

## Executive Summary Street Vendors in Accra, Ghana

Recent statistics show the majority of workers in developing countries earn their livelihoods in the informal economy. The Informal Economy Monitoring Study (IEMS) is a qualitative and quantitative study designed to evaluate the reality for these workers' lives. With research conducted over three years in 10 cities, the IEMS aims to provide credible, grounded evidence of the range of driving forces, both positive and negative, that affect conditions of work in the informal economy over time. Informal workers and their membership-based organizations (MBOs) are at the centre of the analysis.

### *The Research in Accra*

In Accra, WIEGO partnered with the Institute of Statistical, Social and Economic Research (ISSER) and StreetNet Ghana Alliance, which is composed of MBOs of vendors, traders and hawkers. Two variables were selected in order to draw a purposive quota sample: 1) sex; and 2) location – whether the vendors traded in the city's Central markets or in non-Central locations. Vendors were selected from three Central market associations: Makola Traders Association, Kantamano Traders Association, and Circle Traders Association. In the non-Central locations, vendors were sampled from three branches of the Ga East Traders Association: Madina, Agbogba and Abokobi. All participants were fixed-market vendors.

Fieldwork consisted of 15 focus groups involving 75 vendors, held in July and August of 2012. Forty participants were from Central markets and 35 from non-Central locations. Focus groups had between four and six participants each and utilized nine tools – organized around the themes of sector characteristics, driving forces and responses, the institutional environment, and contributions of the sector to the city – to generate data related to the conceptual framework. A subsequent survey was administered between September 5 and November 6, 2012 to 150 vendors, including the 75 focus group participants. In total, 51 men and 99 women took the survey – 76 from Central and 74 from non-Central locations.



Photo: D. Mireku

## Key Findings

This report analyzes the survey responses and the data in the detailed focus group reports.

The study confirms that informal work is essential to urban livelihoods. Almost 88 per cent of participants rely on informal work as the primary income for their household. Fewer than 9 per cent said their primary source of household income is formal sector wage employment. While the most common form of other income is remittances – received by over 26 per cent of households – only 2.7 per cent primarily rely on these.

Men on average enjoy significantly higher turnover (total value of sales) than women vendors, most likely because men more often trade in higher value items, while women tend to sell food or small items. Also, those within Central locations reported turnovers more than twice that of their non-Central counterparts, probably due to the higher customer traffic in the city centre.

However, overall the vendors experience financial instability and hardship, despite working between 56-66 hours in a week. Over 60 per cent reported their revenue had fallen in the past year – yet nearly the same percentage reported a greater volume of sales. This highlights the declining profitability in the sector that many of the vendors described.

Livelihood difficulties within the sector are heightened, the vendors said, mainly by negative macroeconomic forces, problems accessing credit, competition, and a lack of support from local governments.

### **Positive and Negative Driving Forces**

Accra's market vendors emphasized the impact of negative driving forces over the positive. When they did identify positive forces, all groups most frequently cited special occasions that increased demand for goods. Occasions that slowed sales – whether holidays or rains – had a corresponding negative impact. The second most important positive factor was a healthy economy that increases demand through higher employment and disposable income among the customer base.

A good economy also means loans are more readily available at lower interest rates. In fact, the availability of loans from a variety of sources (including non-bank financial institutions and group-organized rotating savings systems) was a top-ranked positive macroeconomic driving force. However, vendors expressed ambivalence about loans because of high interest rates and the risk that they will be unable to repay their debts. Nonetheless, loans are needed to increase or maintain working capital – and became more necessary due to negative macroeconomic forces. As one noted, "You know, this was not what it was like before. At first, you didn't have to take loans because you could make enough money to live on, but now...." Another vendor picked up the thread. "There are so many people who have had to run away because they have defaulted on their loans."



Photo: D. Mireku

Negative forces loomed larger in the vendors' lives. Here again, the findings reveal the significant impact of the overall Ghanaian economy on informal workers. The two most frequently cited negative forces, a falling cedi and growing inflation, posed great concern. Inflation drove up the cost of living and affected work capital. The depreciating cedi combined with high import tariffs to increase the cost of imported goods, affecting profit margins. While participants frequently gauged the cedi against the rising value of the US dollar, it was noted that for traders who import goods from neighbouring countries, the value of the cedi against the CFA (the currency of francophone West Africa) and the Nigerian naira was just as important. As one male vendor said, "You have to use more of the cedi to buy fewer goods than you would've previously."

However, the most obvious responses to address these problems are not always achievable – 31 per cent of vendors said negotiating lower prices from suppliers is difficult, while 55 per cent said negotiating higher prices with customers is difficult. Losing customers, in particular, is a fear. This is exacerbated by competition from larger retailers and supermarkets.

Competition was an oft-cited concern. Cheap imported goods in the market place were another facet of this problem. In the focus group discussions, competition was often linked to the presence of "foreigners" While the vendors saw some positive effects of foreign contractors, they saw the activities of foreign traders as detrimental. Seizure of goods by city task forces was also linked to competition when manufacturers call in officials to seize and destroy fake items that are in breach of patents, causing the informal vendors to take a loss.

### ***Perceptions and Relations with Government***

The vendors almost uniformly perceived governments negatively, both for their inaction and for actions. Only two positive driving forces were identified in relation to any government. Vendors in one group stated that the city's designation of a market site and allocation of space to vendors helped them avoid evictions and seizures of goods. Expansion of electricity to new settlements – particularly in the non-Central areas of Agbogba and Abokobi – was the second positive force because it could result in more customers as people move into these areas.

Among the overwhelmingly negative driving forces related to government, the greatest concern was the lack of an environment conducive for work. Vendors cited municipal failures to provide electricity, pipe-borne water, toilet facilities and refuse disposal. In addition to being basic necessities, electricity and pipe-borne water were described by vendors as inputs for their work; food sellers used water to cook, for instance, and tailors needed electricity for their sewing machines. While survey data showed the vast majority of vendors had access to toilets, water and storage, the focus group discussions suggested the quality of the facilities was inadequate. The issue of cost was also raised; for instance, toilet facilities may be privately owned rather than a public provision.

Participants in centrally located Kantamanto market identified garbage piling up as their most urgent concern. In the market there are no designated refuse dump sites and the garbage cans provided by the city (at the insistence of the vendors) are not emptied. This makes for an unhealthy environment that has implications for their personal health and their businesses.

Non-Central vendors were concerned with factors that prevented customers from residing in their area. For instance, women in Abokobi listed bad roads and erratic power supply. Vendors in other areas also identified erratic power supply. Power outages can bring business to a standstill, interfere with access to goods or raw materials, and even cause conflict with clients when deadlines are not met.

The combination of high levies by the city and high taxes by the national government was the second most important negative driving force. These included a variety of fees, levies and taxes collected by city and Central governments, including licenses for stores, daily tolls for use of space, VAT and other income taxes. Duties on imported goods were also mentioned. Vendors complained that these “taxes” are high and increasing, and have been set and increased without consultation with vendors. The point was made that despite collecting revenue, local and national governments do not fulfill their duties towards vendors by providing basic amenities.

Demolition of trading spaces and confiscation or destruction of goods came up as a negative driving force resulting from government action. In particular,

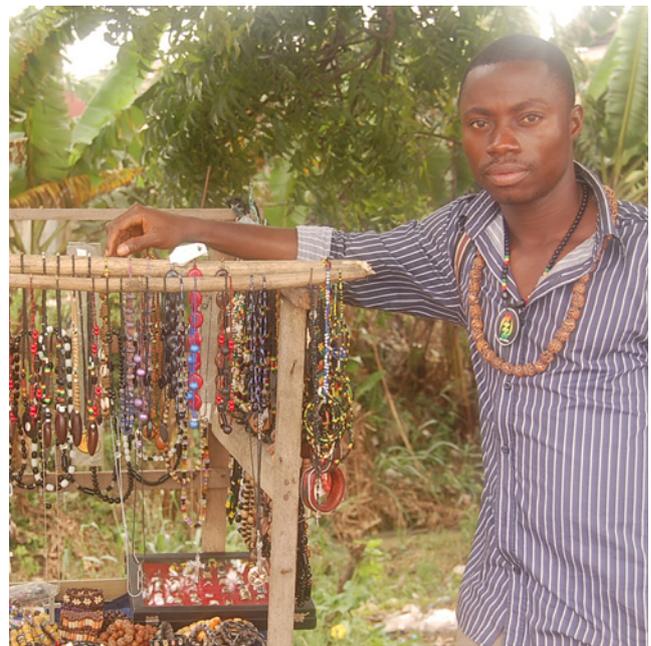


Photo: D. Mireku

vendors decried the policy of removal of vendors and their goods from “unauthorized” locations without providing adequate alternatives. Traders would attempt to find other spaces to trade in, but this was said to be difficult and expensive. The lack of trading spaces was especially acute for non-Central city vendors.

The Accra Metropolitan Assembly (AMA), Ga East District Assembly (GEDA), Madina Zonal Council (MZC) and foreign traders were noted to pose the greatest hindrance in the businesses of participants. The AMA was mentioned most frequently with references to “harassment”, corruption (demanding bribes), and lack of attention to maintenance of markets. (The AMA came up even in focus groups with non-Central vendors who fall under GEDA administration. Most likely, the vendors are not aware of the distinction between the two local governments; some vendors believed that GEDA is under AMA rule.)

### ***Perceptions of MBOs and Other Institutions***

The survey revealed the vendors felt part of a supportive community. Vendors saw their membership-based organizations, NGOs, and other workers and trade unions as being the most helpful to their work. However, while they viewed MBOs as helpful, when asked in focus groups to name institutions they found influential, StreetNet and its market associations were spontaneously mentioned only rarely.

Financial institutions were perceived as both helping and hindering. As much as participants valued the access to loans, they were as quick to say that the requirement for receiving a loan, and the interests rates and other terms of payments, were unfavourable.

### **Vendors' Contributions**

The study made clear that the informal and formal economies in Ghana interact, and that street vendors make significant contributions in both arenas. For example, as their enterprises create banking and credit needs, they become customers of formal financial institutions. They also provide for people's needs by making goods and services accessible. Especially in the newly-settled locations outside of central Accra, vendors bringing goods into those spaces saves their customers travel time and money. While other informal workers comprise a significant part of the vendors' customer base, they also sell to workers with formal employment and students in formal institutions.

The informal vendors emphatically stated that they contribute to the city through taxes, fees and levies, and that this revenue and their businesses promote development and bolster the economy. They expressed anger that they do not, in turn, receive adequate services or respect commensurate with their value to the city and the economy.

### **Policy and Advocacy Recommendations**

The policy environment was found to be inconsistent and generally unsupportive of informal workers at all levels of governance. Recognition of the contribution of street vendors to the economy is essential. National and local governments should shift from an adversarial mode to acknowledging street vendors as citizens, residents and workers with a right to make a living, and greater attention should be paid to the impact of policies and the macroeconomic environment on informal livelihoods. Through active engagement with vendors, officials should find ways to support rather than hinder. This may be through provision of better infrastructure, for example, or by ending practices of harassment and eviction.



Photo: D. Mireku

Any improvement in the circumstances of informal street vendors will require more mobilization of informal workers. This responsibility will rest on street vendors, but will necessitate outside support. In particular, the Ghana Trades Union Congress, which historically has been a strong advocate for workers' rights, needs to make a greater effort to overcome the challenges to organizing informal workers.

Finally, care should be taken not to homogenize street vendors. In both policymaking and advocacy, the differing realities of vendors based on their sex and their location should be taken into account.



StreetNet Alliance Ghana



**Inclusive Cities:** Launched in 2008, the Inclusive Cities project aims to strengthen membership-based organizations (MBOs) of the working poor in the areas of organizing, policy analysis and advocacy, in order to ensure that urban informal workers have the tools necessary to make themselves heard within urban planning processes. Inclusive Cities is a collaboration between MBOs of the working poor, international alliances of MBOs and those supporting the work of MBOs.

To read the full city, sector and global reports, visit [inclusivecities.org/iems](http://inclusivecities.org/iems)