare of their own families and are not much concerned with the improvement of the market;
- If I do a good thing to my fellow vendors, they will also be nice to me;
- People are always interested only in their own welfare;
- I think my life will be better in the future;
- I will be able to improve my life in the future. (Kusakabe et al., 2001).

Association members displayed a higher sense of reciprocity, cooperation and mutual help and hope for the future. The same study noted that Association members also showed higher trust in the possibility to make changes, look up to the state for law and order, and display a greater tendency to inform and demand from the state. Significantly more Association members report problems to police, court or other authorities (33.8 percent for members, 3.8 percent for non-members) when wares were confiscated or stolen from them or others. This reflects the Association members' trust in the system and their engagement and confidence in improving their own, and fellow vendors' livelihoods.

The sense of being supported by fellow vendors and others leads to a positive perspective on society. The Association members believe that things can be made better, and trust other people in the market as well as in the neighbourhood. The study concludes that welfare support to street vendors has a long-lasting positive effect by creating a sense of trust in the system and society.

The same study also warns that creating an association and building up trust itself does not allow women to challenge existing gender ideologies that subordinate women. Even though gender ideologies contribute to women's concentration in this precarious occupation and their vulnerability to harassment, the study showed that Association members actually had more traditional gender views, conforming to the existing gendered expectation. It is important that the Vendors' Association become a place where women can discuss their problems in the family and workplace, and lead to their realisation of their subordinated position in society.

7 Conclusions and recommendations

This review of past studies on street vendors in Phnom Penh shows that street vending is an important livelihood option for the urban poor, even when other employment options are increasing. Most of the street vendors are major breadwinners in poor households. Due to lack of facilities, vegetables have a very short commodity chain, and street vendors squeeze out a meagre profit from reselling products in the same market.

The importance of street vending as an option for the poor is well-recognised among policymakers. However, it is still defined as illegal, and development policies/programmes have little focus on supporting street vendors. Their entitlements to their means of livelihoods, i.e. their space to sell, is not guaranteed and left precarious, even when they are contributing to the state coffers through legal taxes. This ambivalent status makes street vendors vulnerable to all sorts of extortion. Further, they also have few mechanisms for mutual help. This makes them even more vulnerable. One positive move is the organization of the Vendors' Association. Some Association members have clearly shown their eagerness to be more engaged in the process of change and believe in their ability to make their working situation better.

In order to secure street vendors' rights to occupation, the following recommendations are made:

- *Abolish Articles 12 and 13 of the Sub-decree on Public Order*.
  These articles define street vendors as illegal. Due to this definition, street vendors are exposed to all kinds of extortion and their rights are violated. As a first step to ensure street vendors their entitlements to space and secure their rights, these articles need to be abolished.
- *Officially recognise and support the Vendors' Association*.
  Noting the role that the Vendors' Association can play in encouraging members to be more engaged in change and dialogue with authorities, it is important that the government recognises the association and supports their activities. Through this, authorities will be able to support the urban poor and their livelihoods while also improving services in public markets.

- *Involve the Vendors' Association in developing municipality development plans*.
  Given the important role of street vending in the livelihoods of the urban poor, street vendors are a vital actor in city development. Their involvement in developing municipality development plans is essential. Given the level of engagement that Association members demonstrate, their participation will greatly improve the development of the city.
- *Relocation policy needs review*.
  It is noted that a number of street vendors live in squatter areas. As seen before, street vendors normally live very close to the places where they sell, and this is how they manage their long working hours and save transportation costs. If they are relocated, there is no way that they can continue with their livelihood. The relocation policy needs to be reviewed so that, in addition to housing, livelihood and workplace issues are also taken into consideration.
- *Security in cities needs attention*.
  Most street vendors start work in the wee hours of the morning when it is still dark. They fear being mugged by robbers. A safe city is a prerequisite for their business.
- *More social investment (credit, child care, education, health) are needed in urban areas through occupational groups*.
  Most interventions and support for the urban poor are currently done in residential communities; that is, they are residence-based rather than workplace-based. But street vendors are hardly home, and spend most of their time in the market. As a result, they can easily get excluded from community-based initiatives. It is important that support to the urban poor is also routed through workplaces.

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On the Borders of Legality: A Review of Studies on Street Vending in Phnom Penh, Cambodia

Kyoko Kusakabe

Street vending was the first occupation available for many people immediately after the fall of the Democratic Kampuchea regime, and is still one of the few occupational options for poor migrants into Phnom Penh. Even though the relative significance of street vending as an employment option is going down, the actual number of people working in this sector continues to increase.

The importance of street vending is recognised by policy makers, and street vendors pay taxes and fees as stipulated by law. Yet street vending remains illegal. Little support has been extended to street vendors in terms of secure access to space for their business and social security. Street vendors are left to fend for themselves against authorities and against poverty. Under such difficult circumstances, street vendors are now forming associations for collective strength. This study shows that being a member of an association encourages vendors to engage more positively with the state compared to non-members.

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