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# CHALLENGES AND NEEDS OF BOTSWANA'S URBAN INFORMAL SECTOR:

AN EXPLORATIVE ANALYSIS OF ROADSIDE VENDING IN GABORONE

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## Introduction

Botswana's informal sector has grown rapidly in the last few years, doubling its size between 2007 and 2015. Despite its relatively small contribution to annual GDP, which was calculated as 5.3% in 2015, the sector has become a significant source of employment. Around 190,000 people were employed in Botswana's informal sector in 2015/16.<sup>1</sup> Worldwide, work in the informal sector represents sources of livelihood. However, it has also been associated with decent work deficits, such as lacking social protection and a "vicious cycle of vulnerability, poverty and social exclusion"<sup>2</sup>. Informal sector empowerment is, therefore, critical for a country's social and economic development.<sup>3</sup>

### Defining the Informal Sector

According to the International Labor Organization (ILO), informal enterprises are not registered with any authorities and do not maintain formal accounts. This category includes different economic units, such as self-employed people, who might work with partners but do not continuously employ labour (own-account workers), economic units with employed labour, and solidarity-based and social economic units, including cooperatives. These units make up the informal sector.<sup>4</sup> The definitions of informal enterprises used by official bodies in Botswana are broadly in line with the ILO definition but provide a bit further detail. Accordingly, typical characteristics of informal businesses<sup>5</sup> include that they do not have a bank account, have less than five employees, hire employees casually and are of a temporary or mobile nature.<sup>6</sup> The different characteristics used in defining informal enterprises underline the heterogeneity of the

informal sector: Enterprises might fulfil some but not all of these criteria and, therefore, display different levels of vulnerability, profitability and formality. For example, enterprises with a bank account might have some savings protecting them against economic shocks.

### Background: Botswana's Informal Sector

Representative data on Botswana's informal sector from 2015/16 shows an overall vulnerable sector due to low incomes and levels of education. Around two-thirds of the businesses in the sample generated P 3000 or less a month. More than half of the workers in the sector had completed secondary education, but only around 15% had obtained further formal training. The data shows a relatively young and female-dominated sector: Most workers were aged between 24 and 41 years, and around two-thirds of the businesses were partially or majority women-owned.<sup>7</sup> Low levels of formal education and a high prevalence of female-owned enterprises are common in informal sectors in low- and middle-income countries.<sup>8</sup> In Botswana, Wholesale and Retail Trade employed most people within the informal sector (45.3%) in 2015/16. Common challenges were access to markets and operating spaces.<sup>9</sup>

Botswana's current development strategy, the National Development Plan 11, highlights the informal sector's role in inclusive growth and employment creation and commits to the sector's development.<sup>10</sup>

As elsewhere, the COVID-19 pandemic severely affected Botswana's informal sector. Preliminary data of an SMME registration facilitated by the Local Enterprise Authority (LEA) in 2020 shows that lockdowns led to around half of the informal

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1. Ministry of Investment, Trade and Industry Botswana (2021): Botswana National Informal Sector Recovery Plan. p. 9.
  2. Gaarder; van Doorn (2021): Enterprise Formalization: An Introduction. ILO Thematic Brief 1/2012, Geneva: ILO p. 52. The authors refer to the following publication: ILO (2019): Extending Social Security Coverage to Workers in the Informal Economy: Lessons from International Experience. Geneva: ILO, (Chapter 1), available at: <https://www.social-protection.org/gimi/RessourcePDF.action?id=55728>, last access: 29.10.2022.
  3. Gaarder; van Doorn (2021): Enterprise Formalization: An Introduction. ILO Thematic Brief 1/2012, p. 2.
  4. Ibid: p. 1f. The term 'informal economy' stretches beyond the informal sector and includes informal employment relationships: *ibid*. However, this study's main concern is informal enterprises and those working in these enterprises.
  5. The terms "business" and "enterprise" are used here interchangeably.
  6. Ministry of Investment, Trade and Industry Botswana (2021): Botswana National Informal Sector Recovery Plan. p. 6.
  7. Ibid: p. 9 – 16.
  8. ILO (2018): Women and men in the informal economy: A statistical picture. Third edition. p. 19 ff.
  9. Ministry of Investment, Trade and Industry Botswana (2021): Botswana National Informal Sector Recovery Plan. p. 9, 11.
  10. United Nations Botswana and Government of Botswana (2016): Botswana: National Development Plan (NDP) 11, Volume 1 / April 2017 – March 2023. p. 97, 142.

businesses in the sample registering zero revenues in April.<sup>11</sup> In 2021, the Government launched the Informal Sector Recovery Plan (ISRP) together with the Botswana Office of the United Nations Development Program (UNDP).<sup>12</sup> A key goal of the plan was improving decent work in the informal sector through its transition to formality. The ISRP understands this process, following the ILO recommendation R204, as a gradual shift of economic units and workers into a more regulated and protected sphere.<sup>13</sup> In implementing the ISRP, LEA has distributed P1000 grants to informal businesses under the Industry Support Facility (ISF) for the informal sector.<sup>14</sup> Furthermore, the Citizen Entrepreneurial Development Agency (CEDA) implemented a micro-credit programme called *Letlhabile*, and the UNDP office offered business and financial training for informal entrepreneurs across the country.<sup>15</sup>

In the data collected by LEA, residential areas were the most common business locations, followed by open areas like malls and roadsides. In both the 2015/16 and 2020 samples, retail trade was one of the dominant activities.<sup>16</sup> Combining these findings points to vending in open areas and by roadsides as a common informal business. Therefore, this study focuses on "roadside vending"<sup>17</sup>, which refers to selling goods from pitched premises by roadsides and, for the purpose of this study, other open areas. The study's scope is restricted to Gaborone, a relevant area, given the trend of an

urbanising informal sector.<sup>18</sup> Roadside vending is a female-dominated activity in Gaborone, as Biao's analysis suggests.<sup>19</sup> In addition, it appears to be common in Botswana's informal sector, as shown above. Therefore, a closer look at it represents a crucial starting point for reducing vulnerability and promoting decent work.

## Objectives

This study is aimed at:

- exploring the challenges and needs of informal sector roadside vendors in Gaborone, and
- making recommendations for addressing the identified needs.

## Methodology

In this exploratory study, a qualitative research design was employed. It comprised interviews with experts and roadside vendors as well as a literature review.

A total of eight expert interviews were conducted. The experts were key stakeholders in the above-mentioned programmes of LEA<sup>20</sup>, CEDA<sup>21</sup> and the UNDP office<sup>22</sup>, an ILO expert on the informal economy with experience regarding the sector in Botswana<sup>23</sup>, a professor from the University of Botswana knowledgeable on social protection in the country<sup>24</sup>, a lecturer and researcher in Urban

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11. Ministry of Investment, Trade and Industry Botswana (2021): Botswana National Informal Sector Recovery Plan. p. 15f.
  12. UNDP Botswana (2021): The Botswana National Informal Sector Recovery plan launched- Opportunity to build-back-better. Available at: <https://www.undp.org/botswana/news/botswana-national-informal-sector-recovery-plan-launched-opportunity-build-back-better>, last access: 27/09/2022.
  13. Ministry of Investment, Trade and Industry Botswana (2021): Botswana National Informal Sector Recovery Plan. p. 21 – 24.
  14. Baatweng (2020): Inside Botswana's Industry Facility Fund that seeks to resuscitate the Economy. Available at: <https://www.sundaystandard.info/inside-botswanas-industry-fund-that-seeks-to-resuscitate-the-economy/>, last access: 29.10.2022.
  15. Ministry of Investment, Trade and Industry Botswana (2021): Botswana National Informal Sector Recovery Plan. p. 61. Mmana (2022): Formal Training For The Informal Sector. In: The Voice, 16/08/2022. Available at: <https://news.thevoicebw.com/formal-training-for-the-informal-sector/>, last access: 28/10/2022.
  16. Ministry of Investment, Trade and Industry Botswana (2021): Botswana National Informal Sector Recovery Plan. p. 13 – 16.
  17. Biao (2017): Road Side Vending, Growth of the Informal Sector and Learning Needs of Vendors in Gaborone City of Botswana. In: World Journal of Educational Research, Vol. 4, No. 1, pp. 151 – 166., cit. p. 154.
  18. Ministry of Investment, Trade and Industry Botswana (2021): Botswana National Informal Sector Recovery Plan. p. 9f., 19.
  19. Biao (2017): Road Side Vending, Growth of the Informal Sector and Learning Needs of Vendors in Gaborone City of Botswana. In: World Journal of Educational Research, Vol. 4, No. 1, pp. 151 – 166., cit. p. 162f.
  20. Ms Dynah Solani: Head of Information & Knowledge Management, interview held on 19/08/2022.
  21. Ms Tebogo Maano: Microfinance Manager, interview held on 25/08/2022.
  22. Ms Kefhilwe T. Mokotedi: Technical Advisor on the Informal Economy, accompanied by Ms Kago Kgosietsile: Project Manager - Youth Empowerment and Ms Boineelo Masuku: Project Coordinator – Private Sector Recovery Plan, interview held on 09/09/2022.
  23. Ms Annamarie Kiaga: Specialist for the Informal Economy at ILO office in Harare, interview held on 13/09/2022.
  24. Prof Dolly M. Ntseane: Associate Professor at Department for Social Work, University of Botswana, interview held on 07/09/2022.
  25. Ms Goabamang Lethugile: Part-time Lecturer at Department of Architecture and Planning, University of Botswana, interview held on 14/09/2022.

Studies with specific knowledge on vending in Gaborone<sup>25</sup> and representatives from the informal sector associations Thusanang Bagwebi Association (TBA)<sup>26</sup> and the Botswana Informal Sector Association (BOISA)<sup>27</sup>. The semi-structured questionnaires evolved around challenges and successes of support measures, current needs and challenges of roadside vendors and options to address them.

In order to directly include informal sector perspectives, interviews with 20 vendors were conducted. With the help of the informal sector associations, six relevant interview locations in Gaborone were selected: Main Mall, Bus Rank, Station Mall, Fairgrounds Office Park, Broadhurst Industrial, and BBS Mall. Participants of different genders and ages were chosen using a purposive sampling technique. A bilingual (English and Setswana) interview questionnaire was developed based on information from expert interviews and research on common informal sector needs. It employed a mix of closed and open questions. Most participants chose Setswana as the interview language. A second interviewer assisted in these cases, as the researcher was not fluent in the language.

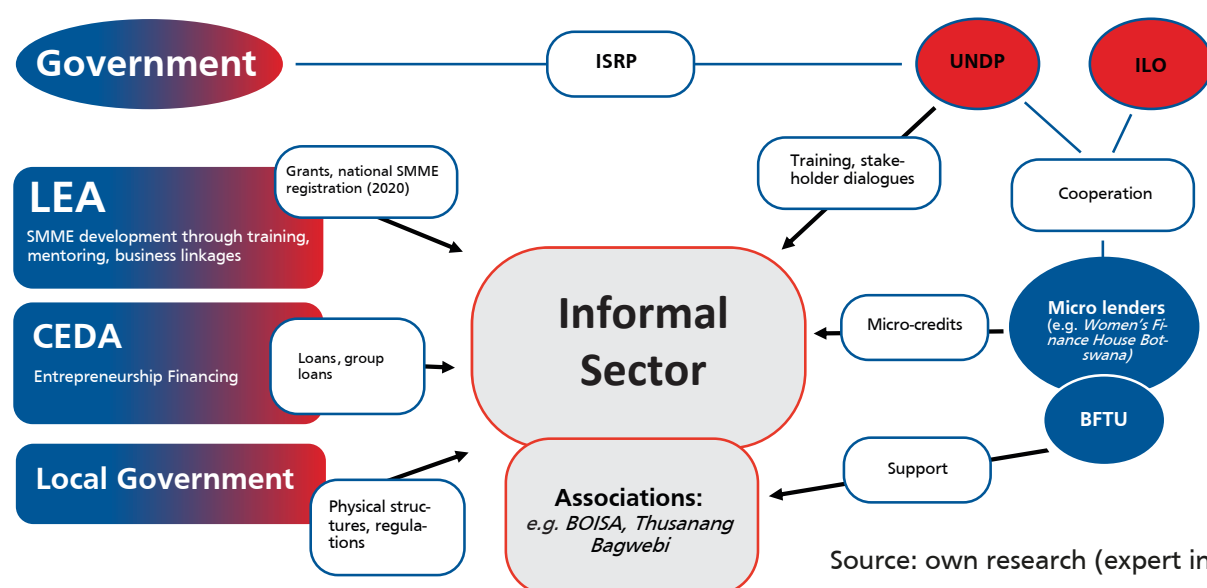
With the identified needs and challenges in mind, a literature review was conducted. It focused on experiences with measures used elsewhere to support informal enterprises and their workers.

The preliminary results were presented to and commented on by BOISA representatives. A Botswana Federation of Trade Unions (BFTU) stakeholder contributed comments regarding some recommendations<sup>28</sup>. The findings are not representative due to the small number of interviews but rather grant exploratory insights. No interview with the local Government, an important actor as shown below, was conducted, as the required administrative procedures could not be completed due to time constraints.

## Key Stakeholders in Botswana's Informal Sector

The research revealed the different perspectives of key stakeholders in Botswana's informal sector. Therefore, to provide context to the findings, figure 1 below presents the most relevant stakeholders as found in the research. The blue lines represent cooperation between actors. The UNDP office emerges as a connecting point for stakeholders from various contexts.

Figure 1: Stakeholders in Botswana's informal sector



26. Several members of the executive committee: Mr Kagiso Masupane (President), Mr Omphemetse Setlhare (Vice President), Mr Gaopalelwe R. Mooki (Chairperson), Mr Mmoloki Motsisi (Vice Chairperson), Mr George Mafifi (Secretary), Ms Ruth Banyaditse (Organising Secretary), Ms Felicity Madiabaso (Treasurer) and Mr Batsweletse Mogabala (Publicity Secretary), interview held on 20/09/2022.
27. Mr Thamsanqa Metsing: Executive Secretary and Mr Thatayone Ramasu: Chairperson, interview held on 12/08/2022.
28. Meeting held on 08/02/2023 with BOISA representatives Ms Mpho Matoteng (General Secretary), Mr Thamsanqa Metsing (Executive Secretary), Mr Thatayone Ramasu (Chairperson) and BFTU General Secretary Mr Thusang Butale.

## The Interviewed Roadside Vendors

In line with earlier findings, and the observations of experts, most vendors in the visited locations were female. In the sample, 75% of vendors were women.

Figure 2: Demographic data of roadside vendors in the sample

Age group	Number	Level of education	Number	Nationality	Number
20 – 29 years	2	Primary school	3	Botswana	17
30 – 39 years	6	Junior School	13	South Africa	1
40 – 49 years	6	Senior Secondary	3	Zimbabwe	1
50 – 59 years	3	Unclear	1	Unclear	1
≥ 60 years	3				

Figure 2 shows a diverse sample regarding age groups that display relatively low levels of education. Six vendors had some professional training, of which five had acquired skills related to their respective business activities. The sold goods were mainly snacks, drinks, airtime and clothes, but also included warm food, wigs, CDs and traditional foodstuffs, such as beans. The participants had between a few months and over 20 years of experience in vending. Amongst the interviewed vendors, 19 were the owners of the stall where they worked. The incomes varied strongly within the sample: Around half of the participants indicated a weekly profit of P 200 – 600, and five generated P 1000 or more per week.

## The Identified Challenges and Needs of Gaborone's Roadside Vendors

### Operating Spaces: Security of Tenure, Licensing and Vending Structures

The vendors often described challenges related to their operating spaces. Firstly, they described conflicts with Gaborone City Council representatives who come to their stalls, declare that they were operating illegally at that location and sometimes even evict them. Most interviewed experts named the lack of security of tenure and the lack of appropriate market structures as some of the main challenges for Gaborone's vendors. As explained by representatives of TBA and in Lethugile's analysis, traders have been facing challenges in obtaining licenses for the specific activity of roadside vending and the location at which they operate.<sup>29</sup> Among the interviewed vendors, nine indicated that they held a license or had applied for one to avoid conflicts with the Gaborone City Council. Which license they referred to could, however, not always be established. The TBA committee shared that, during the research

period of this study, the Gaborone City Council was launching a new vending licensing system in cooperation with the association. As indicated earlier, the author could not verify this information with the local authorities.

The vendors described further challenges related to operating spaces, such as a lack of appropriate shading, weather conditions, the absence of storage facilities and theft. Many use large proportions of their revenues daily for transporting their stock to a safe location. The vendors' exposure to weather conditions was also mentioned by representatives from LEA, UNDP and the associations. As indicated by the expert from LEA, local authorities offer shading structures for vendors, which are, however, too few. Most experts emphasised the need for organised market spaces with storage facilities and semi-permanent structures protecting against weather conditions. During this study's research period, the provision of infrastructure, combined with access to business services and markets, was one recommendation of the ISRP still to be implemented. This was indicated by LEA and UNDP representatives.

29. Lethugile (2020): Encountering City Governance: An Analysis of Street Trading in Gaborone, Botswana. Thesis submitted in [partial] fulfilment of the requirements for the degree of Master of Philosophy Southern Urbanism, University of Cape Town, pp. 22f., 45.

## Business and Financial Skills

Representatives of LEA, UNDP and informal sector associations talked about a lack of business skills among vendors. For example, BOISA and LEA stakeholders described that food hygiene standards are often not followed and goods are insufficiently labelled, leaving customers suspicious of their quality. Weak customer service was another problem brought up.

All experts working with the informal sector, including the associations, strongly emphasised the vendors' need for enhanced financial skills. For example, the CEDA and LEA representatives experienced challenges in disbursing funds in the sector because many traders could not prove the existence of their business, as they could not comply with minimum requirements such as financial records or receipts from suppliers. The problem of poor financial records also became apparent during the interviews with vendors. Some could not indicate their weekly profit, which had to be estimated through broad calculations with the interviewer's help. As described by LEA and BOISA representatives, one further problem is that many vendors do not put any savings aside, rendering them vulnerable to economic shocks.

Only a few of the vendors themselves mentioned skills or a lack of them as a challenge. Six of them, however, talked about competition and little demand, which indicates that they struggle to bring their goods into the market. In order to address this problem, vendors need to be made aware of the skills they need and be assisted in acquiring them. In addition to the UNDP, which has trained traders on business skills and financial literacy, CEDA has been offering financial training as an attachment to its micro-finance products.

## Financial Inclusion

Many roadside vendors do not have business or private bank accounts, as indicated by most interviewed experts. This situation made it difficult for CEDA and LEA to disburse informal sector funds. Both institutions have also worked with mobile money in their informal sector programmes. However, CEDA and LEA representatives emphasised the need to expand the use of these services within the informal sector in general. Another problem is that unbanked

traders are less likely to accumulate savings, as the BOISA representative pointed out. BOISA has been approaching banks to cooperate on offering bank accounts for informal businesses. Furthermore, CEDA encourages informal traders admitted to their *Mabogo Dinku* programme to open savings accounts.

Only three of the interviewed vendors had successfully applied for a loan in the past two years. Five explained that they did not apply for any loan because they felt they could not repay the debt. Four indicated that their business did not qualify for any loan. On the other hand, more than half of the vendors expressed a need for business capital or small investments, such as a hot dog machine. There is, hence, a need for funds to realise these ideas for self-empowerment. This capital could be provided through micro-credits.

The UNDP and ILO informants explained that micro-loans are available in Botswana through micro-lenders, such as the *Women's Finance House Botswana*, with which they cooperate. Furthermore, CEDA has been offering micro-loans, as stated above. It appears difficult to establish whether the available options for micro-credit can meet the demand for such loans in Botswana's informal sector as there are other main barriers to accessing credits, namely the lack of record keeping, low confidence to take loans and unawareness of micro-credit options. These barriers, again, underline the need for financial skills and for spreading knowledge about available micro-credit options.

## Vulnerabilities and Social Protection

The ILO expert categorised vendors as a particularly vulnerable group within the informal sector.

Most vendors indicated they had started vending mainly due to economic necessity and unemployment. Figure 3 below represents some key figures on their socio-economic situation.

Some of the interview participants had an additional source of income or relatives contributing to the household income. Nevertheless, the most frequently mentioned challenges in figure 3 suggest that many struggle to fend for the people depending on their



Figure 3: Economic vulnerabilities of vendors

Number of dependents	Number Women	Number Men	Challenges in the general life situation	Number of vendors who mentioned it
1 - 5	9	5	Low income	17
6 - 10	3	-	High food prices	14
> 10	3	-	Irregular income	13
			Insufficient social security (e.g. protection against economic shocks)	7

income. Two vendors, however, stated they did not face severe challenges in their life situation, suggesting that vulnerabilities also differ within the group of vendors. All participants carried economic responsibility for other people. The sample, however, showed a trend of women fending for more people than men.

The expert on social protection explained that Botswana has a broad social protection scheme, including free public health care and food packages, which could assist low-income households. However, this scheme is insufficiently coordinated, and individuals might not access the necessary support. The expert underlined the need for a social insurance scheme for the informal sector, as recommended in the ISRP. There are different possible models for such a scheme, including voluntary or mandatory contributions. According to the UNDP informants, a feasibility study on such a scheme has been presented to the Government.

### Misconceptions and Information Dissemination

As observed by BOISA and UNDP representatives, there has been some unawareness of the COVID-19 relief funds and micro-credit options. Similarly, almost half of the interviewed vendors were unaware of the micro-credits offered by CEDA, whilst the majority knew about the grant distributed by LEA. However, even those who knew about the programmes often did not apply. As a possible explanation for this problem, informants from the UNDP office mentioned perceptions of CEDA and LEA as inaccessible institutions with complex application requirements. These are misconceptions, as the informal sector programmes of both institutions were designed with adjusted requirements,

such as simple financial records instead of bank statements. However, as shown above, some vendors cannot provide this documentation. It is thus not surprising that the associations found many of their members not accessing funds provided by LEA and CEDA. UNDP representatives further observed that news about rejected applications tends to spread and discourage traders from applying. Interviews with informal sector representatives also pointed to misinformation about funds, such as whether they target groups or individuals. The ILO expert confirmed misconceptions and unawareness within the informal sector as a general problem.

The emerging picture points to a need for more efficient information dissemination to make informal sector support measures more accessible to the people they are aimed at.

Both informal sector associations also stated that they had not been sufficiently included in planning such measures. For example, the intensive use of their membership databases could have been helpful.

### Graduating from the Informal Sector: The Accessibility of Business Registration

Both informal sector associations and the ILO expert highlighted the various opportunities traders could access by formally registering their businesses. They include bank accounts, local Government tenders and business development programmes. However, only two of the interviewed vendors had registered a business. The majority had not considered this step, mainly because they perceived the registration process as too long and expensive or did not see any benefits

of business registration. The representatives of TBA and BOISA confirmed the problem of complicated registration processes, emphasising that most vendors cannot afford assistance from consultants. The CEDA stakeholder stated that some entrepreneurs decide to run several small unregistered businesses that do not pay taxes instead of having one big registered business, as this increases profits. Vendors, however, appear unable to make such decisions since most do not even have the capital for small investments, as shown above.

The ILO expert explained that business registration is one step in transitioning an enterprise to formality and that this process means something different for different categories of informal workers.

The results show the need for business registration to be made more accessible for the category of roadside vendors and that this group needs to be made aware of the benefits of registration.

### **Representing and Empowering: The Potential and Challenges of Informal Sector Associations**

One central emerging theme is the critical role informal sector associations can play in addressing the needs of vendors and the informal sector in general: They can, for example, be a channel for information dissemination, advocate for appropriate market spaces and assist their members to apply for loans.

Interviews with the associations, however, revealed several challenges. Firstly, both associations are heavily resource-constrained. They lack, amongst others, office space and full-time staff. Secondly, they appear to face challenges related to organisational structures. BOISA and TBA, the two leading associations in Gaborone, exist as parallel structures, with some sentiments of competition for resources. Both accept individual members. BOISA was initially created as an umbrella organisation, of which TBA is supposed to be an affiliate. BOISA, however, appears to face challenges in

effectively carrying out the role of an umbrella body and being recognised as such by critical stakeholders. This situation has hampered its efforts to advocate for informal workers' needs at the Government level.<sup>30</sup> A further challenge has been that BOISA has lost members due to the pandemic, as indicated by its leaders. Moreover, the associations seemed to have been partly misinformed about the details of support measures, such as *Letlhabile*. Finally, as their leaders described, BOISA and TBA have not been sufficiently included in developing programmes and policies affecting the informal sector.

The UNDP office has been cooperating with informal sector associations and connected the sector's representatives to local Government and other relevant stakeholders during a series of dialogue events. BOISA has signed a memorandum of understanding with BFTU and has received public support from the federation. Nevertheless, there seems to be still a need for informal sector associations to be better resourced, informed, organised and included.

### **Conclusion and Recommendations**

Roadside vendors are a largely vulnerable section of Botswana's informal sector. Supporting their entrepreneurship means equipping them for self-empowerment and enhancing the livelihoods of those who depend on their income.

The results have revealed vendors' urgent needs in operating spaces, security of tenure, skills development, financial inclusion, social protection, access to information, business registration and organisation and representation. Two major needs are emerging from the analysis: Firstly, an integrated policy on the informal sector, as strongly emphasised by the UNDP expert and secondly, empowered informal sector associations, since they are the voice of the sector and a critical tool in addressing its challenges.

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30. This information was obtained during the above-mentioned meeting with BFTU and BOISA representatives.



## Recommendations

### To the Government:

- Develop an integrated policy framework in line with the ISRP and based on a dialogue process that includes informal sector associations.<sup>31</sup> Within this framework:
- Introduce a distinct legal category and tax regime under which informal enterprises can register at lower costs, combined with simplified procedures and registration assistance.<sup>32</sup>
- Expand informal sector business and financial skill training, including the promotion of mobile money, through CEDA and LEA and in cooperation with UNDP experts experienced in the field.
- Incorporate existing traditional practices for social security when designing a social security scheme for informal workers based on the recent feasibility study.<sup>33</sup>
- Set up committees monitoring the consideration of the needs of vulnerable groups such as women and the elderly.

### To the Gaborone City Council

- When issuing licenses for vending in Gaborone, connect them to an affordable fee in return for services such as vending structures and storage facilities.<sup>34</sup>
- Constantly engage in dialogue with informal sector representatives and create a memorandum of understanding covering topics like areas for vending and license fees.<sup>35</sup>

### To Informal Sector Associations

- BOISA and TBA should, with the help of stakeholders like BFTU, harmonise their

work to enable improved cooperation (see recommendation below).

- TBA could increase its membership base and use new databases for information dissemination, for example, through SMS, about regulations, micro-credits and business development programmes.<sup>36</sup>
- BOISA could cooperate with CEDA stakeholders to help informal traders access banking services, as CEDA has cooperated with commercial banks for this purpose before.

### To Trade Unions

- BFTU could use its experience to assist with capacity building for informal sector associations (see recommendations below). A focal point should be the realignment of structures to ensure role clarity regarding the different levels at which the associations should operate.

### To the Friedrich-Ebert-Stiftung Botswana Office:

- Organise dialogue forums between stakeholders, such as CEDA, LEA, local Government and informal sector associations, to reduce misconceptions and enable improved cooperation.
- Cooperate with trade unions in offering capacity buildings to informal sector associations. Topics could include outreach strategies, internal governance, social dialogue, collective bargaining, gender in the informal sector and the realignment of the associations' structures and roles.
- Cooperate with the informal sector stakeholders from the UNDP country office, as they appear well-connected and experienced regarding Botswana's informal sector.

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31. Such approaches are for example recommended by: Gaarder; van Doorn (2021): Enterprise Formalization: An Introduction. ILO Thematic Brief 1/2012. p. 9f.

32. This has for example shown some impact in Benin: Benhassine et al (2018): Does Inducing Informal Firms to Formalize Make Sense? Experimental Evidence from Benin. In: Journal of Public Economics, Vol. 157, pp. 1–14, cit. p. 2ff., 7f.

33. This was suggested by the social protection expert during interviews. An example for existing traditional practices are group-based saving practices for funeral covers.

34. As indicated by the ILO expert, these "user fees" have been common in other African countries, but are often too high to be affordable for roadside vendors.

35. Such an agreement has for example improved the situation of vendors in Monrovia, Liberia: ILO (2020): Social dialogue for the transition from the informal to the formal economy. Thematic Brief. p. 12.  
Another example of local authorities cooperating with informal workers to improve the relevant services and infrastructure has been observed in Durban, South Africa: Kiaga; Leung (2020): The Transition from the Informal to the Formal Economy in Africa. ILO Global Employment Policy Reviews. Background Paper N°2. p. 24.

36. Such an approach has for example proved helpful during the COVID-19 pandemic in Zimbabwe, as shared by the ILO expert.

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# CHALLENGES AND NEEDS OF BOTSWANA'S URBAN INFORMAL SECTOR:

## AN EXPLORATIVE ANALYSIS OF ROADSIDE VENDING IN GABORONE

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### About the author

Sophia Helming, a political science graduate, spent a year volunteering in Botswana and studied for two semesters at the University of Botswana before finishing her bachelor's degree in Germany. Her studies and experiences in Botswana have awakened her curiosity about international cooperation for sustainable development. Through day-to-day interactions with food vendors in Botswana and her research on female entrepreneurship in the country, she developed an interest in the informal sector.

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### Abstract

Working on social democracy in Botswana means considering the role of the most precarious in society. The informal sector has been associated with sources of livelihood and decent work deficits at the same time. In Botswana, it has been growing rapidly and now represents a significant source of employment. A common activity in this context is roadside vending. This activity thus provides relevant insights into the realities in Botswana's informal sector. This exploratory study examined the challenges and needs of roadside vendors in Botswana's capital city Gaborone. In employing a qualitative research design, information was firstly gathered through semi-structured interviews with experts from parastatals, international organisations, academia, and informal sector associations. Secondly, roadside vendors were interviewed, using a mix of closed and open questions. Finally, a literature review was conducted on options to address common challenges in informal sectors. In merging the perspectives of the interviewed stakeholders and vendors, the study identified diverse challenges related to operating spaces, vending licenses, financial and business skills, financial inclusion, social protection, information dissemination and business registration. The analysis pointed to strengthened informal sector associations as a major need. In relation to these findings, the study gives recommendations to different stakeholders regarding the improvement of working conditions for roadside vendors and informal workers in general.

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