

'Picking up the pieces': Reconstructing the informal economic sector in Bulawayo, Zimbabwe

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Abstract

Since the launch of Operation Restore Order in May 2005 in all urban centres by the Zimbabwean government, the informal economic sector in Bulawayo has undergone significant transformations and growth. In contravention of the legal and regulatory controls and against the backdrop of a severe economic crisis, the government embarked on a clean-up campaign that devastated the urban poor and reduced them to destitute people. The blitz destroyed informal business structures, evicting and detaining operators and confiscating their wares purporting to restore the lost glimmer and liveliness of the city. Even registered vendors that operated at designated sites with operating licences properly issued by the city authorities were not spared. This study's preliminary findings reveal how the planning system has metamorphosed to keep up with changing circumstances and how it has helped to revolutionise the vendors' struggles by organising and mobilising them to revive the indispensable informal economy. In conclusion the article argues that city authorities should work closely with the associations of the urban poor to achieve the objectives both of maintaining urban health and of ensuring the means of livelihood for the unemployed, in particular against the backdrop of a distressed formal sector that has reeled under economic structural adjustments that led to massive deindustrialisation and retrenchments since the 1990s.

'TEL DIE STUKKE OP': DIE HERKONSTRUKSIE VAN DIE INFORMELE SEKTOR IN BULAWAYO, ZIMBABWE

Sedert die begin van die Zimbabwiese regering se Operasie Herstel Orde in al die stede in Mei 2005 het die informele sektor in Bulawayo betekenisvolle transformasies en groei ondergaan. Teenstrydig met die wetgewende en regulerende beheermaatreëls en teen die agtergrond van 'n ernstige ekonomiese krisis het die regering 'n opruimingsveldtog gevoer wat die stedelike armes se lewens verwoes, en hul haweloos gemaak het. In die bliks veldtog is informele besigheidstrukture vernietig, operateurs uitgedryf of gevange geneem, en hul ware gekonfiskeer in 'n poging om die verlore glorie en lewenskragtigheid van die stede te herwin. Selfs geregistreerde handelaars wat op aangewese ruimtes, met goedgekeurde permitte wat deur die plaaslike owerheid uitgereik was, handel gedryf het, was nie gespaar nie. Voorlopige bevindings van hierdie studie toon aan hoe die beplanningsstelsel verander het om tred te hou met veranderende omstandighede en hoe dit gelei het tot die revolusionariserings van die informele handelaars se stryd deur die organisering en mobilisering van die handelaars met die oog daarop om die onvervangbare informele ekonomie te laat herlewe. Laastens is daar gevind dat die plaaslike owerhede nou met organisasies van die stedelike armes sal saamwerk om beide die doelwitte van behoud van stedelike welstand en metodes van oorlewing vir die werkloos te bereik, naamlik teen die agtergrond van 'n sukkelende formele sektor wat gebuk gaan onder die program van ekonomiese strukturele aanpassings wat gelei het tot deindustrialisasie en afdankings sedert die 1990s.

HO EMA O ITLHOTLHORA: KAHOBOTJHA YA LEFAPHA LA MORUO LA BAHWEBI SA SENG MOLAONG MOTSENG WA BULAWAYO, HO LA ZIMBABWE

Haesale ho thakgolwa Leano la ho Boloka Molao kgwedding ya Matsheanong 2005 ditsing tshole tsa metse ya ditropono ke mmuso wa Zimbabwe, lefapha la moruo la bahwebi sa seng molaong motsemoholo wa Bulawayo le fetohile le hona ho hola ruri. Thulanong le molao le ditaolo tsa melawana esitana le ho weng ka sekgahla ha moruo, mmuso o ikakgetse ka setotswana letsholong la ho hlwekisa le tshwara batho ba futsanehileng metseng ya ditropono ho ba fetola mehofe. Taba ena ya sehloho sena e sentse metheo ya kgwebo ya bahwebi ba seng molaong, ho falliswa batho le ho tshwara ba tsamaisang kgwebo ena esitana le ho nka thepa ya bona eo ba e rekisang ho bewa lebakanyana la hore ho kgutlisetswa botle le bophelo ba motsemoholo. Ekasitana le bahwebi ba mebileng ba ngodisitsweng ka molao ba neng ba rekisetsa diitsheng tse nang le mangolo a tumello (dilaksense) tse ntshitsweng ka molao ke balaodi ba motsemoholo ha di a ka tsa bolokwa. Diphuputso tsa pelenyana tsa thuto ena di hlhisa kamoo mokgwa wa moralo o fetohileng kateng ho boloka kgato le maemo a fetohang le hore ho thusitse jwang ho matlafatsa dintwa tsa hohahamalla bophelo ba bahwebi ba mebileng ka ho hlophisa le ho ipopa ngatana e le nngwe boitsekong ba bona ho tsosa moruo wa kgwebo e seng molao ya bohlokwa. Qetellong ditaba tsena di hlalosa hore balaodi kapa batsamaisi ba ka sehloohong ba motsemoholo ba tshwanetse ho sebetsa mmoho le mekgatlo ya bafutsanehi ba metseng ya ditropono hore bobedi ba bona ba atlehe ho fumana maekemisetso a bona a ho boloka bophelo ba metse ya ditropono le ho tiisa mekgwa ya bophelo bo botle ba batho ba sa sebetseng haholoholo ka baka la ho lahlehelwa ha lefapha la bahwebi ba seng molaong leo le ileng la putlama ka tlasa dikamano tsa motheo tsa moruo tse bakileng hore ho be le ho wa ha diindasteri esitana le ho ntshuwa mesebetsing ha batho ho hoholo haesale ho floha ka dilemo tsa bo1990.

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1. INTRODUCTION

Although it always formed part of the African urban economy, the 'informal sector' – a term coined by Keith Hart in the early 1970s – received scant attention in academic literature before its 'discovery' (Chen, 2005: 3; 2006; 2007: 1; Gerxhani; 2004: 2).

Researchers (Boeke, 1953; Geertz, 1963; Lewis, 1954) had previously referred to the phenomenon as the 'residual', 'bazaar', and 'traditional' economy (Kanbur, 2009: 3; Peattie, 1987: 852). Earlier scholars had expected the informal sector to disappear with the spread of industrial expansion and capitalist production systems that were believed to transform into formal businesses, given the right mix of economic policies and resources (Williams, 2010: 246). Hart (1973) and, in particular, the International Labour Organisation (ILO, 1972) brought the sector's potential as a development instrument to the forefront (Chen, 2005: 2; 2006; 2007: 1; Kanbur, 2009: 2). For some time the phenomenon was believed to be a common sight only in developing countries until it was realised from the late 1980s that the informal economic sector had also imprinted itself in cities of the developed world, albeit in smaller percentages than in developing countries (Harding & Jenkins, 1989; Portes, Castells & Benton, 1989; Schneider, 1997; Williams, 2010).

The concept of the informal sector is very elusive and complex. Even the earliest scientists and organisations that led to the coinage and popularisation of the concept in the early 1970s grappled with a convincing definition of the term. The phenomenon is commonly defined, citing what is absent or insufficient about it (Williams, 2010: 247). For example, the ILO defined the sector as "private unincorporated enterprises by individual and households which are not legal entities separated from their owners and with no record keeping to their operations and accounts" (ILO, 1972; Kanbur, 2009: 3). Characteristics of the phenomenon were used to define the concept, a futile attempt that led to descriptions rather than giving a precise and concise definition. The concept teems with inconsistencies and is known by numerous terms such as black or underground economy, bazaar economy, among others. Therefore, it means different things to different people, particularly in different regions. Continuous refinements of the concept led to a new and expanded term, the 'informal economy' in 2002 by the

International Labour Organisation, and it is now believed to comprise various forms of informal employment in formal businesses incorporating all workers engaged for wage employment without formal contracts, social protection and benefits, in addition to the earlier components of informal enterprises that were common with earlier definitions (Chen, 2005: 7; 2006; 2007; Kanbur, 2009: 4; Williams, 2010: 247).

Despite the numerous terms, common confusions and difficulties in defining the concept, the informal sector has proved to be useful and a reality not only to millions of urban poor who depend on it as a form of employment, income generation and source of food, but also to policymakers and researchers, as evidenced by a plethora of publications since the coinage of the term four decades ago (Chen, 2005; 2006; 2007). According to Meagher (1995: 259), numerous publications contend that the sector contributes immensely to national economic development, particularly those found in the African, Asian and Latin American continents. However, divergent views about operations and how the sector should be planned for and managed have also resulted in conflicting decisions on how central and local governments should react to the growth of the sector. Only those few governments that subscribe to the structuralist school of the informal sector growth and operation have deliberately devised ways of promoting the sector, while the majority of governments of developing countries have failed to develop and incorporate the phenomenon in their mainstream economies, regarding it as comprising either marginal (dualist perspective) or illegal (legalist perspective) activities.

It has become clear over the past several decades that neglecting the informal sector and regarding it as marginal and illegal leads to rampant unemployment and extremely high poverty levels. Against the backdrop of the infamous Operation Murambatsvina, launched by the Zimbabwean government in May 2005 to destroy informal businesses in all the country's urban centres, this article aims to highlight the strategies and programmes that have been employed by various stakeholders to reconstruct the informal economic sector in the City of Bulawayo, the second largest city in the country. The operation was launched under the pretext of 'cleaning up' the country's urban areas of so-called 'social and economic vices' that threatened

the health and cleanliness of the cities. The article starts by tracing the background of the concept of informal sector, particularly in Zimbabwe, before reviewing relevant literature. The focus then shifts to a case study of Bulawayo City to highlight the growth, spread and explosion of urban informal economic activities over the past five years. The article goes on to reflect the responses of various stakeholders such as the public and private sectors and the urban poor's associations. It also tracks the various developments that have taken place to put the sector back on its track and examines the challenges that lie ahead. The article concludes by suggesting the possible options to strengthen the sector and areas for further research on the subject.

2. AN OVERVIEW OF INFORMAL ECONOMIC SECTOR GROWTH IN ZIMBABWE

The concept of the informal sector became more visible in urban areas of developing countries, particularly in Africa, immediately after independence, suggesting that it had been heavily suppressed by pre-independence governments. For instance, in Kenya and Ghana, it is most likely that informal activities had long existed in these countries before the groundbreaking studies by Hart and the ILO in the late 1960s. According to Kaplan, Wheeler & Holloway (2004), the proliferation of the phenomenon in urban areas of developing countries can mainly be attributed to rapid urbanisation (Jenkins, Smith & Wang 2007: 29) and natural population increase, in particular at the end of colonialism. There is, therefore, a worrying disparity between the formal, decent and regularly remunerated jobs that are created every year in cities of the developing world (particularly huge primate cities that continue to be favourites of migrants), as both national and city governments as well as private sector businesses in poor countries, which fail to generate formal employment to absorb the soaring numbers, force many who are attracted by the "bright lights" (cities are believed to be places of hope and opportunity to migrants) to join the so-called informal economy (Arimah 2001: 115). Although Africa has the lowest proportion of urban residents compared to other continents, it is experiencing rapid urban growth that is higher than the average growth of the economy, thus creating huge social, economic and political challenges for the continent as

millions are commissioned every year into informal employment by default (Kaplan *et al.*, 2004).

In Zimbabwe, rapid urbanisation prior to independence in 1980 led to the visibility of the informal sector in urban centres. However, for most of the pre-independence era, particularly during the early days of the Unilateral Declaration of Independence (UDI) in 1965, Zimbabwe's economy was performing very well and was supported by large-scale industrial, commercial, agricultural and mining businesses such that attention and emphasis was only given to formal businesses (Mhone, 1993: 1). Informal economic activities were outlawed and a plethora of instruments such as the *Town and Planning Act of 1946*, the *Vagrancy Act of 1960*, the *Urban Councils Act of 1973* and the *Vendors and Hawkers Bylaws of 1973* were used to control rapid urbanisation and curtail participation in the sector (Brand, 1986; Chirisa, 2009; Davies, 1974; Dhemba, 1999: 8-9; Gumbo, 2010a). However, informal sector activities started improving from 1975 when industrial production succumbed to the fierce liberation struggle, and the relaxation of segregative regulations led to increased urbanisation (Brett, 2005: 93). By the late 1970s the urban informal sector was increasingly absorbing more people as Davies (1978) reports that at least 450,000 people were employed in this sector.

At independence in 1980, the new government inherited well-developed industries and capitalist firms, with sound state services and relatively high per capita incomes (Brett, 2005: 96). However, the government's decision to adopt a socialist political ideology and continue with corporatist policies and highly regulated systems crowded out private capital and resulted in serious economic inefficiencies and soaring unemployment rates (Carmody, 1998; Kamete, 2006; Ranger, 2007). The abolishment of restrictive and segregative legislation, coupled with the euphoria of socialism and self-reliance, led to high population levels that could not be accommodated in the formal sector and to an opening of floodgates in the informal sector. The 1986 labour force survey observed that the proportion of the labour force in the informal sector had increased from 10% to 20%. According to Brett (2005: 92), the government made a rapid switch from socialist ideology by adopting the Economic Structural Adjustment Programme (ESAP) by the end of 1990

to try and stimulate economic investment and growth (Dhemba, 1999: 10). Contrary to expectations, the reforms dismally failed to improve the economy as most of the prescriptions of ESAP exposed and weakened the majority of industries, leading to massive retrenchments and closures, high unemployment, declining real wages, as well as soaring food and fuel prices (Dhemba, 1999: 5). A series of counterproductive political and economic decisions such as the country's participation in the DRC war in 1998 and payment of gratuities to War Veterans drained the already dwindling national treasury and led to unprecedented inflation and poor economic performance. Many people who lost their jobs found havens in the urban informal sector and thus the phenomenon mushroomed in the country's urban centres. A survey by McPherson (1991: 1) estimated that 845,000 micro- and small enterprises in Zimbabwe employed about 1.6 million people representing a 27% national labour force, and women were forced to join the informal sector to take care of their families after the retrenchment of their husbands from their formal jobs (Mupedziswa & Gumbo, 1998).

Political wrangles and contestations as well as violent expropriation of land and property from white farmers, through a fast-tracked land reform programme that was dubbed the "Third Chimurenga" during the just ended decade, had serious and more severe economic impacts than that of ESAP of the 1990s (Raftopoulos, 2006; Ranger, 2007). The closure of most formal businesses and the withdrawal of investments led to massive retrenchments and a total collapse of the industrial sector that had strong linkages with the agricultural sector (Fontein, 2009; Magure, 2008; Michael & Masunungure, 2006). The negative economic developments led to the burgeoning of the informal sector, such that by 2002 it was estimated that over 50% of the national labour force was employed in the informal sector (Kamete, 2004). The urban informal sector employed over 76% of the urban labour force in 2004, immediately prior to the Zimbabwe African National Union-Patriotic Front (ZANU PF) government-sponsored clean-up campaign in May 2005 (Dube, 2010).

3. A SYNOPSIS OF OPERATION MURAMBATSVINA (OR)/ RESTORE ORDER (ORO) IN ZIMBABWE

In contravention of the *Regional, Town and Country Planning (RTCP) Act of 1996* and other regulatory controls the government embarked on a clean-up campaign that devastated the urban poor and reduced them to destitute people, a situation aggravated by a severe economic crisis the country was experiencing. The incessant growth and spread of the urban informal sector in the country, particularly after the adoption of economic structural adjustment measures in the 1990s and the implementation of the indigenisation and empowerment programmes at the beginning of the new millennium, led to open dissatisfaction and disapproval of the phenomenon by both the local and central governments as well as private formal businesses. However, intolerance of the famous and popular sector in the country reached boiling point, subsequently leading to the infamous Operation Murambatsvina in May 2005 that led to the massive demolition of informal businesses and the eviction of "illegal operators" to purportedly clean up cities of social and economic vices (Gumbo, 2005; Kamete, 2007). The operation indiscriminately destroyed both registered, licensed and organised informal businesses as well as those that lacked organisation and were not operating on designated sites (Gumbo, 2005; Kamete, 2007; Potts, 2007; Ranger, 2007; Tibaijuka, 2005). According to Tibaijuka (2005), the exercise affected about 3 to 4 million Zimbabweans who earned their living through the informal sector (Potts, 2006). The operation was widely condemned by local, regional and world organisations as an affront to human development. The central government, through the Ministry of Local Government, Public Works and Urban Development (MLGPWUD) that had ordered and initiated the destructions, shifted their policy position on the informal economy. They initiated the informal sector rebuilding exercise largely in response to people's cries and world condemnations. However, the lack of financial, human and technical resources, compounded by an ailing national economy, led to dismal failures of the reconstruction exercise. Local authorities such as the City of Bulawayo had to re-strategise and use their local capacities to rebuild their informal business sector.

4. CONCEPTUAL FRAMEWORK OF THE INFORMAL SECTOR: CONTRIBUTIONS AND PERSPECTIVES OF THE INFORMAL SECTOR

It is important to recognise the three dominant viewpoints about the informal sector that considerably and directly affect the operations and growth of the informal sector by national governments, irrespective of how much the phenomenon contributes to the provision of employment or the reduction of poverty. Numerous studies have proved that the informal sector makes a substantial contribution towards uplifting the living standards of the urban poor. For instance, with figures ranging between 60% and 80%, the African continent, particularly the sub-Saharan African region, has the highest estimates of informal sector businesses (Blunch, Canagarajah & Raju, 2001). According to Gerxhani (2004: 268), the informal sector contributes an average of 12% to the Gross National Product (GNP) of developed countries and slightly higher percentages of 20% and 25% are also given for transitional countries in Eastern Europe and the former Soviet Union. However, higher average percentages of between 35% and 44% are normally cited for the developing world, particularly countries in Africa, Latin America and Asia than in the Western Developed World (Blunch *et al.*, 2001; Gerxhani, 2004: 268). Such higher percentages of the sizes of informal sector businesses are corroborated by Arimah (2001: 115), who contends that some of the largest cities in Africa such as Kinshasa in the Democratic Republic of Congo provide employment to about 80% of the population while Lagos employs about 69% of the entire urban labour force. In Zimbabwe, the contribution of the informal sector to employment and poverty reduction has been on the increase since independence. From a low figure of 10% in the 1980s, its contribution rose to over 80% in 2008 (Dube, 2010), and with the formal economy struggling to improve in the past two years of the Unity government between ZANU PF and the

Movement for Democratic Change (MDC), its contribution to employment is still very high. Although the informal economy, particularly in the continent, provides a means of survival and sometimes development of low-income populations and is also an integral part of city economies, the majority of African countries are still awash with reports of widespread destruction and discouragement of informal sector businesses in their cities. The conflicting attitude towards the informal sector is summarised by Hansenne (1991: 1), who observes that the informal sector can either be viewed positively as:

a provider of employment and incomes to millions of people who would otherwise lack the means of survival or more negatively as a whole segment of society that escaped regulation and protection. On the other hand it can be romanticised as a breeding ground of entrepreneurship which could flourish if only it were not encumbered with a network of unnecessary regulation and bureaucracy or can be condemned as a vast sea of backwardness, poverty, crime and unsanitary conditions that must be eliminated.

Many national governments of developing countries do not seem compelled by the high contributions of the informal sector towards creating not only employment for the majority of poor urban residents but also national economies to deliberately protect and promote the phenomenon. Instead they choose to destroy and disturb the activities due to their strong negative beliefs and attitude towards the sector. It is, therefore, critical to provide a concise and detailed review of the various perspectives and conceptualisations of the informal sector in this article as they greatly influence the responses governments adopt towards the informal sector. Basically three common perspectives have dominated academic literature and discourses about the operations and structure of the informal economy, including the dualist, the structuralist and the legalist viewpoints (Chen, 2005: 16).

4.1 Dualist: Early neoliberal and Marxist approaches

The earliest perspective is the dualist,¹ which has its origin in the 1950s and 1960s writers and the 1970s Marxists who believed that the informal sector only consisted of survival and marginal activities (Meagher, 1995: 261). During those early years the informal sector was regarded as a bazaar or residual economy that specialised in petty and traditional activities as opposed to the mainstream advanced economy (Chen, 2005: 16; 2006; 2007). However, the idea of a residual economy, believed to be in the process of disappearing with increased industrial production, and popular during the years of mass production and consumption of the 1950s and 1960s in the capitalist world, was proved wrong by studies of the 1970s that observed that the sector was resilient, becoming innovative and spreading.

4.2 Structuralist: Marxist approaches – Participation as exclusion

The structuralist² perspective was popularised from the late 1970s by researchers such as Moser (1978) and Portes, Castells & Benton (1989) who observed that the informal and formal sectors are inextricably connected and interdependent. According to Williams (2010: 248), the informalisation process is part and parcel of the modernisation process that is witnessed by increased linkages between the two sectors through subcontracting of jobs that is common in garment-manufacturing sectors. However, the main concern is the domination and subordination of the informal sector by the formal sector. It is believed that capitalism maintains manipulative relationships between the two sectors that will perpetuate the informal sector's struggle for survival.

4.3 Legalist: New neoliberal – Participation as exit

The legalist³ view was popularised in the 1980s by scholars such as Hernando de Soto who observed that the poor

1 It regards the informal sector as an upshot of, or a response to the failure of the modern industrial economy to absorb residual labour force and act as a safety net for the marginal populations (Hart, 1973; ILO, 1972). The sector is regarded as distinct and without any relations with the formal counterpart. The type of activities that are normally considered by this perspective are traditional and survival ones that normally do not add value to the products that are traded and not manufacturing and processing activities.

2 The school believes that there are relationships between the formal and informal economies. A large corpus of recent literature has revealed linkages between the formal and informal sectors in terms of inputs and goods where formal businesses try to reduce production costs by subcontracting small informal businesses that have expertise to produce high-quality products (Castells & Portes, 1989; Moser, 1978).

cannot afford the costs and bureaucracy of registering their enterprises and hence choose to operate illegally (de Soto, 1989; Rakowski, 1994: 505). Financial burdens imposed by standard systems of governance prevent them from entering the formal sector. The activities are regarded as deliberately avoiding local and central tax systems and levies to service providers such as local authorities (Williams, 2010: 249). Numerous studies have proven that most informal sector activities in poor countries are a response to shortages of employment and, although they are carried out in the open, they tend to fail to comply with the regulations. The activities are hidden in the sense of staying out of sight from the public, but rather staying out of sight from institutions such as official government tax systems, local (property tax) and central (income); hence they are kept in an 'unofficial' state to avoid tax systems. If informal merchants were to move into buildings and become formal they would be forced to pay rent to owners of buildings, or if they own the buildings themselves, they would eventually pay property tax to the local government. Both of these are much higher than the levies paid for informal spaces marked out on public spaces. It is also kept from the income tax system because that would render their operations unviable.

It has, however, been observed that the phenomenon is so complex and diverse that trying to conceptualise and understand it through any of these three vantage points individually is inadequate as there are many variations and contexts in the way in which the informal sector operates and the motivations to participate in them. While some willingly choose to operate illegally, others are forced by existing political, economic, social and institutional conditions to operate illegally because they are excluded from the mainstream economy by obstacles imposed by the system (Chirisa, 2009: 66-67).

5. RESEARCH METHODOLOGY: RESEARCH DESIGN, DATA COLLECTION AND ANALYSIS TECHNIQUES

The study employed a cross-sectional case study survey research design to understand the operations and location

of informal businesses within the city centre, residential suburbs and industrial areas of Bulawayo and the various strategies that are being applied by the local authority to redevelop the phenomenon. Bulawayo was selected as a case study mainly due to the extensive development of the informal sector in response to widespread closures and scaling down of almost 100 formal industries, among them the Zimbabwe Engineering Company, Hubert Davies, Radar Metal Industries, National Blankets, G & D Shoes, Merlin, Tregers Group, Stewarts & Lloyds, Hunyani Holdings and Cold Storage Company that left over 20,000 without jobs. The researcher's prior knowledge and familiarity of the city before and after Operation Murambatsvina also helped in conducting the fieldwork in Bulawayo. In terms of the city's size and the phenomenon under study, Bulawayo gave an opportunity to gather sufficient scientific data for analysis since it is the second largest city in the country after the capital city Harare. In addition, the city had boasted of a well-organised informal sector even before the destructive operation. The city's political landscape also led to its choice as it witnesses little political interference from the former ruling party, ZANU PF at local level. The former opposition party, the Movement for Democratic Change (MDC) that is now in a shared government after a negotiated political coalition, dominates the affairs of the city. To ensure reliability and validity of the results a battery of data-collection tools was used to solicit mostly qualitative data from informal sector operators and leaders of their associations, professionals such as urban planners, and city managers and administrators. Probability sampling methods were used to select participants in the study. Informal business operators were selected by means of a stratified random sampling method. Both the five informal business categories (commerce and trade, manufacturing and processing, transportation and communication, services and construction) and the five operating spaces (including the CBD, industrial centres, transportation centres, suburban shopping centres and residential areas) were divided proportionally before the actual study units and sites were selected. Content analysis was used to analyse data qualitatively and a map of the city showing common areas of informal

sector business location was developed by means of Geographic Information Technology (GIT).

6. CASE STUDY OF BULAWAYO: POST-MURAMBATSVINA RECONSTRUCTION OF THE INFORMAL ECONOMY IN ZIMBABWE

Bulawayo City has a current population of approximately 970,000, half that of Harare (Feremenga, 2005: 348). It is home to the headquarters of a number of industrial businesses such as the National Railways of Zimbabwe. Like any urban centre in the country, the city's well-structured and organised informal markets and vending bays were destroyed by the infamous 2005 operation. At the time the informal sector had become the mainstay for the majority of the residents, and the local authority was deriving substantial revenues from fees levied from informal sector activities. The blitz destroyed informal business structures, evicting and detaining operators and confiscating their wares, purporting to restore the lost glimmer and liveliness of the city. Even registered vendors that operated at designated sites with operating licences properly issued by the city authorities were not spared. The operation took place against the backdrop of deepening vulnerability in the Zimbabwean society because of food insecurity, limited capacity in basic services and economic decline (Gumbo, 2005; Kamete, 2007; Potts, 2006; 2007). Reacting to widespread and worldwide condemnations of the destructive operation, the central government through the Ministry of Micro-, Small and Medium Enterprises (MMSME) embarked on a reconstruction exercise in July 2005. The government's reconstruction exercise encountered serious shortages of financial, human and capital resources. The operation was never planned and no resources had been put aside for the exercise (Gumbo, 2005). To avert the disastrous consequences, the city of Bulawayo started rebuilding the vending sites and informal markets with the support of other local stakeholders.

3 The perspective views the regulatory frameworks as too stringent for the informal operators to comply with and need to be adjusted and made realistic (de Soto, 1989).

7. RECONSTRUCTION STRATEGIES FOR THE INFORMAL ECONOMIC SECTOR IN BULAWAYO

Since the Zimbabwean government's launch of Operation Restore Order (ORO) in May 2005 in all urban centres, the informal economic sector in Bulawayo has undergone significant transformations and growth. An array of strategies were adopted by the Bulawayo City council to rebuild the informal economy. The approaches can safely be referred to as the city's attempt to adopt "a total package" to ensure that the informal operators were restored to their original position or even a better one. The article discusses the five most crucial elements of the strategy aimed at rebuilding the informal sector in the city: the identification and allocation of operating spaces; the provision of infrastructure on the sites; the training of informal operators; the marketing of their products, and the financing of their operations. The strategies and the relevant stakeholders involved in implementing them are illustrated in Figure 1 and are discussed in the subsequent paragraphs.

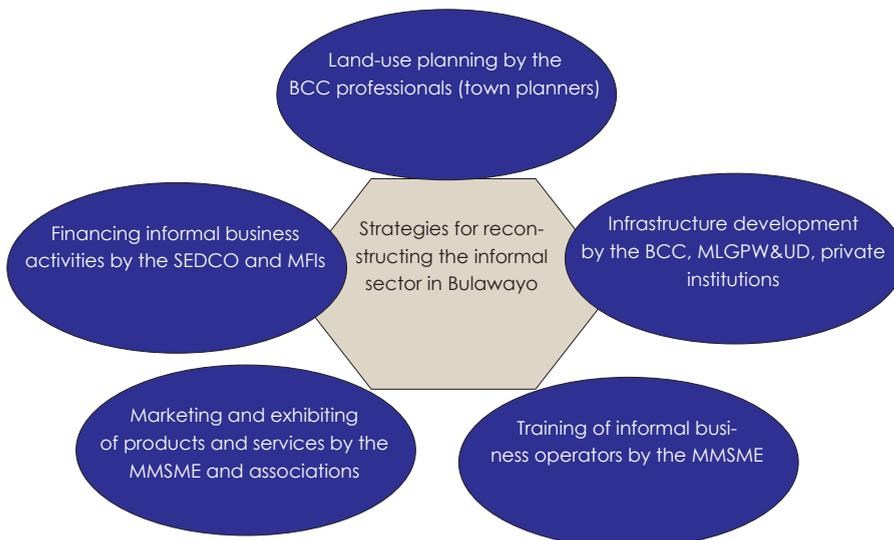


Figure 1: Strategies for reconstructing the informal economic sector in Bulawayo

7.1 Strategy 1: Identification and allocation of informal sector operating spaces

The local authority relaxed conditions for the location of informal sector enterprises. Traders now had access to areas that were previously forbidden such as shopping complexes in low-density or high-income areas, some parts of the CBD and areas that were previously designated for formal and productive industries only. The city opened up

space to allow more role players to join it in identifying profitable areas in which the informal sector could operate. As a result entrepreneurs in the private sector such as shopping complex developers and private individuals participated in opening up new markets and operating spaces for the sector. The local authority started constructing market stalls for informal business operators; some of these stalls are still under construction. A sizeable number of new flea markets were opened up in the CBD in addition to those that had been destroyed during the earlier operation. Besides opening up some streets for trading during weekdays, the city also legalised and promoted informal trading, particularly during weekends, a clear sign of how the city has endeavoured to rebuild and promote a once neglected sector.

7.2 Strategy 2: Infrastructure development for the purposes of operating informal businesses

The other strategy was the provision of infrastructure for new markets and reconstruction of infrastructure of dis-

mantled markets. In certain instances, the Bulawayo City council entered into a partnership with the private sector to develop flea markets for the purpose of accommodating informal traders. Although the city council has been at the forefront of providing infrastructure for informal operators and encouraging private businesses and individuals who also own informal markets to do so, infrastructure is either not present or not functional in most markets and a

great deal needs to be done in order to improve the plight of informal traders.

7.3 Strategy 3: Training of informal operators

The Ministry of Micro-, Small and Medium Enterprises (MMSMEs) was established in July 2002 after the realisation that investment levels in the formal sector can never suffice to generate sufficient employment to absorb the 300,000 school leavers on an annual basis. The Ministry of Industry and International Trade (MIIT), in conjunction with the Ministry of Youth, Development and Employment Creation (MYDEC), introduced this ministry to map out strategies to address various obstacles facing the small-business operations (Gumbo, 2005). Therefore, the main aim of the Ministry is to generate jobs, reduce poverty and stimulate growth and ownership of investment as a way of improving the well-being of all Zimbabweans. Besides other business training sessions organised by private businesses and non-governmental organisations for informal operators, this Ministry mostly organise and train informal business operators in the city of Bulawayo. The employees of the Ministry and training facilitators were first trained by the International Labour Organisation who, in turn, train informal business operators and people who later become trainers. Most of the training sessions focus on business management, cash-flow management and marketing. One of the challenges of the Ministry is the shortage of funding to reach out to most informal business operators across the city. It appears that both central and local government increasingly realise that the formal sector is unlikely to generate sufficient employment opportunities because of the high capital investment required to start a business in the formal sector compared to the informal sector and other challenges faced by big businesses.

7.4 Strategy 4: Marketing of informal sector products and services

Besides training, the Ministry also helps informal traders market their products within the country and in neighbouring countries such as Botswana and South Africa. During exhibitions such as the Zimbabwe International Trade Fair (ZITF), the Ministry organises informal producers and facilitates the display of their wares at the Ministry's stand. During the 2011 chapter of the ZITF in Bulawayo, an

exhibition by disabled informal women producers from the Zimbabwe Women with Disabilities won accolades. This placed them in the limelight and helped marketing their products in the local and regional market. Other organisations also participate in marketing the urban poor's products in the city. These include the Cross Border Traders Association that finances those who produce and wish to sell in neighbouring countries with pre-paid bus and airline tickets in conjunction with a local bank. The Zimbabwe Chamber of Informal Economy Association (ZCIEA), besides lobbying the city council for the allocation and improvement of operating spaces on behalf of informal operators, also assists traders with strengthening old and opening up new markets locally and internationally. The exhibition centre in the city centre organises informal producers and brings their products from often distant operating places that are inaccessible and not very visible to a central and convenient place in order to boost their market and image.

7.5 Strategy 5: Financing informal business

The Small Enterprises Development Corporation (SEDCO), a quasi-governmental authority that falls under the MMSME supports small-scale informal businesses financially by disbursing the Productive Sector Fund (PSF) and the Small, Micro- and Medium Fund (SMMF) to businesses involved in adding value regardless of the sector in which they operate, be it agriculture, mining or small business sector (Gumbo, 2005). However, most small businesses fail to secure and benefit from the financial assistance promised by the Ministry due to a lack of collateral security and other conditions that demand money and too much effort and expertise before securing the loans. The corporation is also underfunded by the government as it is chronically without money to lend to those applying for funding. Most informal businesses that are normally not registered (although licensed by the city of Bulawayo) find it difficult to compete

for the little funds with registered co-operatives and small- and medium-scale enterprises since the latter are eligible to apply for funding. Previous studies in the sector corroborate these findings, observing that the urban poor who run informal micro-enterprises get raw deals from the Small Enterprises Development Corporation (SEDCO) as they keep receiving false and empty promises of financial support, particularly prior to elections, while in fact the funds are hijacked by the same politicians who run their own businesses (Chirisa, 2009).

Most micro-financial institutions, particularly those run by individuals, tend to suspend their operations due to shortages of loan finance, whereas a few that are owned by established private banks still have stringent regulations and numerous demands that scare away informal businesses. Efforts have been made to encourage the operation of Micro-Finance Institutions (MFIs) in the city by issuing operating licenses by the Reserve Bank of Zimbabwe (RBZ) and operating places by the city of Bulawayo. However, the informal operators have not been receiving much service from these institutions and have to depend on unscrupulous money lenders and sharks apart from their own savings and loans from relatives and friends that are very small. Instead, the city should consider operating a micro-finance institution that will be able to reach out to informal traders and producers (Gumbo, 2010b). This will help to weed out or reduce the operations of illegal and unregistered money lenders who charge informal entrepreneurs very high interests rates and confiscate their properties if they fail to service their loans. The other strategy that the city of Bulawayo has adopted is to strengthen social networks among the informal operators through the various associations and representatives of the urban poor. Examples of these are the Bulawayo Upcoming Traders Association (BUPTA) and the ZCIEA.

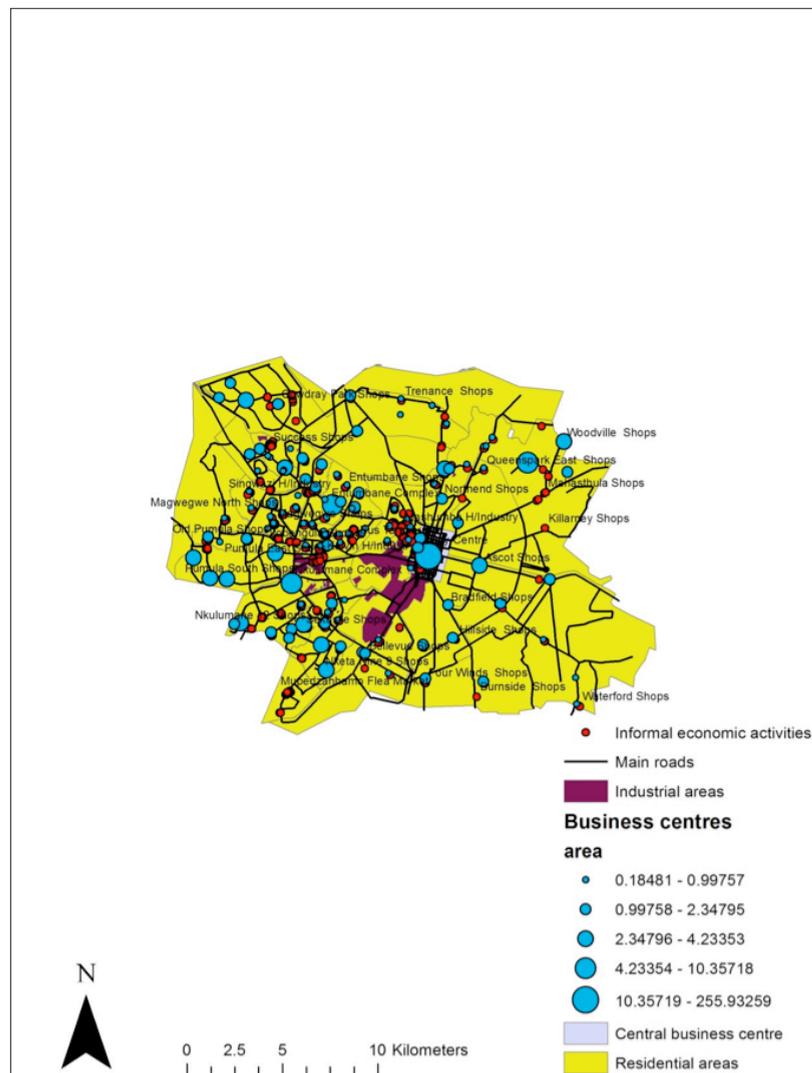


Figure 2: Location of informal business activities in Bulawayo City

8. INFORMAL BUSINESS CATEGORIES AND LOCATION

Like any other urban centre in the country, Bulawayo boasts a wide variety of informal economic categories that are characterised by a heterogeneous and diverse array of activities that range from trading in petty commodities such as cigarettes, biscuits and sweets to manufacturing and processing of

big items such as furniture and food products. The informal business categories can, however, be reduced to five without missing any activity or losing any significance: trade and commerce; manufacturing and processing; services; transport and communication, and construction. Five common places of location of informal businesses are the CBD and its fringes; suburban shopping centres; transportation centres; industrial centres, and residential areas. At all these locations, enterprises by and large tend to operate along roadsides and open spaces. It was found that, although the five categories of businesses can be found nearly everywhere in the city, they have their favourite sites or areas of operations. The favourite locations include the streets in the CBD, suburban shopping centres and transportation centres. Figure 2 is a map of Bulawayo that shows the location of most informal economic activities in the city.

These findings are supported by literature. Informal businesses in Zimbabwean cities, including Bulawayo, favour five operating spaces or business workplaces: covered markets; residences; shop pavements; roadsides, and private sector premises (Chirisa, 2009; Gumbo, 2005; Kamete, 2007). Differences in the locations of clusters of informal businesses between 1999 and the present can be attributed to the fact that informal businesses have become much more proliferated now than a decade or more ago. Studies after the new millennium show that these informal activities have invaded some new places, including the CBD. Chirisa (2009) identified three preferred operating places: the neighbourhoods, industrial sites, and the CBD. It was observed that trade and commerce are the dominant business category as evidenced by large hordes of vendors who sell fruits and vegetables and other consumables that are sourced from fruit and vegetable markets or directly from farmers. Trade in both new and second-hand clothing and footwear is common in the CBD and residential areas; these goods are sourced mainly from neighbouring countries such as Mozambique, South Africa, Botswana, Zambia and Namibia. Another form of trade, although not as common as the two mentioned earlier, is trading in electrical and electronic gadgets such as televisions, computers and accessories; these are imported from cities such as Dubai in the United Arab Emirates (UAE),

Beijing in China, and from other neighbouring cities such as Johannesburg in South Africa, Maputo in Mozambique and Francistown in Botswana. The CBD has remained the favourite place for informal businesses that trade in fruits and vegetables, clothing and footwear, transport and communication, and services as it receives large numbers of customers during the day. Table 1 depicts the five business categories, the common activities associated with the categories, and the common places where the activities are found.

However, shopping centres have also proved to be competitive, especially in providing trading places in both fruits and vegetables and clothing, as they receive a large pool of customers. As businesses pulled out of the CBD, some new and old trading informal enterprises followed suit and have been properly organised in markets near the centres and normally very near to a transportation facility. The findings are confirmed by previous studies observing that the

most common type of informal economic activity in Zimbabwe is the selling of various products (Gumbo, 2005; Kamete, 2004: 122). Table 2 summarises the common factors that influence the location of various informal business categories in Bulawayo. These are supported by research findings that reveal the influence of heterogeneity of activities and their requirements in choosing operating spaces besides zoning of land by the local authority.

Another category that has always dominated informal sector businesses is small-scale manufacturing activities such as carpentry, welding, building materials production, crocheting, arts and crafts and tailoring. However, this has been overtaken by trade, and particularly the selling of consumer products that have become fashionable. These findings are also supported by literature on informal businesses in Zimbabwe. For instance, Chirisa (2009) observed that the other dominant informal business category is the manufacturing businesses that

Table 1: Categories of informal economic activities in Bulawayo

Business category	Common location	Description of common activities
Trade and commerce	Mostly in the CBD and fringes, transportation centres, suburban shopping centres and residential markets	Foodstuffs, small household goods, confectionery, cigarettes, vegetables, fruits, books, clothing and footwear, sale of plastic bags, cosmetics, appliances and accessories, spare parts, curios, building materials, crafts, maize meal and other grains, hair products and traditional medicines
Manufacturing and processing	All places, but mostly at home industries	Carpentry, welding, machining, leather products, brick moulding, pottery, detergents production, sculptures; carving, textile and apparel, tailoring and design, food processing such as peanut butter, poultry and chicken dressing, bakery, freezits, biscuits and cakes
Personal services	All five places, but mostly in the CBD	Hair and facial care, car and electronic repairs, typing and photocopying, nursing services and financial services
Transport and communication	All five places, but mostly at transportation pick-up points and CDB	Commuter and taxi services, internet, phone shops, faxing, pushcarts
Construction	Mostly in residential areas	Bricklaying, plastering, tiling, roofing, painting and plumbing, electrical installations

Table 2: Factors affecting the location of business categories

Business category	Factors (in order of importance)
Trade and commerce	Proximity to market/customers, operating space, goods for sale, transport, utilities (water) and job opportunities (huge formal orders)
Manufacturing and processing	Access to adequate operating space, utilities (electricity and water), proximity to raw materials, job opportunities (subcontracting), transport and proximity to market/customers
Services	Proximity to market/customers, operating space, utilities (electricity and water), raw materials, job opportunities (huge orders) and transport
Transport and communication	Proximity to market (commuters/customers), operating space, utilities (electricity), job opportunities (hiring out of vehicles), availability of necessities (e.g. fuel)
Construction	Proximity to market (building clients), raw materials, transport, subcontracting (building contracts)

involve carpentry, tailoring, food manufacturing, leather products, shoe-making, welding, and arts and crafts. These product lines hold the advantage of normally allowing operation from places that fulfil the twin objectives of producing goods and directly selling these products to customers. Home industries proved to be ideal places for manufacturing and processing products informally. They are pulled by networks of providers of raw materials and are targeted as subcontractors by businesses near industrial sites, particularly at the CSC complex and at the Kelvin industrial sites. It is worth mentioning that the majority of large manufacturing companies divested since the 1990s and most spaces such as the CSC sites have been portioned to accommodate informal businesses.

The dominant services are hairdressing, photocopying, typing, and repairs of cars and electrical gadgets. Financial services are very scarce as most money lenders have closed shop due to shortages of loan finance. The other category of informal economic businesses is that of construction where operators specialise in plumbing, painting, brick-laying, flooring, concrete crushing, brick and block moulding. This category has been heavily suppressed by economic hardships in recent years but there are signs of its improving in residential construction initiated by government under the banner of Operation Hlalani Kuhle/Garikayi housing reconstruction programme. The last category that has recovered since the days of the economic crisis is transport and communication. Failures by the mainstream formal economy to provide adequate and reliable transport and communication means opened up avenues for the informal sector to rise up and close the gaps. Common in the CBD of Bulawayo are individual-owned and unregistered taxis plying various suburbs as well as telephone shops and Internet cafes. Most of these informal activities operate from central business districts mainly because of centrality and the existence of a diverse customer base. However, other businesses that operate outside designated sites and without licenses face constant harassment and their wares are confiscated by municipal police. Only those who operate from flea markets and designated streets and who pay licence fees enjoy the support and approval of police and, therefore, conduct their business activities peacefully and generate reasonable incomes.

9. IMPLICATIONS FOR THE PLANNING SYSTEM IN ZIMBABWE

The findings reveal how the planning system has metamorphosed to keep up with changing circumstances and how it has helped to revolutionise the vendors' struggles by organising and mobilising them in order to revive the indispensable informal economy. The informal economic sector reconstruction programme, adopted by the Bulawayo City council with the support from other stakeholders after the ruthless and destructive operation, paints a bright picture for the future of planning as it demonstrates the flexibility which the system can achieve in attempts to adopt newer and practical approaches to dealing with unprecedented urbanisation and high poverty levels, the critical 21st century issues in the urban south (Watson, 2009: 153). Previously, the Zimbabwean planning system failed to respond to statutory adjustments to the stringent planning legislations, a case in point the Statutory Instrument 216 of 1994 (*Regional, Town and Country Planning (Use Groups) Regulations*) that legalised the setting up and operations of economic activities in urban residential areas that were previously outlawed in such areas. During these years of hardships due to ESAP, the ordinary urban poor, out of lack of options, proceeded to transform residential suburbs in order to accommodate their informal economic activities and the work of politicians who encouraged the operations of informal businesses in order to empower the disadvantaged majorities economically (Kamete, 1999: 144). The built environment professionals, particularly urban planners, mostly continued with their old principles of designing and layout preparation without incorporating the new changes that were supposed to promote informal economic activities for the empowerment and improvement of the urban poor. The professionals' laziness cannot be blamed on the urban poor, politicians or legislators but on the planning system and planners (Kamete, 2009). Although it has repeatedly been proven that strict and continuous adherence to the physicalist perspective of town planning against the backdrop of mismatches between economic and urban population growth is no longer possible, national governments still raise spatial order above social processes and reality in order to achieve their selfish political agendas. Generally,

the planning system in Zimbabwe is notorious for its uncompromising nature, rigidity and conservatism (Kamete, 2007: 154). Maintaining a tight grip on rational problem-solving, planning systems that derive their justification from the use of scientific knowledge in order to enhance standards of living and orderly environments lead to massive destruction and demolition of developments that are considered unfit. In countries such as Zimbabwe where the central government is politically powerful and can order local governments on any actions to be taken, planning professionals and the planning system can seldom be used to carry out and justify the centre's decisions in the name of orderly development (Kamete, 2009). Although it was evident that the operation had nothing to do with planning and was chiefly conducted to safeguard the then ruling party ZANU PF's political interests and security in urban areas, the government maintained that its operation had been conducted to deal with activities that violated planning laws and threatened public health, safety and environmental protection and sanitation (Kamete, 2007). By conducting the operation in a disorderly manner, particularly the issuance of only a single enforcement order a week after the operation was already underway; the Zimbabwean government violated its own planning laws and regulations to justify its destructive operation (Kamete & Lindell, 2010: 898-900). The provisions of the RTCP Act that stipulates that such an order can only become operative one month after it is served were violated (Kamete, 2007: 162). It is, therefore, clear that the traditional planning system is open to abuse by those who are politically and economically powerful. These power-obsessed politicians seldom use urban planning professionals to achieve their selfish interests such as the eviction of the poor and politically agitated in urban areas.

Against the backdrop of widespread evictions and demolition of the urban poor and their means of livelihoods, planning systems have a great deal to learn from the reconstruction programme being undertaken by the Bulawayo City and immediately adopt new and innovative approaches to the profession such as community participatory planning, integrated development planning, urban management programmes and strategic planning, which positively lead to poverty reduction and

inclusiveness (Watson, 2009). This greatly cautions current planning practice in the global South against its continued application of traditional systems and apparatus that are ineffective in addressing current and future urban issues which have been greatly transformed and are totally different from the earlier concerns that planning sought to solve at its birth. Most local authorities have autonomy in making land-use planning decisions in line with national planning legislations, and their local planners can handle planning controls and regulations within the city's jurisdiction. Such autonomy and power call for pro-active stances on local planning authorities in carrying out their rightful duties to plan, legislate and regulate the use of land to accommodate the poor and their activities in an orderly manner, thus eliminating the need for central government to intervene, abuse planning, and justify and advance its selfish ambitions (Kamete, 2009: 902-907).

10. CHALLENGES OF THE RECONSTRUCTION EXERCISE

Informal sectors entrepreneurs cited stiff competition as their main challenge, particularly those specialising in trading fruits and vegetables and clothing and footwear. The competition is mainly the result of over-subscription of sellers in these activities as they are found in all parts of the city from the CBD to the residential areas. Another category that faces tense competition is that of operators who increasingly specialise in textile and apparel that are affected by competition from cheap goods imported mainly from Asian markets and second-hand clothing from Mozambique and Zambia. Transport providers also face competition as there is over-subscription of commuter transport on all the routes to the various residential suburbs. This leads to those owning slightly bigger vehicles that can carry ten people or more to transfer their operations to inter-city routes. Most previous studies identified stiff competition as one of the toughest challenges informal operators face due to the over-provision of certain product or service lines. Of course, globalisation and the opening up of economies to the outside world, starting from the days of the structural adjustment periods, also play a role (Dhemba, 1999; Gumbo, 2005; Mupedziswa & Gumbo, 1998).

Second is the critical shortage of capital to run or expand businesses. There are

very few micro-finance institutions in the city and the few that are currently offering loans are run by banks and therefore have stringent requirements. A few independent MFIs in the city have suspended their activities due to a shortage of loan finance. The government-owned SEDCO also experiences a similar problem: not enough funds for a multitude of applicants. Besides, it has too many demands such as payment of non-refundable application fees and submission of business plans with cash flows and other documents that cannot be met by almost all the informal entrepreneurs. These findings are confirmed in several previous studies in Zimbabwe. It was found that informal business operators lack access to credit or finance (Kamete, 2004; Mupedziswa & Gumbo, 1998) as banks are unwilling to cede loans to businesses without reliable income and demand collateral security, high interest rates and short repayment periods which negatively affect their stock levels and capital equipment (Brand, 1986; Mupedziswa, 1991).

Although the city authorities have gone out of their way to try and increase the amount of trading space for the informal sector, insufficient trading spaces with sufficient infrastructure remain the main challenge facing informal merchants. Most trading spaces are not sheltered from natural weather elements and have no running water or functional toilets. This problem is compounded by shortages of finance particularly affecting the local authority that owns most of the markets and weak monitoring and follow-ups on private markets that are provided either by companies or individuals. These findings are corroborated by Brand (1986) who found that most informal businesses face environmental problems due to lack of adequate shelter. Most of them are exposed to rain, sun, wind and dust, and the inadequacy of operating in an open-air, unsheltered work space. Similar problems facing the informal sector in the 1980s are still plaguing the sector. Shortages of storage facilities and insufficient infrastructure and funding force operators to pay more for storage at adjacent formal businesses or in the form of transport taking their goods home every day. However, much remains to be done to adequately adjust the British-modelled urban planning system to suit local conditions. Potts (2006) and Kamete (2006) suggest that the zoning and classification of

land uses as residential, commercial, industrial, recreational and community have no place for the informal sector in Zimbabwean urban centres. Of course, piecemeal modification of town planning regulations and statutes to try and accommodate the informal sector, as was done in the 1994-Statutory Instrument 216 which sought to integrate home and work, has hardly been implemented in its entirety. Inadequate space and amenities were also identified by the ILO/SATEP studies in 1984 (Brand, 1986). Dhemba (1999) observed that informal operators ultimately operate without licenses on undesignated sites, since in most cases they fail to fulfil the required regulations and register their businesses or get licensed. These scenarios still persist. Many traders operating on undesignated places is partly the fault of the city authority that fails to provide spaces for the entrepreneurs and not operators attempting to avoid paying license fees.

Lack of jobs was also raised as the main challenge faced by those specialising in construction activities such as bricklaying, painting, tiling and roofing. Although the economy is showing some signs of improvement in response to political and economic order brought by the Unity Government between the former ruling ZANU PF Party and the former main opposition MDC party in February 2009, it is still struggling to support non-direct consumption-related industries such as construction (Gumbo, 2010a). The only few projects that are sometimes available are found in low-income housing programmes that were initiated by the government in 2005 after the operation, and these are mostly very small and not paying adequately.

11. CONCLUSION AND WAY FORWARD

This article demonstrated the resilience and resurgence of the urban informal economic sector and how the Bulawayo City council has been trying to help it getting back on its feet again after its destruction by the government-sponsored OM. Although some efforts have been made by various stakeholders to support the sector, a great deal still needs to be done to help the business units grow in size and graduate to become small businesses as opposed to continuous growth in quantities as new businesses are added everyday to the long list of activities. In

terms of operating places and infrastructure, more partnerships should be built between the city council and other private interests, but making sure that the rentals that are charged afterwards do not force the operators to seek alternative cheaper places which are in most cases undesignated.

Since the central government and private sector are failing informal operators financially, the city council should consider running informal savings and credit institutions that are capable of reaching most informal traders. In terms of the marketing of goods and services and the training of operators, there is a need to prioritise funding of such crucial services, particularly training more trainers among the informal traders themselves. Against the backdrop of the continued growth of informal economic activities, city authorities are urged to work closely with the associations of the urban poor to achieve the objectives of both maintaining urban health and ensuring the means of livelihoods for the unemployed, particularly against the backdrop of a distressed formal sector that has reeled under economic structural adjustments which led to massive deindustrialisation and retrenchments since the 1990s.

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