

Selling to Survive



Market Vendors in
Kampong Cham Town
Making their Living
in the Informal Economy



Analyzing
Development Issues
Trainees (Round 18) and Team

November 2008



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Acknowledgements

The ADI team and research participants express their thanks to the market vendors in the Boeung Kok, Kro Moun, and Sala Chen markets of Kampong Cham town for sharing their stories and experiences with us. The researchers would also like to thank the market committee officials who cooperated in this study. Dr. Kyoko Kusakabe of the Asian Institute of Technology (AIT) provided useful background studies and engaged in early discussions with the team. More recently Dr. Hossein Jalilian, the research director of the Cambodia Development Resource Institute (CDRI), provided an opportunity for the team to present their finding at the CDRI bimonthly roundtable symposia. The comments and questions raised by the roundtable participants enable the researchers to develop and sharpen their analysis. As in the past the team thanks Tha Sophal of the Cooperation Committee of Cambodia (CCC) for providing logistical support throughout the training.

Abstract

This ADI study seeks to understand how market vendors in Kampong Cham town make their living and confront challenges in the informal economy. More specifically, the research attempts to construct a profile of the market vendors, to examine their market activities and business operations, and to investigate issues related to their vending space and market fees. A survey questionnaire was conducted with 215 vegetable, fruit and fish vendors in Kampong Cham's Boeung Kok, Kro Moun, and Sala Chen markets. In addition in-depth key informant interviews were taped with individual market vendors and market committee officials.

In large measure the findings of the present study are consistent with the literature on market vendors in Phnom Penh. While market vendors in Kampong Cham town work long hours and contribute significantly to household incomes their lack of education and skills, their lack of access to capital, and their lack of access to labor limit their productivity and profit margins and prevent most of them from moving beyond subsistence levels. Moreover, their uncertain legal status and exclusion from labor and social security legislation leaves them vulnerable to misuse and unprotected against contingencies. The study argues that the government must develop policies and initiate processes to enable informal enterprises such as market vending to achieve a more formal state. Market vending activities are highly informal and therefore require concerted government and civil society action to improve their productivity and their coverage under universal worker rights.

Introduction

This study examines how market vendors in Kampong Cham town, who do not have registered stalls in the public markets and sell their goods in open spaces, make their living and confront challenges in the informal economy. The study begins with an inquiry into the general notion of the informal economy, and then moves to a discussion of the characteristics, contributions, and decent work deficits of the informal economy in Cambodia. A brief review of the literature on market vendors in Phnom Penh serves to inform the research objectives and research methods of the present study undertaken in a provincial town.

Understanding the Informal Economy

Influenced by Nobel Prize laureate William Arthur Lewis many economists argue that there is an unlimited supply of labor in most developing countries and that this vast pool of surplus labor will be absorbed as the modern industrial sector expands. However, contrary to this prediction the “informal sector” as it came to be known continues to grow steadily in developing countries. In time the term “informal sector” increasingly gave way to the notion of “informal economy” to capture the diversity of informal workers and enterprises across sectors, and to underscore the interdependence of the informal with the formal. Today the persistence of the informal economy can no longer be considered a temporary occurrence. Moreover, informal activities include profitable enterprises as well as marginal ones, generate jobs and income, and provide accessible and low priced goods and services to customers.¹

Reasons given for the growth of the informal economy in recent decades are interrelated and overlapping. These include: 1) Limited absorption of surplus labor – agriculture and manufacturing have limited capacity to absorb the increasing numbers of job searchers; 2) Barriers of entry into the formal economy – excessive costs, inordinate government regulations, and corruption force workers and enterprises to remain informal; 3) Weak institutions – formal institutions are unable to provide education, training, infrastructure, and incentives for structural reforms; 4) Redundancies – the loss of public sector jobs forces workers into informal work; 5) Globalization favors capital over labor – global trade and investment patterns tend to privilege capital and disadvantage labor; 6) Demand for low-cost goods – workers employed in formal companies raise demand for low-cost goods and services; 7) Uncommitted or unaware governments – many governments do not intervene expecting the informal economy to gradually decline; 7) Economic hardship and poverty – migration due to poverty and the impact of HIV/AIDS tend to increase the number of people in the informal economy; and 8) More women entering labor markets – only a small portion of the growing numbers of women workers and entrepreneurs enter the formal economy.²

Contrasting Informal and Formal Economies

Broadly defined, the informal economy is the unregulated non-formal segment of the market economy that produces goods and services for sale or for other forms of payment. The term “informal economy” thus refers to all economic activities by workers and economic units that are, in law or in practice, not covered or insufficiently covered by formal arrangements.³ By contrast, formal sector firms are distinguished by contractual employment with explicit rights and duties, lines of authority, and conditions for hiring and

¹ Becker, Kristina Floodman, *The Informal Economy*, Stockholm, Sida, 2004.

² Becker, *The Informal Economy*.

³ Becker, *The Informal Economy*.

firing. Workers are protected by the existing labor legislation, enforced and promoted by their own organizations. Under these conditions, individuals sell their labor to firms for a stipulated amount of time, receiving in return a regular monetary remuneration.⁴

The International Labour Organization's (ILO)'s detailed definition of the informal economy likewise encompasses both production units and employment (see box). Informality of production units refers to the extent that they are not captured by official statistics, do not enjoy resources otherwise made available by public and private institutions, and do not comply fully with regulations. Informality of employment refers to the extent workers are undeclared by both informal and formal enterprises and do not enjoy social benefits mandated under law.⁵

ILO's Definition of the Informal Economy

Very small-scale units producing and distributing goods and services, and consisting of independent, self-employed producers, some of whom also employ family labour and/or a few hired worker or apprentices; which operate with very little capital, or none at all; which utilize a low level of technology and skills; which therefore operate at a low level of productivity; and which generally provide very low and irregular incomes and highly unstable employment to those who work in it. They are informal in the sense that they are for the most part unregistered and unrecorded in official statistics; they tend to have little or no access to organized markets, to credit institutions, to formal education and training institutions, or to many public services and amenities; they are not recognized, supported or regulated by the government; they are often compelled to operate outside the framework of the law, and even where they are registered and respect certain aspects of the law they are almost invariably beyond the pale of social protection, labour legislation and protective measures at the workplace.

Source: ILO, "Terms of reference for the literature review/handbook on decent work in the informal economy in Cambodia," *ILO Informal Economy/Poverty and Employment Project*, ILO, 2004 cited in Economic Institute of Cambodia, *Decent Work in the Informal Economy in Cambodia: A Literature Review*, Bangkok, ILO, 2006.

ILO groups informal workers into three main categories; namely: 1) employers of micro or informal enterprises employing a few workers; 2) self-employed or own-account workers working alone or with unpaid employers; and 3) workers found in micro or informal enterprises or those (such as home workers or contract workers) working without a fixed employer or without a contract.⁶ In this schema market vendors would be considered self-employed or own-account workers.

Interrelationships between Informal and Formal Economies

There are several schools of thought regarding the relationship between the informal and formal economies. These may be characterized broadly as the dualists, the legalists, and the structuralists. The dualists view the informal economy as a separate marginal economy not directly linked to the formal economy, providing income or a safety net for the poor. The legalists argue that informal work arrangements are a rational response by small entrepreneurs to over-regulation by government bureaucracies. The structuralists maintain that the informal economy is subordinated to the formal economy by capitalists who seek to exploit small producers and traders to reduce costs.⁷

⁴ Portes, Alejandro, "The Informal Sector: Definition, Controversy, and Relation to National Development," *Review*, Volume 7 Number 1, 1983.

⁵ ILO, "Terms of reference for the literature review/handbook on decent work in the informal economy in Cambodia," *ILO Informal Economy/Poverty and Employment Project*, ILO, 2004 cited in Economic Institute of Cambodia, *Decent Work in the Informal Economy in Cambodia: A Literature Review*, Bangkok, ILO, 2006.

⁶ ILO, "Terms of reference for the literature review/handbook on decent work in the informal economy in Cambodia."

⁷ Chen, Martha Alter, Renana Jhabvala, and Frances Lund, *Supporting Workers in the Informal Economy: A Policy Framework*, Geneva, ILO, 2002.

Increasingly the links between the informal and formal economies are becoming clear. To the extent that the informal economy depends upon materials produced by formal firms, it opens up a market whereby capital flows from the informal into the formal economy.⁸ By providing goods and services at prices lower than those that can be offered under formal production arrangements, the informal economy reduces labor reproduction costs for companies in the formal sector. Wages of formal workers can be kept low because the reproduction of their labor is partly subsidized by low-cost informal workers. By hiring workers through subcontractors and by channeling goods through a network of apparently self-employed traders, formal companies also limit the expansion of the organized work force with disguised informal laborers.⁹ By promoting a flexible labor market and absorbing retrenched labor from the formal sector, the informal economy may also stimulate the growth of the market economy.¹⁰

Transition from the Informal to the Formal Economy

For too long governments have adopted a dualist approach and acted on the assumption that, with the growth of the formal economy, the informal economy would gradually diminish on its own account. This has led to biases in policy that have favored the formal economy to the detriment of the informal economy. Governments need to develop policies which acknowledge the importance of the informal economy, restrict and regulate it when necessary, but mostly seek to increase the productivity and improve the working conditions of those who work within it.¹¹ As stated during the 89th session of the International Labour Conference in June 2001: “The fundamental challenge posed by the informal economy is how to integrate it into the formal economy. It is a matter of equity and social solidarity. Policies must encourage movement away from the informal economy. Support for exposed groups in the informal economy should be financed by society as a whole.”

The transition from an informal to a formal status is normally gradual and the challenge posed is to initiate processes that can support enterprises to achieve a more formal state (Figure 1). Small-scale entrepreneurs make economic calculations along the lines of cost-benefit analysis, determining a minimum threshold of participation in formal arrangements for which the cost remain lower than the benefits. Some enterprises will therefore choose to participate in only a subset of institutions at any point in time. In addition, benefits and costs of participating in formal agreements vary for enterprises of different size and expected lifetime.¹² Market vending activities are highly informal and therefore require concerted government and civil society attention to improve their productivity and their coverage under universal worker rights.

A Swedish International Development Cooperation Agency (Sida) study outlines major government responsibilities with respect to the informal economy: 1) Provide the macroeconomic, social, legal and political frameworks for the large-scale creation of sustainable, decent jobs and business opportunities; 2) Focus policies and programs on bringing informal workers and economic units into the economic and social mainstream, thereby reducing their vulnerability and exclusion; 3) Provide a conducive policy and legal environment that a) lowers the cost to establish and operate a business, and b) increases the benefits of legal registration; 4) Ensure that national legislation addresses the issues of recognition and protection of employers and workers in the informal economy, with special emphasis on human rights and gender

⁸ Wellings, Paul and Michael Sutcliffe, “‘Developing’ the Urban Informal Sector in South Africa: The Reformist Paradigm and its Fallacies,” *Development and Change*, Volume 14, Number 4, 1984.

⁹ Portes, Alejandro and John Walton, *Labour, Class, and the International System*, New York: Academic Press, 1981.


¹⁰ Becker, *The Informal Economy*.

¹¹ Becker, *The Informal Economy*.

¹² Becker, *The Informal Economy*.

equality; and 5) Provide an enabling framework at national and local levels to support representational rights.¹³

Figure 1. Informal to Formal Sector Continuum

	INFORMAL SECTOR		FORMAL
	Subsistence Enterprises	Unofficial Enterprises	Unofficial Enterprises Official Enterprises
Degree of Informality	100%	High. Proportion of sales undeclared and workers not registered	Some proportion of sales undeclared and workers not registered. May use outside the official purview (e.g. internet to deliver software)
Type of Activity	Single street traders, cottage/micro enterprises, subsistence farmers	Small manufacturers, service providers, distributors, contractors	Small and medium manufacturers, service providers, software firms
Technology	Labor intensive	Mostly labor intensive	Knowledge and capital intensive
Owner Profile	Poor, low education, low level of skills	Poor and non-poor, well educated, high level of skills	Non-poor, highly educated, sophisticated level of skills
Markets	Low barriers to entry, highly competitive, high product homogeneity	Low barriers to entry, highly competitive, some product differentiation	Significant barriers to entry, established market/product niche
Finance needs	Working capital	Working capital, some investment capital, supplier credit	Investment capital and working capital, letters of credit, supplier credit
Other needs	Personal insurance, social protection	Personal and perhaps business insurance	Personal and business insurance, business development services
	Least dynamic Completely informal		Highly dynamic Partially informal 

Source: The Informal Round Table, Sofia, April 18-20, 2002, Simeon Djankov, Ira Lieberman, Joyita Mukherjee, Tatiana Nenova, Going Informal: Benefits and Costs cited in Becker, *The Informal Economy*.

The Informal Economy in Cambodia

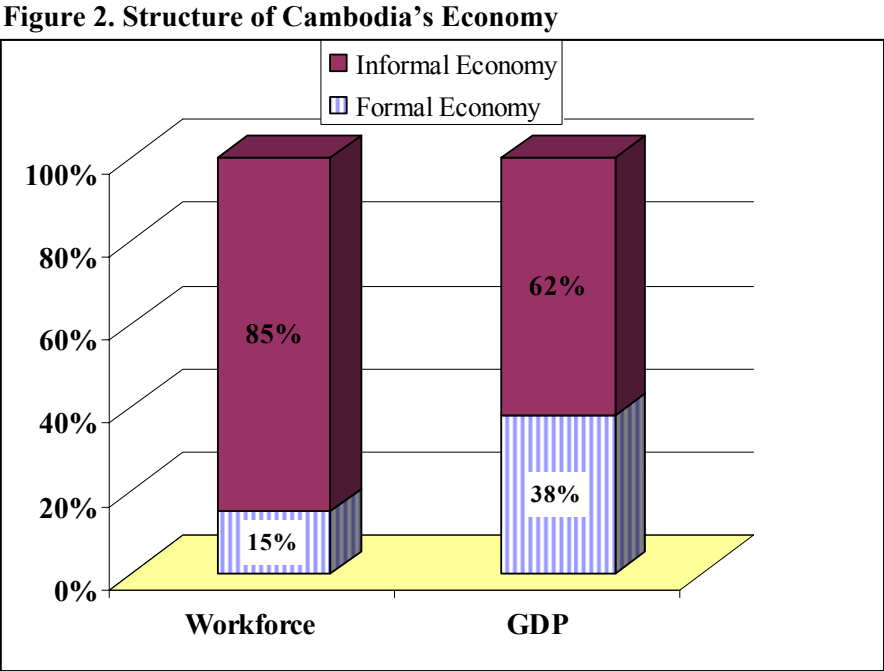
Cambodia defines activities in the informal economy as: 1) those which do not have a firm, identifiable postal address; 2) where workers are self-employed and census data is usually not available; 3) where operations are labor intensive and there are quick turnovers; 4) where the use of energy inputs are from human or animal sources; and 5) which take place in non-structured premises where there are no regulations, licenses, insurance and taxes are not paid.¹⁴ Defining characteristics of the informal economy as in other developing countries are low entry requirements in terms of capital and professional qualifications, a small scale of operations, skills often acquired outside of formal education, and labor intensive methods of production and adapted technology.¹⁵

¹³ Becker, *The Informal Economy*.

¹⁴ Nuth, Monyrath, "The Informal Economy in Cambodia: An Overview," *Economic Review*, Volume 2, Number 1, 2005.

¹⁵ Becker, *The Informal Economy*.

The Economic Institute of Cambodia (EIC) estimates that as of 2003 informal sector workers comprise 85 percent of Cambodia’s total workforce and contribute 62 percent of total Gross Domestic Product (GDP) making them a significant contributor to the country’s economy (see Figure 2).¹⁶ The factors affecting the size of the workforce in the informal economy in Cambodia are the high cost of operating a business in the formal economy, mass poverty, inadequate economic growth, a surplus of labor, and the leveling off of growth in the garment industry.¹⁷



Source: Economic Institute of Cambodia, 2003.

A recent EIC study examines working conditions of informal workers in Cambodia using ILO’s decent work deficit approach.¹⁸ The four major indicators of the decent work deficit are employment, rights, social protection, and representation. The employment deficit refers to situations where people rely on less productive and less remunerative work in the informal economy in the absence of employment opportunities in the formal economy. EIC acknowledges the existence of the large local workforce of own-account workers or paid and unpaid workers, but argues that these jobs are substitutes for work and opportunities that are unavailable in the formal economy. This leads EIC to conclude that Cambodia suffers a huge employment deficit in terms of decent work.

The rights deficit applies to conditions where workers lack rights under the law. In Cambodia informal workers are not covered by labor legislation since they do not have formally recognized employer-employee relationships. As a consequence informal workers are often subject to extortion, bribery, repression, and harassment. EIC notes that the unregulated activities of informal businesses are often conflated with illegal activities.

The social protection deficit concerns circumstances of job and income insecurity and the absence of protection at the workplace and in society. Cambodia’s Social Security Law applies to those people governed by labor legislation and therefore necessarily excludes informal workers. Informal workers are

¹⁶ EIC includes both agriculture and non-agriculture sectors in these estimates.
¹⁷ Economic Institute of Cambodia, *Decent Work in the Informal Economy in Cambodia*.
¹⁸ See Economic Institute of Cambodia, *Decent Work in the Informal Economy in Cambodia*.

thus deprived of illness and retirement benefits, and coverage for accidents and occupational health hazards.

The representation deficit deals with instances of workers inability to organize and bargain collectively. Informal workers in Cambodia are generally not organized and have no collective voice. When they are organized their associations are often weak, lacking in focus or capacity to service members. Informal wage earners work without employment contracts and are unable to bargain with their employers. This situation contrasts to the rapid increase of registered labor unions in Cambodia's formal sector.

The EIC study proposes several policy options and strategies to augment decent work in Cambodia's informal economy. Inclusion of the informal economy in a legal framework would extend lawful protection to informal workers. Enterprise development for better productivity and quality of work would raise worker incomes and reduce underemployment. Microfinance and saving in the informal economy would facilitate access to financial capital. Training for improved productivity and employment opportunities would augment skills and knowledge for higher incomes. Enhancement of social protection would expand social security coverage to informal workers. Strengthening the voice of workers in the informal economy would acknowledge the rights of all workers to association and representation.¹⁹

Market Vendors in Phnom Penh

A recent ILO review of studies conducted on market vendors in Phnom Penh provides a useful profile of the traders and their business operations in the capital city.²⁰ These studies reveal that market vending in Phnom Penh is largely dominated by women with low educational backgrounds of about 30 to 50 years old. One study reports that 41 percent of the respondents chose this work because they did not have enough capital to start any other business, and another 26 percent because they did not have other choices due to low education and skill levels.²¹ Most vendors work long hours seven days a week and contribute to half or more of their household income. But their incomes are low and many are unable to prevent their households from falling below the poverty line.²² In large measure the vendors consider themselves successful not because they are able to earn much money but because they are able to contribute to the support of their families and raise their children.

In Phnom Penh most vendors buy goods from wholesalers in the same markets where they sell, with vegetables the most common purchase due to the low capital investment required. Generally the vendors have little access to credit which limits their trading activities. Only 26 percent of the respondents in one study bought entirely on credit. A more common practice among another 40 percent of the respondents in the same study was to buy partially on credit, i.e. by paying half of the price immediately and the other half at the end of the day.²³ Long-term relationships with wholesalers are crucial to buying on credit. Market vendors who borrow from moneylenders pay 20 percent interest per month.

¹⁹ Economic Institute of Cambodia, *Decent Work in the Informal Economy in Cambodia*.

²⁰ Kusakabe, Kyoko, *On the Borders of Legality: A Review of Studies on Street Vending in Phnom Penh, Cambodia*, Bangkok, International Labour Office, 2006.

²¹ Agnello, Francesca and Joanne Moller, *Vendors' Purses: Women Micro Entrepreneurs and their Business Needs, Phnom Penh, Cambodia*, Phnom Penh, Urban Sector Group, 2004.

²² Agnello and Moller, *Vendors' Purses*, report the average daily net earnings of market vendors at 5,925 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 the food poverty line as 1,737 riel. With an average three persons to support this would place many of the respondents below the poverty line.

²³ Agnello and Moller, *Vendors' Purses*.

The business operations of most vendors are at a subsistence level. A study of vendors undertaken in Phnom Penh in 2001 reports the average initial investment capital of respondents at 137,504 riel, with the median much lower at 20,000 riel. Of note, 13 percent of the sample did not have any start-up capital. The same study recorded average working capital of respondents at 165,398 riel, with the median again much lower at 50,000 riel.²⁴

The costs incurred by vendors include transportation costs, rent paid for the use of the selling space, umbrella fees, sanitation fees, market security fees, and business operation tax or *pasi*. One study reveals that daily average vendor expenditures of 96,773 riel amount to 94.2 percent of daily average total earnings of 102,698 riel, leaving only 5,925 riel as daily average net earnings.²⁵ Given the constraints of low capital supply and restricted selling space together with relatively high operations costs, the vendors rely on personal relations with customers to sustain their trading activities. While most vendors want to expand their current operations they cite as major obstacles the lack of capital and reasonably priced selling places.

Problems in the working environment include cleanliness and sanitation, health and hygiene, personal security and security of goods, child care, and access to clean water.²⁶ Half of the respondents in one study mentioned harassment from market security and police as their most serious complaint.²⁷ Harassment entails being chased away from one's selling place, having one's goods confiscated, and being charged exorbitant and ambiguous fees. Much of this relates to the ambivalent status of vending which operates on the margins of legality.²⁸

According to the Sub-Decree on Public Order signed by the first and second Prime Ministers on 10 August 1994, street vending is essentially illegal. Article 12 states that selling goods and disturbing the public order are prohibited. In the 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. This law notwithstanding the Business Operation Tax Book makes provision for the collection of taxes from those who rent big umbrellas, from those who sell from baskets and from those who sell from mobile carts – all characteristic of vending. This contradiction in law and regulation creates a space for ambiguous fee collections to take place. Although vendors pay taxes and fees, they do not have inviolable rights to conduct their businesses and use their selling spaces.²⁹

Without the benefit of secure entitlement to their work and mistrustful of other traders in the highly competitive marketplace makes vendors vulnerable to misuse. The Vendors' Association organized by the NGO Urban Section Group in Phnom Penh in 1998 attempts to build relationships among vendors to collectively promote their interests. One study disclosed that association members showed 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 exhibited a greater tendency to inform and demand from the state. They were also more confident and engaged in improving their own, and other vendors' livelihoods.³⁰

²⁴ Kusakabe, Kyoko, Chan Monnyrath, Chea Sopheap, and Theng Chan Chham, *Social Capital of Women Micro-Vendors in Phnom Penh (Cambodia) Markets: A Study of Vendors' Association*, Bangkok, United Nations Urban Management Programme, 2001.

²⁵ Agnello and Moller, *Vendors' Purses*.

²⁶ Banwell, Suzanna Stout, *Vendors' Voices: The Story of Women Micro-Vendors in Phnom Penh Markets and an Innovative Program Designed to Enhance Their Lives and Livelihoods*, Phnom Penh, The Asia Foundation, 2001.

²⁷ Agnello and Moller, *Vendors' Purses*.

²⁸ Kusakabe, *On the Borders of Legality*.

²⁹ Kusakabe, *On the Borders of Legality*.

³⁰ See Kusakabe et al, *Social Capital of Women Micro-Vendors in Phnom Penh (Cambodia) Markets* and Kusakabe, *On the Borders of Legality*.

The ILO review of the Phnom Penh market vendor studies concludes that market vending continues to be an important livelihood option for the urban poor, even as other employment options increase. Most of the vendors are major earners in poor households. Nevertheless, their status is ambivalent. While vendors pay business taxes to the state their operations are defined as illegal and rights to their selling spaces are not guaranteed. The ILO review recommends to abolish Articles 12 and 13 of the Sub-decree on Public Order which makes vending illegal, to officially recognize and support the Vendors' Association, to involve the Vendors' Association in developing municipality development plans, to review squatter relocation policy, to augment the personal security of vendors, and to extend community based social investment in credit, child care, education, and health to the workplace.³¹

Research Objectives

This ADI study seeks to understand how market vendors in Kampong Cham town make their living and confront challenges in the informal economy. More specifically the research attempts to:

To construct a profile of market vendors in Kampong Cham provincial town.

To examine the market activities and business operations of these vendors.

To investigate issues related to vending space and market fees.

Research Methods

The research was conducted in September 2007 in Kampong Cham provincial town with market vendors who do not have registered stalls and sell their goods in open spaces at the Boeung Kok, Kro Moun, and Sala Chen markets. In all 215 market vendors selling vegetables, fruit, or fish were purposively interviewed. The instrument was kept short since the interviews were conducted during trading times at the selling spaces of the vendors. In addition to the survey questionnaire, in-depth key informant interviews were taped with selected vendors mostly at their homes after the peak periods of market activity. Four of these in-depth interviews are reproduced in this volume. Key informant interviews were likewise conducted with market committee officials.

³¹ Kusakabe, *On the Borders of Legality*.

Findings and Analysis

Profile of Market Vendors

The survey conducted in this study included 215 vendors interviewed mainly in the Boeung Kok, Kro Moun, and Sala Chen markets of Kampong Cham provincial town. In all 58 percent of the sample vendors traded in the large Boeung Kok market, 24 percent traded in the Kro Moun market, 12 percent traded in the Sala Chen market, and 7 percent traded in other areas. Among the respondents surveyed 77 (36 percent) were vegetable vendors, 70 (33 percent) were fruit vendors, and 68 (32 percent) were fish vendors. Aside from their main product 85 percent of the vendors did not sell other goods.

A high 92 percent of the respondents reported Kampong Cham as their province of origin. Others came mostly from the neighboring provinces of Prey Veng, Kampong Thom, Kandal, and Kratie. Of note, 68 percent of the respondents had been living in Kampong Cham town since 1979. These figures indicated that the majority of the market vendors surveyed were native to Kampong Cham province and long time residents of Kampong Cham town.

Remarkably 97 percent of all of the vendors surveyed were women. The mean age of the market vendors interviewed was 40.6 years with a majority 57 percent within the age group of from 30 to 49 years. Only 3 percent of the sample was under 20 years, and only 6 percent was 60 years and above. While 34 percent of the market vendors had completed primary education or higher, 18 percent had never attended school. The respondents' overall low educational levels and lack of formal skills and training required for their work, explains in part why 80 percent of the vendors had never earned from any other type of job. Low educational and high age levels also prevented them from securing employment in the Phnom Penh garment factories.

While 87 percent of the market vendors had been married, 17 percent were now widows or widowers, and 4 percent were separated or divorced. Those who were single numbered 13 percent. Proportionally more of the single respondents were vegetable vendors, more of the currently married respondents were fruit vendors, and more of the widowed respondents were fish vendors. The mean number of living children of market vendors currently or previously married was 3.3, the mean number of these children living at home was 2.4, and the mean number of children living at home 5 years old and below was 0.3. In large measure the vendors surveyed were responsible for children but not overly burdened with the care of preschoolers.

When selling goods in the market, the 52 respondents with children 5 years and below living at home relied on multiple persons to assist them as caregivers. These included their older children, their own siblings, their spouses, neighbors or friends, and others. Some vendors reportedly brought their preschool children to the market and looked after them themselves. The vibrant markets in Kampong Cham town provided the vendors with opportunities to earn money close to home, while allowing them to fulfill their traditional role of caring for their children.

Contribution as Household Earners

In the market vendor households the mean number of members living and eating together was 5.3. At the same time, the mean number of members contributing to household livelihood was only 1.9. This in itself underscored the importance of the vendors as household earners since by the very fact of their buy and sell trading they constituted one of the members contributing to household livelihood. Additional data revealed

that 68 percent of the vendors sampled were either the sole or principal earners in their households (Table 1). Taken alone 79 percent of the fish vendors sampled represented the main earners in their households.

**Table 1. Market Vendor Positions as Household Earners,
Kampong Cham Provincial Town,
September 2007**

	Vegetable Vendors		Fruit Vendors		Fish Vendors		All Vendors	
	#	%	#	%	#	%	#	%
Sole Household Earner	28	36	25	36	25	37	78	36
Principal Household Earner (more than 50% of household income)	20	26	19	27	29	43	68	32
Sole or Principal Household Earner	48	62	44	63	54	79	146	68
	N=77		N=70		N=68		N=215	

These figures belie the Khmer proverb “*Women cannot move around the stove*” which implies that women cannot get out of the cooking area of their homes to earn income for their households. On the contrary the market vendors sampled in this study were in large measure the major contributors to their household subsistence and not, as reflected in the above saying, homemakers fated to be dependent on the earnings of their spouses. Somewhat surprisingly given their proximity to Phnom Penh, only 17 percent of the market vendor households received money from family members who were migrant workers. This further underscored the self-reliance of the vendors. Overall, 83 percents of those interviewed owned their own house, and 97 percent owned the land on which their house was built.

Given the strength of their earning positions within the household, and the traditional role of women in Cambodian society, the market vendors exercised considerable control over money and its use in their households. Overall, 81 percent of the vendors sampled held the money in their households, while an additional 11 percent held it together with another household member. Only 8 percent of the vendors sampled had no involvement in holding the money of their households, and these persons were mostly single. Moreover, 47 percent of the vendors surveyed made the decisions about large purchases in their households, while an equal percentage made these decisions with another household member. Only 6 percent of the vendors surveyed had no involvement in making decisions about large purchases in their households, and again these persons were mainly single.

Market Activities and Business Operations

While 93 percent of the respondents surveyed had settled in Kampong Cham town prior to the year 2000, a majority 52 percent had only started to work as market vendors in the town since the year 2000. This indicated that an accelerated rise in market activity in the new millennium had provided opportunities, mostly for women, to earn from selling vegetables, fruit, and fish. During this period as a consequence of the construction of the Kizona Bridge across the Mekong River, the rehabilitation of roads to the north and northeast provinces, and the increased market activity throughout Cambodia, Kampong Cham town had become a hub of transport and transit activity. The trend actually began to emerge in the years from 1992 to 1999 in which another 27 percent of the current vendors had started their work. Meanwhile population density in Kampong Cham province remained high ensuring a demand for market goods.³²

³² Population density in Kampong Cham province was reported at 164 persons per square kilometer in 1998 and 172 persons per square kilometer in 2008 making Kampong Cham Cambodia’s sixth most densely populated province/city in both years. See General Population Census of Cambodia 2008, Provisional Population Totals, National Institute of Cambodia, Ministry of Planning, August 2008.

The average initial capital investment of the vendors surveyed was 154,182 riel (US\$ 38.55) with the initial funding of the fruit vendors slightly higher (Table 2). The relatively small initial capital investment needed for the vendors to start their buy and sell activities enabled 50 percent of them to finance their micro-enterprises with money from their own savings. Others got most of their initial capital investment from wholesalers/traders (21 percent), moneylenders (16 percent), relatives (8 percent), and others (4 percent). Compared to the initial capital investment, average daily working capital in cash and credit, though difficult to compute accurately, was less for vegetable and fruit vendors and noticeably higher for fish vendors due to the higher wholesale price of fish (Table 2.)³³

**Table 2. Market Vendor Average Initial Capital Investment, Average Daily Working Capital, Average Daily Earnings, and Average Daily Profit, (in riels)
Kampong Cham Provincial Town,
September 2007**

	Vegetable Vendors	Fruit Vendors	Fish Vendors	All Vendors
Average Initial Capital Investment *	143,027	175,925	144,299	154,182
Average Daily Working Capital in Cash and Credit**	108,204	106,913	176,221	129,500
Average Daily Total Earnings***	120,888	108,044	179,372	135,527
Average Daily Profit Earnings**	9,717	10,377	10,978	10,333
	*N=73 **N=76 ***N=76	*N=67 **N=69 ***N=68	*65 **N=68 ***N=68	*N=205 **N=213 ***N=212

Buying Goods for Trading

Market vendors bought their goods to sell from wholesalers/middlemen (66 percent), farmers (19 percent), and fishermen (12 percent). Few (3 percent) cultivated their own produce. Proportionally far more fruit vendors than vegetable or fish vendors bought their goods from wholesalers/middlemen, in large part because the principal supply of fruit came from other provinces and countries. Most market vendors (72 percent) were normally able to get an adequate supply of goods to sell, although the percentage of fish vendors able to do so (66 percent) was somewhat less than the vegetable vendors (73 percent), and the fruit vendors (76 percent). Few vendors (9 percent) bought goods to sell as a group with others to lower costs.

Some vendors bought their goods to sell entirely with cash (34 percent), others partly with cash and partly with credit (39 percent), and still others entirely on credit (27 percent). Proportionally more vendors paid cash when buying goods from farmers and fishermen than they did when buying from other sources. By contrast, proportionally more vendors bought entirely on credit from market wholesalers/middlemen than they did when buying from other sources. Unlike the traders with large capital supplies and regular business operations the farmers and fishermen usually operated on a day to day basis and required immediate recompense.

More vegetable vendors (46 percent) bought all their goods with cash compared with the fruit (26 percent) and fish (29 percent) vendors. Apparently this was related partly to the reliance of vegetable vendors on farmers as an important source of their supply and partly to the large numbers starting work in recent years without established credit lines. By comparison, fish vendors, who among the three groups had the highest rate of buying entirely on credit, relied on fishermen as an important source of fish supply but generally had more established business operations. These observations notwithstanding, a vendor's personal relationship of trust and loyalty with the supplier was more critical in accessing credit than the type of the

³³ Many vendors found it difficult to report average daily working capital since they rolled over their working capital for three or more days at a time. The researchers often had to calculate the daily amounts based on information supplied by the vendors.

supply source or the length of the vendor's trading activity. Of note, a large majority of the fish vendors (85 percent) who bought partly or entirely on credit, and a smaller majority of the vegetable (68 percent) and fruit (62 percent) vendors who did likewise, had to repay the credit at the end of the same day.

The Story of Teur Asikin Fish Vendor in the Kro Moun Market

My name is Teur Asikin. I started to sell fish in the market three years ago after my husband left me. My husband enjoyed singing at karaoke parlors and going out with sex workers. He spent all the money we earned from our traditional medicine business. At first I did not know what to do. I was 32 years old and had three children to support and send to school. My neighbors encouraged me to forget my husband and to work as a fish vendor. I followed their advice. Selling fish does not require much capital and the fish wholesalers allow me to buy on credit as long as the loans are repaid at the end of the day. Still, there are times when I do not earn enough to support the living expenses of my family.

I usually get up at four o'clock in the morning and arrive at the wharf by five o'clock to buy the fish. I go with the motor taxi drivers that I know and trust. At the wharf I walk around with four or five other Muslim women to buy the fish. The buying price of fish depends mainly on my relationship with the wholesaler and the season of the year when fish may be plentiful or scarce. I usually buy 10 to 20 kilograms of fish daily. It is easy to sell 10 kilograms of fish every day in the market but it can become difficult to sell more than 20 kilograms. Unsold fish needs to be salted. If there are no fish for sale at the wharf I have to come back empty handed and return later. After I buy the fish I go directly to the Kro Moun market by motor taxi to sell it.

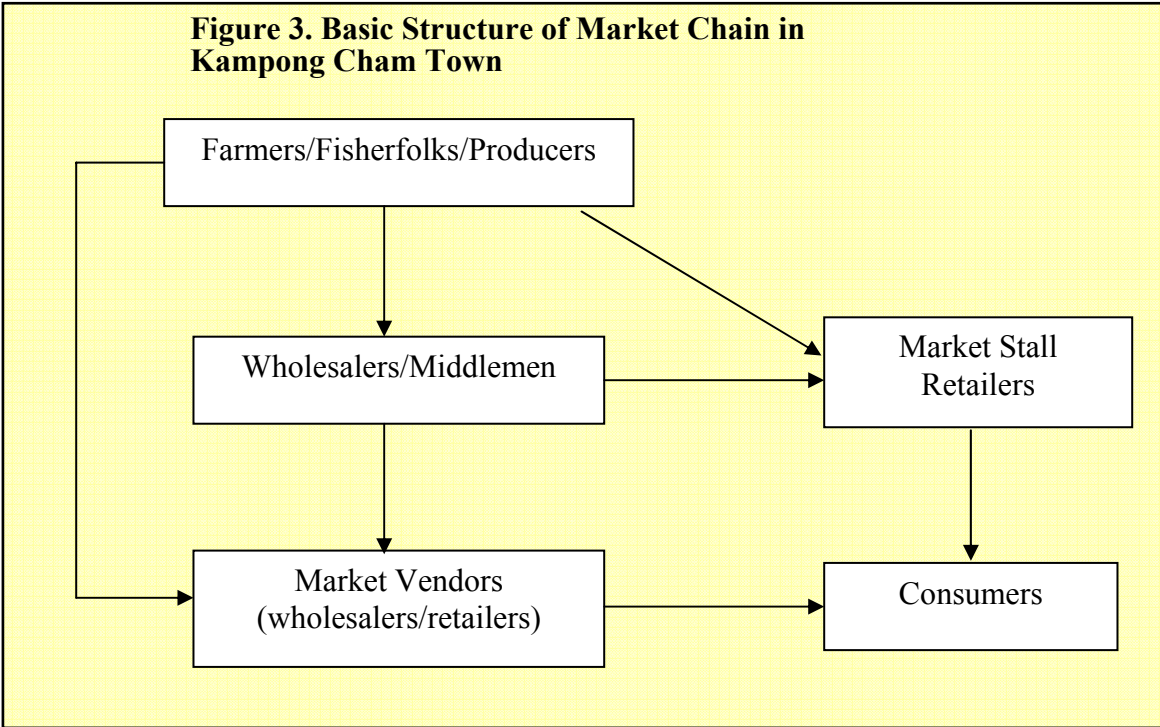
At first I did not have enough capital to start this business. I borrowed 100,000 riels with interest of 20,000 riels and repaid the moneylender 3,000 riels a day for 40 days. I used the money to buy fish at the wharf, to pay the market fees, and to support the daily expenses of my family. On days when there were no fish to sell, I would still have to make interest payments and pay the motor taxi drivers. Many of my customers buy fish from me out of pity. I am polite to my customers and weigh the fish fairly. I tell them truthfully how much I pay for the fish and how much I am earning. Sometimes I sell fish to my customers at the same price I bought it from the wholesalers. Even so I still have fish for my family and enough profit to buy rice and vegetables for our meals.

I do not calculate my daily costs or profit exactly because the money I earn is spent for the day to day expenses of my family. Usually I earn from 5,000 to 10,000 riels per day but this is barely sufficient for food not to mention clothes and the school fees of my children. I was able to support my eldest daughter up to Grade 7 before she stopped her schooling and came to work with me. I feel pity for my children because they are not able to have a better education. I have thought to expand my business but I do not have enough capital. I would need to borrow money and the interest payments would cancel out the additional profits that I would earn. I earn very little because with my limited capital I can afford to buy only small amounts of fish.

I used to rent this space for 500 riels a day but now I have to pay 15,000 riels a month whether I use the space or not. This space is a better than the one I had before and in a location where I can earn more money. Before the market authorities used to move me very often, and this made selling difficult. I have heard that the market authorities will soon move us out of this area but I do not know when this will happen. Besides the rental fees I have to pay the daily business tax or *pasi* of 400 to 500 riels which I have been able to meet. My problem is not with the market authorities but with the drunks and disabled people who sometimes threaten to beat me with their sticks if I do not give them 100 or 200 riels. I tell these people that I am poor too and only have enough money for myself and my family. But sometimes I give them small amounts of money so they will not disturb my business.

Market vendors transported their goods from the place of purchase to the place of selling in several ways. These included the use of motor taxis, transport provided by wholesaler, one's own motorbike, carrying one's own goods, paying someone else to carry the goods, *remork* or motor driven carryall, and pushcart. Most vegetable (27 percent) and fish (39 percent) vendors used motor taxis, while most fruit vendors relied

on transport provided by the wholesalers (40 percent). Transportation of goods in most instances involved expenses that had to be deducted from the vendor’s total daily earnings. The fact that wholesalers transported one-fourth of the total goods purchased by the vendors and incurred these costs demonstrated the symbiotic relationship that joined the two together. Wholesalers provided market vendors with investment capital, daily credit, and transportation assistance. In return the vendors acted as middlemen, or more accurately middle women, who enabled the wholesalers to trade and distribute their goods to a widely dispersed population of customers beyond those who bought from the market stall retailers. Without the vendors the wholesalers would not be able conduct business with such a high volume of small buyers. They would be forced to limit their stocks of goods or have them spoil (Figure 3).



Source: Adapted from Pou Sovann, *Fighting Poverty, Fighting the Market: Street Vendors in Cambodia*, 2005.

Work Practices

Most market vendors (83 percent) worked all year round, although some (9 percent) worked only in certain months, and others (8 percent) had just started working. Moreover 95 percent of the vegetable vendors, 87 percent of the fruit vendors, and 82 percent of the fish vendors worked seven days a week. Increasingly space rentals were calculated on monthly rather than on daily rates. This meant that vendors had to work everyday to avoid losing money on unused market spaces. The vegetable vendors worked an average 7.6 hours per day, the fruit vendors an average 8.4 hours per day, and the fish vendors an average 7.2 hours per day.

On average, the vegetable vendors lived an average 3.8 kilometers from the market, the fruit vendors 3.9 kilometers from the market, and the fish vendors 5.6 kilometers from the market. These differences in distance were reflected in daily return trip transportation costs. While the vegetable vendors spent on average 1,857 riels each day on return trip transportation costs, the fruit vendors spent on average 2,437 riels daily, while the fish vendors spent on average 3,081 riels daily.

The Story of Cheat Kunthea Vegetable Vendor in the Kro Moun Market

My name is Cheat Kunthea. I am 18 years old and work as a vegetable vendor in the Kro Moun market from July to September during the school vacation. In the upcoming school year I will enter Grade 10. As one of twelve children I help my parents earn income for the family and my school expenses. My father works as a soil carrier and has meager earnings during the rainy season. In these months the family relies mainly on my income from selling vegetables.

I usually get up at four o'clock in the morning and ride my bicycle to place of the vegetable wholesale dealer. Sometimes my sister accompanies me. My father also rides with us to provide security. It is still dark so early in the morning. We live in Kampong Cham district not far from the provincial town center. Since I am not well known to the wholesalers I buy the vegetables with cash. I buy vegetables like potato, cabbage, cucumber, cauliflower, broccoli, and morning glory.

My sister and I carry the vegetables from the wholesalers to the market area. By this time the sun has risen and there is no need for security. We normally arrive at the market area at around six o'clock in the morning. Customers come to buy vegetables at seven o'clock and until eight o'clock I am very busy. Some customers come later so I usually stay at the market until 11 o'clock before leaving for home. If I still have unsold vegetables I store them properly at home and sell them the following day. I also cook some of the vegetables for our family to eat.

My daily working capital is about 20,000 riels. On average I earn 5,000 riels per day but this fluctuates depending on the volume of vegetables sold. My daily fees for umbrella rental and business tax are 1,000 riels. I do not have to pay for the space rental since I have a good relationship with the owner. While I would like to expand my business I lack sufficient capital. In fact I am careful not to spend too much money when my profits are low in order to conserve my working capital. At the present time I am helping my mother pay a debt with daily interest so it is difficult for me to generate additional working capital. I do not even have my own scale but must borrow from other vendors working nearby.

There are thieves and pickpockets in the market although I have not been robbed myself. I am concerned about this but have no option but to be careful. Sometimes the beggars, even those with handicaps, are rude and steal the goods for sale. Although they often make me angry I usually give them 100 riels to prevent them from causing a disturbance in my area. Another problem is the bad smell of garbage which is not always thrown far from the selling areas.

I talk a lot with my customers and try to establish good relationships with them. I make an effort to bargain fairly with the customers who sometimes want to buy the vegetables at a price lower than their wholesale cost. I never respond in a rude manner and never let my negative feelings show. A vendor must maintain a good attitude and appeal to the customers. Loss and gain is part of any business. When I sell a lot I feel good and when I sell less I feel bad. But I will not be a vegetable vendor for long. I am studying to be a teacher. My mother will take over my business when I go back to school.

While a large majority of the vendors, especially the fish vendors, normally sold more goods in the morning, the peak selling times during the day were not regular for everyone. A higher percentage of the vegetable vendors (51 percent) had mostly regular customers compared to the fruit (46 percent) and the fish vendors (40 percent). In line with this, a higher percentage of the vegetable vendors (74 percent) reduced prices for their regular customers than did the fruit (69 percent) and the fish vendors (62 percent).

While 72 percent of the fish vendors were normally able to sell all of their goods by the end of each day, only 46 percent of the vegetable vendors and 26 percent of the fruit vendors were able to do so. This reflects the perishable nature of fish and the need for vendors to liquidate stocks on a daily basis. The need to sell all goods by the end of each day was less imperative for vegetable and fruit vendors. Among the vendors who were not normally able to sell all of their goods by the end of the day, 44 percent reported that this resulted in a loss of profit.

Earnings

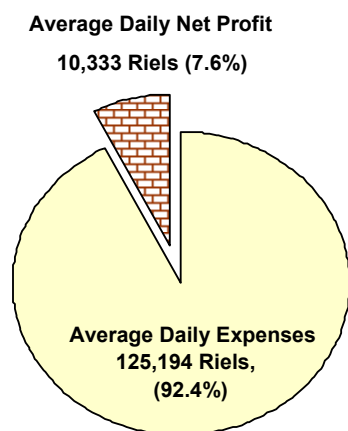
The mean amount of average daily total earnings for all market vendors was 135,527 riels (US\$ 33.88), although there were noticeable differences according to type of vendor. While fish vendors averaged daily total earnings of 179,372 riels, vegetable vendors averaged only 120,888 riels, and fruit vendors even less at 108,044 riels (Table 2). This reflected the higher market price of fish compared to the other two commodities. Nonetheless, the data revealed sharp contrasts within and across vendor types with respect to average daily total earnings. For example, while 38 percent of the fish vendors had average daily total earnings of more than 200,000 riels, another 13 percent of the fish vendors had average daily total earnings of only 50,000 riels or less. By comparison, while 41 percent of the vegetable vendors had average daily total earnings of only 50,000 riels or less, 17 percent had average daily total earnings of more than 200,000 riels (Table 3). The total earning capacity among vendors in all three groups was clearly uneven.

**Table 3. Market Vendor Average Daily Total Earnings, (in riels)
Kampong Cham Provincial Town,
September, 2007**

	Vegetable Vendors		Fruit Vendors		Fish Vendors		All Vendors	
	#	%	#	%	#	%	#	%
1,000 – 50,000 riels	31	41	15	22	9	13	55	26
50,001 – 100,000 riels	15	20	23	34	15	22	53	25
100,001 – 200,000 riels	17	22	22	32	18	27	57	27
More than 200,000 riels	13	17	8	12	26	38	47	22
	N=76		N=68		N=68		N=212	

The mean average daily profit earnings for all market vendors was 10,333 riels (US\$ 2.58). This amounted to only 7.6 percent of the average daily total earnings of 135,527 riels (Figure 4). While the vendors were trading with rather large sums of cash and generating relatively high gross earnings, their average profit margin was comparatively low. Given the average vendor household size of 5.3 and the status of vendors as major household earners, average daily net earnings of 10,333 indicated that large numbers of vendors lived at or below the poverty line.³⁴

Figure 4. Market Vendor Average Daily Profit Earning as a Percentage of Average Daily Total Earning, Kampong Cham Provincial Town, September 2007



Average Daily Total Earnings: 135,527 riels

³⁴ In 2004 in other urban areas the food poverty line and the poverty line for an average household size of 5.3 would amount to 8,310 riels and 10,346 riels per day respectively. See *A Poverty Profile of Cambodia 2004*, Ministry of Planning, February 2006.

Compared to average daily total earnings, average daily profit earnings for the various types of market vendors were more similar. While fish vendors averaged daily profit earnings of 10,978 riels, fruit vendors averaged 10,377 riels, and vegetable vendors only slightly less at 9,717 (Table 2). At the same time, the data indicated sharp differences within and across vendor types with respect to average daily profit earnings. For example, while 42 percent of the vegetable vendors had average daily profit earnings of 5,000 riels or less, another 12 percent of the vegetable vendors had average daily profit earnings of more than 15,000 riels. By comparison, while 30 percent of the fruit vendors had average daily profit earnings of 5,000 riels or less, another 16 percent had average daily profit earnings of more than 15,000 riels (Table 4). While average daily profit earnings across vendor types in Kampong Cham were similar, the amounts earned by individual vendors within each group varied considerably. This again revealed the disparity among vendors with regard to access to credit, managerial ability, scale of business operations, and capacity for growth.

**Table 4. Market Vendor Average Daily Profit Earnings, (in riels)
Kampong Cham Provincial Town,
September 2007**

	Vegetable Vendors		Fruit Vendors		Fish Vendors		All Vendors	
	#	%	#	%	#	%	#	%
1000 – 5,000 riels	31	42	21	30	14	21	66	31
5,001 – 10,000 riels	28	37	26	38	36	53	90	42
10,001 – 15,000 riels	8	11	11	16	9	13	28	13
More than 15,000 riels	9	12	11	16	9	13	29	14
	N=76		N=69		N=68		N=213	

Despite the differences in earnings, more than half of all vendors reported that their average daily profit earnings were lower compared to last year. Meanwhile, only 9 percent of the market vendors kept written records of their daily earnings and expenditures. Only about 19 percent had received advice or training on how to work as a vendor. Most of those who had received advice or training had done so from their parents or relatives.

More than three-fifths of the market vendors worked always on their own. The remainder reported that other people sometimes helped them to sell their goods. Those providing the assistance were mostly relatives; their own children, their spouses, or their own siblings. In fewer instances neighbors or friends helped. The vendors received help when they were busy with other activities, at peak seasons during the year, and at celebrations during the year. A large majority of the market vendors helped each other out by looking after each others goods. Smaller numbers borrowed goods and cash from each other. Few helped each other to look after children or to sell goods.

Three-fourths of the markets vendors said that they were satisfied with their work as vendors. More than two-thirds maintained that as vendors they were able to support their family and raise their children. More than half of the vendors stated that they planned to expand or diversify their business. Access to increased capital was seen by a majority of all respondents as the major obstacle to business expansion and diversification.

The Story of Chea Sokunthy Fruit Vendor at the Sala Chen Market

My name is Chea Sokunthy. I am originally from Kroch Chmar district and settled in Kampong Cham town in 1979 at the end of the Pol Pot regime with my husband and two children. When my husband died in 1998 I started to work as a vendor selling ice drops and sugar cane juice. When this work became too tiring, I began to sell fruit. My son now works in Phnom Penh as a motor repairman. My daughter works in Kampong Cham town as a vendor and lives with me in my house with her husband and child. I am now 56 years old and am still strong and healthy. I plan to sell fruit until I am 60 years old.

I usually get up early at four o'clock in the morning to buy the fruit which comes to the wholesalers mostly from Battambang, Thailand, and Vietnam. I buy all kinds of fruit: oranges, banana, longan, rambutan, pomegranates, *sraka neak*, apples and pears. I normally buy between 100,000 to 150,000 riels worth of fruit depending on the supplies available. Some days I am able to buy up to 300,000 riels worth. All of the fruit is bought on credit. The wholesalers know that I will repay them since we have been doing business for a long time. The more fruit I am able to buy, the more fruit I am able to sell and make a profit. But all of the fruit purchased will not be sold on the same day. Some fruits like oranges will be sold over a few days.

With buyers who do not know the wholesale price, I can double or triple my profits. With buyers who know the wholesale price, I have to reduce the asking amounts or I will lose them. In the morning I sell fruits near the Sala Chen market and pay business tax, sanitation, and security fees. If my fruits are not sold, I rent a *tuktuk* or motor carryall and move all of my goods to the boat landing area where I have another selling space. I sell jujube to the Malaysian and Korean tourists for 3,500 riels per kilogram allowing them to bargain down the asking price of 4,000 riels per kilogram. Still I earn a profit of 700 riels per kilogram. Many of my customers at the landing area are passengers on the boats plying the Mekong River. At four o'clock in the afternoon I sell fruit at the riverside to the people who come out to walk around. At night I sometimes sell fruit near my house or near the Monorum and Mekong hotels. Bananas bought at 3,000 riels a bunch can be sold at 200 riels each. The night girls are hungry and I can earn a lot of money. If I have a good selling day, I may not stop working until 11 o'clock in the evening. Today my profit will not be much more than 10,000 riels. On a good day I can earn up to 40,000 riels.

Some fruit vendors are able to sell their goods at cheaper prices than me because they cheat with their scales. I would rather sell at a higher price with accurate scales than sell at cheaper prices with inaccurate ones. I am old and I do not want to be blamed for cheating my customers. And how could I use ill gained money for doing good acts? Similarly, I do not accept stolen goods from robbers. These thieves steal cases of goods from other people and want to sell them to me at low prices. I tell them that it is a shame for them to be involved in such banditry. I buy my fruit from the wholesalers at the market whether the prices are high or low.

My son in Phnom Penh asked me to stop my work as a fruit vendor. I told him that I need the money to support my old age and to contribute to weddings and religious ceremonies. I am not used to relaxation. When I took three days off to celebrate Khmer New Year I became sick and had to be massaged with the coin. I feel good when I am working and I do not have to rely on my children to support me.

Market Space and Fees

Market Space

By definition market vendors sell goods outside of the market stall areas. In the Kampong Cham market vendors secured selling space in various ways. They claimed it by themselves, rented or bought it from others, had it assigned by market officers, or gained it by other means. More than one-fourth of the vendors had been using their current space for more than 9 years, one-half for more than three years, three-fourths

for more than a year and a half, and one-fourth for less than a year and a half. This permanence of place indicated that vendor rights over their selling places were generally recognized.

On average the fruit vendors had used their present space for a rather lengthy 6.4 years, compared to 5.8 years for fish vendors, and 4.8 years for vegetable vendors. More than two-third of all the market vendors said that they did not share space with other sellers. Almost four-fifths said that the space was adequate for their needs. Interestingly, more than two-thirds of the fruit vendors and more than one-half of the vegetable vendors said that they left structures on their space overnight. In addition to the space where they were interviewed about one-fourth of the vendors sold goods at another space at a different time of the day.

While vendors exerted rights over their selling spaces their rights were not inviolable. Notably almost two-fifths of the market vendors surveyed had been evicted from selling in a previous space. When asked whether they could be evicted from their current selling space, 23 percent replied affirmatively and another 42 percent were not sure. Indeed 15 percent of the vendors interviewed had been chased away by the authorities from their current selling space. Similarly, 15 percent of the vendors interviewed had goods confiscated by market security or police in their current selling space. The extra-legal status of the vendors left them vulnerable to eviction and harassment by those in authority.

Market Fees

The market vendors surveyed were subject to various fees as part of their trading activities in the market areas. Nearly all respondents paid daily business operation tax or *pasi* on goods sold. Most vendors also paid daily fees for renting umbrellas and for latrine and sanitation services. Just under half of the vendors paid for space. Market vendors paid on average 2,135 riels daily in total market fees. Those paying business operations tax (*pasi*) paid on average 1,021 riels daily. Payments to police were negligible. Fruit vendors, who paid the highest average daily business operations taxes and space rental fees, also paid the highest average daily total fees (Table 5). Generally, the vendors complained not about paying the standard fees but about paying the excessive amounts sometimes charged by the business tax collectors.

**Table 5. Market Vendor Average Daily Fees , (in riels)
Kampong Cham Provincial Town,
September 2007**

	Vegetable Vendors	Fruit Vendors	Fish Vendors	All Vendors
Average Daily Total Fees *	1,935	2,495	1,991	2,135
Business operations tax on goods (<i>pasi</i>)**	1,021	1,144	895	1,021
Renting umbrella***	658	764	592	668
Latrine and sanitation fees****	328	300	374	333
Renting space*****	731	1,219	863	951
Security fees*****	270	252	232	254
Electricity fees*****	156	200	0	169
Police payments*****	0	200	350	300
Other fees*****	350	300	286	308
	*N=77 **N=68 ***N=48 ****N=50 *****N=32 *****N=20 *****N=9 *****N=0 *****N=4	*N=70 **N=66 ***N=45 ****N=45 *****N=36 *****N=23 *****N=4 *****N=1 *****N=2	*N=68 **N=64 ***N=52 ****N=41 *****N=30 *****N=14 *****N=0 *****N=2 *****N=7	*N=215 **N=198 ***N=145 ****N=136 *****N=98 *****N=57 *****N=13 *****N=3 *****N=13

Within these broad trends there were nevertheless noticeably differences within and across vendor types with respect to average daily total fees. For example, while 26 percent of the fruit vendors had average daily total fees of more than 3,000 riels, another 26 percent of the fruit vendors had average daily total fees of 1,000 riels or less. By comparison, while 31 percent of the vegetable vendors had average daily total fees of 1,000 riels or less, another 13 percent had average daily total fees of more than 3,000 riels (Table 6). Generally those who paid higher daily fees had higher total daily earnings.

**Table 6. Market Vendor Average Daily Fees, (in riels)
Kampong Cham Provincial Town,
September 2007**

	Vegetable Vendors		Fruit Vendors		Fish Vendors		All Vendors	
	#	%	#	%	#	%	#	%
0- 1,000 riels	24	31	18	26	13	17	55	26
1,001 – 2,000 riels	25	33	19	27	22	32	66	31
2,001 – 3,000 riels	18	23	15	21	27	40	60	28
More than 3,000 riels	10	13	18	26	6	9	34	16
	N=77		N=70		N=68		N=215	

Relatively few market vendors (7 percent) had any contact with the members of the market committee. Meanwhile market security officers had explained rules and regulations governing the activities of vendors to only 27 percent of the total respondents.

Problems Experienced in Market Area

A total 44 percent of the respondents surveyed reported that they had experienced at least one personal problem in the market area. These related to security of goods, harassment by market security or police, personal security, difficulty of taking care of children, and quarreling with other vendors. Similarly, a total 76 percent of the respondents surveyed reported that they had experienced at least one environmental problem in the market area. These related to bad smells from uncollected garbage, muddy surroundings, rats and insects, and lack of latrines and access to clean water. Two-thirds of the vendors who had experienced problems had talked to other sellers about them, albeit only one-fourth had ever done anything to solve them. When the respondents were asked about the main person they would approach for help in case of encountering a serious problem, more than half were either unsure or would approach no one. The remainder mentioned the market security, the market committee, commune authorities, other vendors, and police. While none of the market vendors interviewed was a member of a vendor group or association, vendors from Beoung Kok market took successful action against excessive charges of business operation taxes with the support of a human rights group.

The Story of Sem Sros Fish Vendor at Beoung Kok Market

My name is Sem Sros. I am a Muslim woman, 38 years old. I first started selling fish in Kampong Cham town with my mother when I was 10 years old. We used to sell fish in the Kralok market and then later in the Krom Chrang market along the river bank. At that time it was normal for people to pay in Vietnamese Dong or paddy rice. When I got married I sold fish at the central market but was forced to move here to the Beoung Kok market when it was opened some years ago. My husband is a fisherman during the fishing season and a motor taxi driver during other times of the year. We have three children, two of whom are married. The income I earn from selling fish is the main source of our family's livelihood.

My business is both wholesale and retail. Every day I buy around 100 kilograms of fish. I sell some of this immediately to other vendors and make a profit of from 200 to 300 riels per kilogram. What fish remains I sell on my own as a retailer. On days when fish are abundant I can buy 200 to 300 kilograms. The price is usually around 7,300 riels per kilogram so the cost of 100 kilograms is somewhere between 700,000 and 800,000 riels. But I do have to buy the fish with cash. I can buy on credit and repay when I sell the fish. Since I buy fish from several wholesalers and even from other vendors my supply of fish is always sufficient. After expenses, I make a daily profit of from 10,000 to 20,000 riels.

Unlike other businesses fish vending requires little capital investment and generates immediate returns however large or small. But fish trading is not always profitable and sometimes it is hard to make ends meet. I have to be patient. If adverse circumstances arise, I have to borrow money to meet daily living expenses. Right now I am repaying a moneylender 3,000 riels a day for 40 days for a loan of 100,000 riels with 20,000 riels interest. Maintaining a standard of living for my family on fish trading is difficult.

Previously the business operation tax or *pasi* at the Beoung Kok market was high. For example, I usually sell two to three baskets of fish containing 20 to 60 kilograms each and was asked to pay 1,500 riels per basket or 4,500 riels in total. This tax greatly reduced my profits. The stall owners and vendors made a complaint through the human rights organization. We did not complain to the market chief or local authorities for we knew that the market chief would bribe those responsible and nothing would change. The business tax collectors pay money to collect the fees for the government and earn from the excessive amounts they charge. The petition of the market sellers which requested a reduction in the fees was successful. Ordinary people like us have the right to complain and the government cannot just give power to businessmen to exploit us. After the resolution of the case I was asked to pay tax of only 1,000 riel per day but this has now increased to 1,500 per day. No one knows what is done with the fees collected.

In the market I display my fish under a tent. Sometimes the stall owners are unhappy with me because the tent is erected on the ground in front of their stalls. One stall owner confiscated my tent when it was taken down. I continued to use the space and pay the business tax. The tax collector did not want to lose my fee and blamed the stall owner for taking my tent. The stall owner dared not do it again. I do not want to quarrel with others in the market. It is shameful. I will only argue if I am scolded harshly. In the end doing business depends on fate. If one is not destined to be rich, one will have good luck and earn more and more money. However if one is destined to be poor, one's hard efforts will not make them wealthy. I do not know whether I am fated to be rich. I have never expected to be rich.

Conclusions

In the new millennium as a result of the construction of the Kizona Bridge across the Mekong River, the rehabilitation of roads to the north and northeast, and the increased market activity throughout Cambodia, Kampong Cham town has become a hub of transport and transit activity. This accelerated rise in market activity has provided opportunities, mainly for women, to earn from selling vegetables, fruit, and fish. While 93 percent of the respondents surveyed had settled in Kampong Cham town prior to the year 2000, a majority 52 percent had only started to work as market vendors since 2000 taking advantage of the economic boom.³⁵

Remarkably, the market vendors in this study, of whom 97 percent were women, were in large measure the major contributors to their household subsistence. Overall, 68 percent of the vendors surveyed were either the sole or principal earners in their households. Similarly, a large majority of the vendors exercised considerable control over money and its use in their households. Despite their proximity to Phnom Penh, only 17 percent of the market vendor households received money from family members who were migrant workers. This further underscored the self-reliance of the market vendors. Perhaps not surprisingly, three-fourths of the respondents expressed satisfaction with their work as vendors. More than two-thirds maintained that as market vendors they were able to support their family and raise their children.

While average daily profit earnings for all market vendors was 10,333 riels (US\$ 2.58), this amounted to only 7.6 percent of their average daily total earnings. While the vendors were trading with rather large sums of cash and generating relatively high gross earnings, their average profit margin was comparatively low. Meanwhile sharp differences in profit earnings were evident among vendors. While 31 percent of the vendors had average daily profit earnings of 5,000 riels or less, another 14 percent had average daily profit earnings of more than 15,000 riels. This revealed the disparity among vendors with regard to access to credit, managerial ability, scale of business operations, and capacity for growth.

Given the large percentage of vendors earning less than 5,000 riels daily, the average household size of 5.3, and the status of vendors as major household earners, it would appear that a significant number of the vendors surveyed are indeed selling to survive. By contrast, a smaller portion of the vendors are more financially secure and living beyond mere subsistence levels. But whether market vending contributes solely to daily subsistence or also to upward mobility its value in individual women's lives should not be underestimated. The stories retold in this study make that abundantly clear. Teur Asikin is a separated 35 year old fish vendor in Kro Moun market who alone, after being abandoned by her husband, supports her three children and sends them to school. Cheat Kunthea is a single 18 year old vegetable vendor in Kro Moun market who contributes substantially to her household income during rainy seasons which coincide with annual vacations in her studies to become a teacher. Sem Sros is a married 38 year old fish vendor in Beoung Kok market whose large scale trading provides the main source of her household income. Chea Sokunthy is a widowed 56 year old fruit vendor in Sala Chen market whose earnings support her old age and her contributions to weddings and religious ceremonies.

With regard to business operations the initial capital investment needed for the vendors to start their activities was small. This allowed 50 percent of the vendors to finance their micro-enterprises with money from their own savings. Market vendors bought their goods to sell mainly from wholesalers and

³⁵ An ILO report on street vending in Thailand, Cambodia, and Mongolia indicates that street vending increases both under economic growth and economic recession. During economic booms more people enter into this type of work. During recession, vending becomes a buffer for the unemployed. See Kusakabe, Kyoko, *Policy Issues on Street Vending: An Overview of Studies in Thailand, Cambodia, and Mongolia*, Bangkok, International Labour Office, 2006.

middlemen. Some vendors bought their goods to sell entirely with cash, others partly with cash and partly with credit, and still others entirely on credit. A majority of the vendors who bought partly or entirely on credit had to repay the credit at the end of the same day. Some wholesalers transported the purchased goods to the vendors' selling space without cost.

The link between the wholesalers and market vendors was as integral to the market chain as that between the wholesalers and market stall retailers. Wholesalers provided market vendors with investment capital, daily credit, and transportation assistance. In return the vendors acted as middle women who enabled the wholesalers to trade and distribute their goods to a widely dispersed population of customers beyond those who bought from the market stall retailers. Without the vendors the wholesalers would not be able to conduct business with such a high volume of small buyers.

More than three-fifths of the vendors worked entirely on their own. Others had help mainly from relatives during peak seasons of the year. Only a few had received advice or training on how to operate businesses as vendors and even fewer kept written records of their daily earnings and expenditures. At the same time more than half of the vendors stated that they planned to expand or diversify their business. Access to increased capital was seen by a majority of all vendors as a major obstacle to business expansion and diversification.³⁶

While vendors exerted rights over their selling spaces their rights were not inviolable. Notably almost two-fifths of the market vendors surveyed had been evicted from selling in a previous space. When asked whether they could be evicted from their current selling space, one-fifth replied affirmatively and another two-fifths were not sure. Indeed 15 percent of the vendors interviewed had been chased away by the authorities from their current selling space. Moreover, 15 percent had goods confiscated by market security or police in their present selling space. The uncertain legal status of the vendors left them vulnerable to eviction and harassment by those in authority.³⁷

Nearly all respondents paid daily business operation tax or *pasi* on goods sold. Just under half paid for space. Most vendors also paid daily fees for renting umbrellas and for latrine and sanitation services. Still vendors experienced problems related to bad smells from uncollected garbage, muddy surroundings, rats and insects, and lack of latrines and clean water. Market vendors paid on average 2,135 riels (US\$.53) daily in total market fees. Those paying business operations tax (*pasi*) paid on average 1,021 riels (US\$.26) daily. Generally, the vendors complained not about paying the standard fees but about paying the excessive amounts sometimes charged by the business tax collectors. While none of the market vendors interviewed was a member of a vendor group or association, vendors from Beoung Kok market took successful action against excessive charges of business operation taxes with the support of a human rights group.

In large measure the findings of the present study on market vendors in Kampong Cham town are consistent with the literature on market vendors in Phnom Penh. While market vendors work long hours and contribute significantly to household incomes their lack of education and skills, their lack of access to capital, and their lack of access to labor limit their productivity and profit margins and prevent most of

³⁶ Kusakabe, *Policy Issues on Street Vending* argues that, unlike men, women have less control over the time and labor of other family members. It is this lack of access and control over free labor, and not lack of skills or capital, that makes the crucial difference in the growth of business between women and men.

³⁷ Kusakabe, *Policy Issues on Street Vending* maintains that vendors must be given clear legal status to claim their entitlements to pursue their livelihoods and their rights to space. Citing the work of Perera (1994) she further contends that it is essential to see urban spaces as multi-functional and multi-layered and to accommodate street vendors in urban development. See also Perera, L.A.S. Ranjith, "Urban Void as a Spatial Planning Tool for Accommodating Informal Sector Enterprises in the Urban Built Environment: An Exploratory Study in Colombo, Sri Lanka." Ph.D. Dissertation, Asian Institute of Technology, Bangkok, 1994.

them from moving beyond subsistence levels. Moreover, their uncertain legal status and exclusion from labor legislation leaves them vulnerable to misuse and unprotected against contingencies. Among market vendors decent work deficits in employment, rights, social protection, and representation remain high and need to be urgently addressed.

By situating the study of Kampong Cham market vendors in the context of the informal economy this research reveals the underlying biases of the Cambodian government toward the formal economy. Guided by a dualist approach the government has acted on the assumption that the informal economy would gradually diminish on its own account with the growth of the formal economy. This clearly has not happened. This study argues that the government must develop policies and initiate processes to enable informal enterprises to achieve a more formal state. Market vending activities in particular are highly informal and therefore require concerted government and civil society action to improve their productivity and their coverage under universal worker rights.

Policy Recommendations

Following the conclusions of this research and in line with recent studies commissioned by the International Labour Organisation (ILO) on market vendors and the informal economy in Cambodia, the study advances several policy recommendations to government and civil society:

Repeal all laws which make market vending illegal.

Extend Cambodia's Labor and Social Security Laws to include market vendors and other informal workers.

Include market vendors in urban development planning and market governance.

Enhance representation of market vendors and other informal workers in labor associations.

Augment skills and knowledge and access to capital of market vendors to increase productivity.

Streamline government regulations and lower costs to establish and operate small businesses.

Appendix 1. ADI Trainees and Team Researchers

ADI Trainee Researchers

Tim Vanna	Association for Human Resource Development and Health Education
Se Sorng	Farmer Organic for Development Association
Men Rumdourl	Kampuchea Action for Primary Education
Ma Chansopheap	Kampuchea Action for Primary Education
Prom Kim Chheng	Komar Rikreay Association
Songheng Soulang	Krousar Yoeung
Cheu Kimheang	Krousar Yoeung
Ith Bunna	Kuma Ney Kday Song Kheum
Hok Duong Chay	Operation Enfants du Cambodge
Touch Thou	Ockenden
Leurm Sreylis	People Center for Development and Peace
Sok Sopheary	Save Cambodia's Wildlife
Meas Chanthan	Urban Sector Group

ADI Team Researchers

Hak Sochanny	Cooperation Committee for Cambodia/ADI Project
Kung Seakly	Cooperation Committee for Cambodia/ADI Project
Oeur Il	Cooperation Committee for Cambodia/ADI Project
Chhum Syrom	Cooperation Committee for Cambodia/ADI Project
Khuon Chandore	Cooperation Committee for Cambodia/ADI Project
John McAndrew	Cooperation Committee for Cambodia/ADI Project

ADI Research Studies

www.ccc-cambodia.org

Land Titling and Poverty Reduction: A Study of Two *Sangkat* in Prey Nup District, Sihanoukville Municipality, November 2007.

Understanding Social Capital in Response to Floods and Droughts: A Study of Five Villages in Two Ecological Zones of Kompong Thom Province, August 2007

Growing Old in the Former Khmer Rouge Stronghold of Pailin, November 2006

The Challenge of Living with Disability in Rural Cambodia: A Study of Mobility Impaired People in the Social Setting of Prey Veng District, Prey Veng Province, March 2006

Impact of the Garment Industry on Rural Livelihoods: Lessons from Prey Veng Garment Workers and Rural Households, October 2005

Domestic Violence in a Rapidly Growing Border Settlement: A Study of Two Villages in Poipet Commune, Banteay Meanchey Province, May 2005

Upholding Indigenous Access to Natural Resources in Northeast Cambodia, December 2004

Indigenous Response to Depletion in Natural Resources: A Study of Two Stieng Villages in Snoul District Kratie Province, September 2004

Understanding Drug Use as a Social Issue: A View from Three Villages on the Outskirts of Battambang Town, April 2004

Experiences of Commune Councils in Promoting Participatory Local Governance: Case Studies from Five Communes, March 2004

Labour Migration to Thailand and the Thai-Cambodian Border: Recent Trends in Four Villages of Battambang Province, December 2003

The Impact of the Tourism Industry in Siem Reap on the People Who live in Angkor Park, December 2002

Small-Scale Land Distribution in Cambodia: Lessons from Three Case Studies, November 2001