Return to the Streets

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Abstract

In recent years, several Indonesian cities have relocated street vendors through engagement and participation and with limited confrontation, in turn reducing the volume of itinerant vendors, carving out better work and business environments, and improving public spaces. Despite such celebrated successes, however, many vendors have returned to the streets over time for reasons that remain little examined and understood. Undertaking a comparative case study of three Indonesian cities hailed for recent street vendor relocation policies, this article investigates the potential factors and conditions underlying the return of informal vendors after “successful” relocation and upgrading policies and distills lessons for policy and planning improvements. It finds that vendors return to the streets because relocation efforts fail to look beyond aesthetic improvements, relocation processes fail to prepare vendors for the competitiveness of the free market, and longer-term relocation planning and management fail to consider the emerging needs of vendors. In turn, the discussion of policy and planning implications focuses on mechanisms for enhancing the sustainability of relocation programs and on economic empowerment of the urban poor and their rights to urban space, accessibility, and mobility.

Introduction

Informal vendors have remained a longstanding feature of Indonesian street life, their presence tending to increase during times of economic stagnation and hardship (Dick, 2002; Peters, 2013; Vickers, 2013). With forcible removal prevailing as the official response to the vendors’ presence, distrust, simmering tensions, and violent conflict between vendors, police, and city governments have often followed. In recent years, local governments have entered into dialogue and negotiation with vendors in efforts to transfer them off the streets and into purpose-built public markets. Many such efforts have been successful in removing vendors from the streets in a conflict-free manner through engagement and participation and with limited confrontation, in turn reducing the volume
of itinerant vendors, carving out better work and business environments, and improving public spaces. Such signs indicate that Indonesian local governments are learning to better engage with the informal sector and provide solutions to longstanding issues of public space and economic empowerment.

Despite such celebrated successes, however, many vendors have returned to the streets over time to revive public concern, controversy, and debate at the nexus of urban informality, public space, and rights to the city. While “best practices” have received considerable scholarly and popular attention, the questions of why informal vendors return to the streets and how urban policies and planning might produce more enduring impact remain less examined and little understood. Undertaking a comparative case study of three Indonesian cities hailed for recent street vendor relocation policies, this article investigates the potential factors and conditions underlying the return of informal vendors after “successful” relocation and upgrading policies. It additionally explores mechanisms for enhancing the sustainability of relocation programs and also their implications for economic empowerment of the urban poor.

We summarize our findings on why relocated vendors return to the streets as follows.

1. **Relocation efforts fail to look beyond aesthetic approaches.** Many street vendor-related policies represent aesthetic approaches to relocation that deliver improvements in the visible quality of public spaces, but less thought has been given to physical functionality and locational factors, key concerns of vendors. In the absence of effective site plans and designs, including infrastructural elements integrating the market with its urban surroundings, vendors are more inclined to return to the streets.

2. **Relocation processes fail to prepare vendors for the competitiveness of the “free” market.** The formalized free market environment of a public market and extension of property rights to street vendors can unwittingly hinder rather than advance their economic empowerment. Many vendors are unprepared and incapable of competing in fixed purpose-built facilities alongside vendors possessing more business experience, greater financial resources, or unfair locational advantages and also those vendors skirting regulation. In such cases, economic empowerment requires more interventionist policies on behalf of vendors to protect them from unfair competition and help them adapt to, and find niches within, the market.

3. **Longer-term relocation planning and management fail to consider the emerging needs of vendors.** Although governments have focused on ensuring the relocation of street vendors through a process of negotiation and often make significant concessions, their role is by no means over after the vendors have been installed in the market facilities. Policy maintenance and enforcement following relocation and also provision of training and support around financial literacy, management skills, and other capacities are additionally needed for vendors to remain in the markets and thrive. That many of these requisites lie outside the standard responsibilities and repertoires of government indicates a support or mediating role for local nongovernmental organizations (NGOs), financial institutions, trade or professional associations, and community-based organizations (CBOs).
In sum, the findings help to refocus the attention of policies that support vendors from short-term solutions aimed at managing public space toward considerations of economic empowerment of the urban poor and their rights to urban space, accessibility, and mobility. In the next section, we review an emerging literature regarding vendor relocation. In the following section, we provide an overview of the research design and methodology. Then we present a description of each case study and findings from the study before concluding with a discussion of policy and planning implications along with future research questions and data collection.

**Literature Review**

Our work builds on an emerging literature that rejects a long-held view in writings about informality; that is, that the relationship between informality, as imbued and practiced by the urban poor, and the state should be viewed generally in principally oppositional terms. We adopt Roy’s critical policy epistemology of informality as a lens to analyze the shortcomings of street vendor relocation policies (Roy, 2015, 2014). Interrogating urban policies and planning initiatives addressing urban poverty and informality in the global south, Roy identified the emphasis on urban upgrading strategies whereby spatial designs and redevelopment overwhelm consideration of underlying social, political, and economic drivers and also upgraded livelihoods, rights, and political participation as a key problem (Roy, 2005, 2004). Roy additionally critiques market-based approaches to poverty alleviation, relying on the likes of land title and financial credit extension that unwittingly trigger conflicts over resources and pose added risks and burdens on already economically vulnerable groups. Finally, warning of formalization processes that deepen inequality by giving the upper and middle ranks of low-income communities advantages that spur gentrification and displacement at the neighborhood or urban level, she notes the potential utility of regulatory exceptions and regularity exceptions, which both expand tenure and use value claims in cities through incremental improvements. The former is exemplified by moratoria on standards and codes and the latter by forestalled payments.

Actually addressing the distinctive planning challenges and paradoxes associated with street vendor relocation, however, additionally requires imagination and creativity, albeit one grounded in practical experience and deep contextual understanding. Here, the study builds on Watson’s notion of the interface between “conflicting rationalities” between what she termed “techno-managerial” and “marketised” systems of planning and development and survival efforts on the part of the poor and marginalized as a space of open-ended and ongoing political struggles carrying unanticipated and unintended positive and negative consequences (Watson, 2009). Rejecting a single characterization of power—it is neither one directional nor totalizing, not exclusively negative or repressive—Watson highlights instances in which actors in the informal sector have begun to develop practices that interrelate more closely with formal urban planning and development apparatuses in expressions of “positive hybridity” that exercise power and deliver gains on a wider and more inclusive basis. As many vendors nonetheless return to the streets over time, the framework’s longer term, flexible, open-ended perspective brings into clear relief the importance of attending to the extended trajectories and impacts of such policies beyond their immediate successes, particularly regarding the various stakeholders.
Research Design and Methodology

The research was designed as a comparative case study with embedded units of analysis. The three Indonesian cities of Solo, Jogyakarta, and Jakarta were chosen as focal sites because each had received wide recognition by the national popular press for having undertaken broad-based, popular, and presumably successful campaigns to remove street vendors from public spaces under previous mayors. They also stand out because the approach adopted in all three cases contrasts with more widespread practices in Indonesian cities of employing physical force and coercion. On further examination several years later, however, the stories had evolved, with many of the vendors abandoning the public markets that they had been assigned to and returning to the streets. To better understand the potential factors and conditions underlying the return of informal vendors after “successful” relocation and upgrading policies, the study focused on one or two of the most widely recognized market relocation sites in each city—Solo’s Pasar Notoharjo and Pasar Panggungrejo, Jogyakarta’s Pasar Pakuncen, and Jakarta’s Pasar Tanah Abang Blok G and Pasar Gembrong Cipinang Besar—with varying fates regarding relocation policies. In short, the five street vendor relocation sites and processes were chosen because they were the most well-known cases across the three cities and were frequently cited by street traders during the exploratory phase of the comparative case study.

Researchers conducted indepth interviews with 60 current and former vendors, 20 from each city, between May and June 2015. These vendors included those who had been involved in the relocation processes and decided to remain in the new facilities and an equal proportion of those who had since left those facilities to return to the streets. Varying the respondent sample as such helped illuminate at the individual level how certain factors and mechanisms helped or hindered vendor relocation and resettlement. Researchers learned about the whereabouts of the street vendors from the vendors who had stayed. Vendors who left the new facilities typically returned to their original locations, but some also had moved to informal street markets, often night markets, such as Pasar Senthir in Jogyakarta. Interview questions were aimed at understanding the background and experiences of vendors. For example, vendors answered questions about their involvement in and perspectives on street vendor relocation policies, their reasons for and experiences of remaining in or abandoning the market facilities, and their thoughts and recommendations on how the city might better support their businesses and ensure that similar vendor relocation and upgrading policies are more successful in the future.

The research was carried out by a team of five researchers from the local Indonesian NGO Yayasan Kota Kita, whose mission is to support the empowerment and inclusion of citizens in decisionmaking and planning of their communities and cities. The interviews were conducted in the Bahasa Indonesia language and lasted about 1/2 hour each. Because of the precariousness and economic vulnerability of vendors on the streets, some respondents were reluctant to be seen giving interviews. For the most part, however, respondents were willing to respond and give insights on their relocation experiences and circumstances. Nonetheless, the research team refrained from audio- or video-recording the interviews to uphold vendor confidentiality. Following the interviews, the team of Kota Kita researchers analyzed the notes and transcriptions before distilling findings in collaboration with the authors.

1 This market is essentially an empty parking lot that street vendors are permitted to occupy at night.
Description of Cases

This section presents an overview of our five case study sites, namely Solo’s Pasar Notoharjo and Pasar Panggungrejo, Jogjakarta’s Pasar Pakuncen, and Jakarta’s Pasar Tanah Abang Blok G and Pasar Gembrong Cipinang Besar.

Pasar Notoharjo, Solo

As informal trading grew dramatically in the aftermath of the Asian Financial Crisis of 1997, many unemployed workers in Solo congregated as vendors in Banjarsari Park, a public space in the middle of the city. At its peak, the park was bursting with 1,000 vendors, leading to complaints by nearby residents about noise, trash, and general lawlessness and precipitating into the most visible public agenda issue of the city. Repeated attempts by Mayor Slamet Suryanto to force the vendors away, largely through the violent action of the police, were unsuccessful.

In 2005, a new mayor, Joko Widodo, known to the people of Indonesia as “Jokowi,” tried a fresh approach of transitioning informal vendors into legal status, installing them in purpose-built markets, and taking back public spaces. Previously an entrepreneur furniture salesman, the mayor (now President of Indonesia) invited the street traders and other stakeholders of Banjarsari Park to more than 50 open-dialogue meetings. The rapport and personal relationship that he built were instrumental in convincing them to support his relocation plan, which was implemented within a year’s time. The negotiations included significant concessions from the government side, including a new purpose-built market, stall ownership certificates, and access to business loans to support their businesses. The government also responded to vendors’ concerns that the relocation site was too remote and disconnected from the city by surfacing roads, installing signage, designing new bus routes to improve access, and promoting the new market through the media.

Marked by a parade of the vendors through the streets to the new location called Pasar Notoharjo, the ceremonial fanfare and celebration helped to attract the attention of the public and raise the credibility of the move. Still, during the first year, many traders complained that they had lost their customers and struggled to make ends meet as a result of the new location. Some sold their stalls and returned to the streets but eventually returned when the market started to attract more customers after the first year. In 2012, the city undertook a second round of vendor relocations to Pasar Notoharjo, this time from Jl. Veteran, a main road in central Solo. Again, vendors were relocated to a purpose-built facility adjacent to Pasar Notoharjo and received stall titles; this time, however, the relocation involved less engagement and participatory planning and less fanfare and spectacle. Moreover, the market was located off the main road and separated from the 2007 relocation site by a wall, such that relocated vendors struggled to attract new clients.

Pasar Panggungrejo, Solo

In the eastern part of Solo, near the Sebelas Maret University campus, a main road that runs alongside the campus featured a high density (around 160) of small-scale traders who had congregated there since the late 1990s. As the city prepared for the construction of a strategic urban project, the Solo Techno Park, Mayor Jokowi sought to clear the vendors from the north side of the road.
Paguyuban Pedagang Sekitar Kampus (PPSK), an association of traders established in 2000, strongly opposed the proposed plan, contesting the proposed location of the market and seeking concessions such as stall titles from the government. The density of existing land uses in the campus area, however, limited the availability of potential sites beyond that proposed by the city, which sat behind a government building, out of view from the main road. Moreover, because the street vendors faced negative public opinion and pressure from the university, the PPSK conceded.

Between January 2008 and December 2009, 201 traders were relocated to the newly constructed Pasar Panggungrejo; just a few years later, almost all the traders had abandoned the market for the streets. In particular, those who sold food, mobile phone credit, and spare auto parts—drawing from students as their primary client base and requiring convenient access points—were the first to go. Despite gaining stall certificates, vendors complained that they were forced into the move, with no governmental promotion of the market, technical assistance, or access to loans. Many thought that plying their trade back on the streets would give them easier access to clients.

**Pasar Pakuncen, Jogyakarta**

In Jogyakarta, Mangkubumi Street, Alun Alun Kidul, and Asem Gede Street grew into key sites of informal trading from the late 1990s, eventually raising public concern over circulation issues. In 2007, Mayor Herry Zudianto (2001–2006; 2006–2011), influenced by Mayor Jokowi’s success in Solo, announced that street vendors would be relocated from these areas to purpose-built markets. Although many vendors agreed to the move, others resisted, staging street demonstrations and protests. A progressive, reform-minded mayor, Zudianto asked the vendors to organize themselves and for a group of representatives to serve as a bridge between the vendors and the city government. In return for relocation, the vendors asked for stall ownership certificates, financial subsidies, and public promotion of the site as well as that the new market site be the only secondhand goods market in the city. Agreeing to these conditions, the government relocated nearly 700 vendors to the purpose-built market, Pasar Pakuncen, near the center of the city, in November 2007.

Because business was slow at the outset and many of the vendors started to feel desperate, the government allayed their fears by offering lunch money for nearly 2 months while market patronage picked up. Meanwhile, many vendors abandoned the site for the streets, believing that they would be better off if they were mobile. During this period, the market shed its secondhand specialization because more of the new vendors purveyed new goods in the abandoned stalls, bending the rules and regulations to create storage space and expand their stalls. Because the new vendors tended to be more experienced and better-resourced entrepreneurs, many of the original street vendors felt hard pressed to compete, particularly with their secondhand goods. Within a few years, there was an exodus of vendors who thought they had not only lost clients during the relocation but also thought they were increasingly losing opportunities, and “face,” to new vendors with whom they could not compete.

In 2011, Mayor Zudianto left office, and the city dropped the prior commitment to preserving Pasar Pakuncen as a specialized location for vendors of secondhand goods. The new administration saw an opportunity in having several secondhand markets, further decreasing the locational advantage of the original relocated vendors. At the time of this writing, large numbers of the 697
vendors had moved back on the streets, replaced in Pasar Pakuncen by entrepreneurs from all over Indonesia. Pasar Pakuncen is now thriving, but many of the original vendors are to be found at places like the Pasar Senthir night market or on streets across the city.

**Pasar Tanah Abang Blok G, Jakarta**

As the capital and largest city of Indonesia, Jakarta historically has drawn people from all over the country who are seeking opportunities and employment, often as street vendors. Successive governors previously attempted vendor relocation efforts with little success but, in 2013, Governor Joko Widodo, former Mayor of Solo, decided to try his winning approach on Pasar Tanah Abang, a central Jakarta textile market. Among the largest markets in Southeast Asia, Tanah Abang is actually a sprawling complex of several markets including Blok A, Blok B, Blok F, and Blok G, together housing nearly 20,000 kiosks, with estimated daily sales revenues between 20 and 30 million U.S. dollars. Its central location and high sales turnover attracted vendors to ply their trades within its walls but, more frequently, just outside. For Jokowi, installing public order and improving circulation would not only relieve other parts of the city but also set an important precedent for his governorship.

The government sought to relocate vendors from Jl. Kebon Jati, the main road that runs north-south through the Pasar Tanah Abang area, now impossible for vehicles to pass through, to a nearby air-conditioned, purpose-built, indoor market called Blok G. Many vendors found the offer attractive, given the scarcity of such designated spaces and challenge of playing “cat and mouse” with the authorities, but they remained concerned about the site’s constrained internal circulation and customer access to upper floors. The government promised to improve pedestrian circulation by building a purpose-built skybridge, directly connecting Blok G to the train station, and installing an escalator to the third floor, where most vendors would locate. The civil police also warned that they would seize the goods of noncompliant vendors. Otherwise, the relocation process moved very quickly, with very little time or room for negotiations or even consultation and with a notable absence of a vendor association to facilitate dialogue. Within 3 months of Governor Jokowi’s inauguration, the vendors received notice of the pending relocation and were relocated 6 months later, in September 2013.

The relocation foundered almost immediately because of inadequate improvements within Pasar Tanah Abang and in the surrounding streets. The promised skybridge and improved circulation improvements failed to materialize, leaving the Blog G vendors in inaccessible locations with few customers and burdensome high monthly rents. Meanwhile, efforts to regulate the vendors outside Pasar Tanah Abang focused on the main road, Jl. Kebon Jati, to the exclusion of the side streets. Because these areas offered more accessibility than the higher floors of Blok G, they became increasingly crowded with a growing volume of vendors, who additionally benefited from the protection of powerful local organized crime groups. Unable to compete, many of the relocated vendors returned to the streets within a year’s time.

**Pasar Gembrong Cipinang Besar, Jakarta**

The case of Pasar Gembrong Cipinang Besar represents a repeat of the Pasar Tanah Abang Blok G case previously described, because the Jokowi government rushed to relocate street vendors
in the capital without much stakeholder engagement or participatory planning. Over 25 years, Pasar Gembrong Cipinang Besar had grown as a long row of stalls along Jl. Basuki Rahmat in East Jakarta, with street vendors, mostly specializing in toys, numbering 212 by the time of the relocation efforts.

In July 2013, the authorities approached the vendors to register them before shortly serving them notice of relocation plans to Pasar Gembrong Cipinang Besar. Located about 1/2 kilometer from their current location, the new facilities were considerably better than the vendors’ makeshift street stalls, but many complained that the location was too far from existing customers and vendors’ homes, thereby introducing new daily transportation costs.

Despite opposition by most vendors, the relocation took place in September 2013, and, as it turned out, the market lacked adequate parking and had poor stall arrangements and site design. Because relocated vendors experienced customer loss and income decline, almost all moved back to their original location on Jl. Basuki Rahmat. When the civil police subsequently sought to move them back into the market and issue a regulation, the street vendors organized an association to continue to fight the move.

**Research Findings**

This section summarizes our research findings regarding why informal vendors from the five market sites returned to the streets after “successful” relocation and upgrading efforts and how policy and planning interventions might prevent such outcomes in the future.

**Relocation Efforts Failed To Look Beyond Aesthetic Approaches**

Even when government relocations took into account vendors’ desires to relocate near the public spaces where they formerly operated, they often ironically lacked integration with the surrounding urban fabric and major circulation corridors, resulting in limited public access and patronage. For example, in Jakarta’s Pasar Tanah Abang Blok G, vendors were moved from the readily accessible street level to the third floor of an indoor facility, with failed promises of a connecting bridge that would help steer the public in their direction and escalators that would help customers reach the higher floors. Hasan, one of the leaders of the street vendor association, said, “Look, this one-way road is ridiculous; people will never stop in front of this market; there should be a good management of circulation here.” Ida, a vendor who abandoned Tanah Abang for the streets, said, “The government promised to provide good infrastructure before relocating us, but never fully completed it.” Likewise Jakarta’s Pasar Gembrong Cipinang Besar repelled customers with inadequate parking, and Solo’s Pasar Panggungrejo was imperceptible from the road because of a large setback. Eko, a trader who left Panggungrejo for the streets, said—

*The market is not accessible for students…. I only had a limited number of regular customers who knew me from my previous location. When they graduated, it was very difficult to find new customers due to the nonstrategic location. So I had to move out.*

Spatial considerations, however, also go beyond the market locations to include locational arrangements within markets and other interior features of facilities. In Pasar Panggungrejo, Pasar
Notoharjo, and Pasar Tanah Abang Blok G, the poor circulation, limited access of upper levels, and cramped corridors were noted as inhibiting customer traffic and patronage. Locational considerations are particularly important for certain types of purveyed goods and services, such as mobile phone credit, fast food, and auto parts and repairs, which require high levels and easy modes of accessibility for clients on the go. Wiwin, a former Pasar Panggungrejo trader who now operates a stall on Jalan Ki Hajar Dewantoro, elaborated on this issue.

Location is really key for those of us who sell mobile phone credit. Our main targets are people passing in the street. People will not park their motorbike and go inside the market just to find phone credit. Inside the market, from 9 a.m. to 5 p.m., we can get 10 transactions, which is good but, many times, it's worse than that. Outside the market, I can get 50 transactions on average.

Purman, a Banjarsari Park vendor who abandoned the Pasar Notoharjo relocation site for a nearby parking area, said, "I got a second floor stall, which was suitable for garments but not suitable for me as a secondhand goods vendor. All secondhand goods should be located on the first floor because it is hard to bring heavier goods up the stairs." Given the limited amount of stall space on the street level or close to the entrance, relative to other parts of the market, such insights indicate a need for strategic spatial planning and management within the market spaces to support various businesses. Jogyakarta’s Pasar Pakuncen, on the other hand, has good spatial distribution and grouping of goods within the market, which helps orient customers; auto parts are positioned on the ground floor, and mobile phones and electronics are on the second floor.

In other cases, vendors complained about the dimensions of the assigned stalls. Among vendors who had abandoned Pasar Pakuncen, some faulted newcomer vendors for progressively upgrading their stalls to improve storage capacity, display areas, and lighting as to claim unfair competitive advantages and change the nature of the market. Many of the relocated street vendors wanted to maintain smaller, more communal stall areas, which favored small-scale merchants, as opposed to larger stalls, which favored larger, better-performing businesses. This finding indicates the importance of designing markets and sales spaces to suit the actual profiles and needs of the relocated vendors to prevent gentrification and displacement.

Another key dilemma noted by vendors who left the markets for the streets was the inability to wait for purpose-built markets to gain public recognition and patronage, given their immediate economic insecurity and need to seek income from one day to the next. In the cases of Jogyakarta’s Pakuncen and Solo’s Notoharjo, many of the relocated vendors sold their certificates of perpetual stall ownership within the first year of operation. In so doing, other merchants (many of whom were quite successful and not poor) captured the positive externalities of the markets’ eventual popularity. The street, in turn, offered traders flexibility to change locations depending on customer location and present competition. Eko, a former Pakuncen trader, said, “We prefer to stay mobile so that we can find a place to sell our goods, a place that is at our level. In the market, we are stuck in one place and the level can rise around us.” Thus, for many previously informal vendors, their economic insecurity and resultant inability to absorb the investment costs of being in a fixed location pushes many of them to revert to the more flexible, short-term approach of roaming to capture opportunities throughout the city.
In offering policy and planning recommendations, a number of interviewees underscored the importance of following up the market siting with effective site plans and designs, including infrastructural elements and other accoutrements, such as bridges, signage, and parking spaces, that facilitate public access. As our comparisons show, such approaches and trajectories appeared more likely where vendor relocation and site planning processes prioritized dialogue, negotiation, and a commitment to finding mutual benefits for street vendors and the city. For example, in the Pasar Notoharjo relocation of 2007, Mayor Jokowi heard the vendors’ concerns about the site’s remoteness from the rest of the city. As a result, his administration extended new bus routes, completed street surfacing, and undertook a promotional campaign to integrate the area with its surroundings and change its reputation. Beyond the construction of the market building, the urban infrastructure improvements and promotional work boosted awareness of the new site, which became popular even beyond the city as a center for auto parts and secondhand goods. The result not only pacified the vendors and instilled their confidence in the move but also enabled a greater number to thrive in the new locations and stay off the streets.

**Relocation Processes Failed To Prepare Vendors for the Competitiveness of the “Free” Market**

The government issuance of certificates of stall tenure has enabled vendors to access credit from banks and increase their stock, invest in progressive upgrades, and, in some cases, operate different stalls. In the best cases, the savvier business vendors have found niche markets and maintained relationships with long-time clients while attracting new ones to expand their revenues and incomes. Local governments often tout such scenarios as evidence that relocation can support one of their desired effects, which for Solo’s Mayor Jokowi was to improve the *ekonomi masyrakat*, or the economic conditions of the poor.

Several interviewees also spoke to the challenge of remaining in their new locations in the face of growing competition, however, especially from vendors possessing more business experience, greater financial resources, and unfair locational advantages and also from those vendors skirting regulations. In Jogyakarta, Mayor Zudianto designated a single marketplace for secondhand goods in a demonstration of firmness (tegas) and a pro-poor policy. As policy enforcement lapsed under the new mayor, however, three other public markets transitioned into secondhand markets, undermining the position of the Pasar Pakuncen vendors, who nonetheless grew in number to include purveyors of new items. Pak Sutrisno, a former Pakuncen trader, said—

> Pak Herry was strict. The new vendors and products had specific places where they belonged. Now there is less interest in protecting the interest of the poor. Before, there were more antiques, more cheaper goods. Now the market is very busy with new things, new goods, but not with old goods. Now there are different products and new customers.

Rizal, another Pakuncen trader, also remarked on processes of market oversaturation and resulting competition.

> The concept of the relocation is good, but then as it grows, new traders come, it is then not suitable for secondhand goods traders anymore. We could not compete with non-secondhand goods traders, especially when they sell similar types of goods. We cannot operate in the same location.
For some vendors, lacking finance know-how and business experience and skills (for example, accounting, marketing, inventory management) further stymied potential benefits of having a certificate and a fixed location in the market. Lia, a Pasar Pakuncen vendor, said—

_Those who abandoned Pasar Pakuncen mostly had bad financial management skills. By using their certificates, they accessed bank loans that were too big and then couldn’t manage the money—they became trapped in debt. Some of them already had a huge amount of debt before they’d been relocated._

Rizal, a trader from Solo’s Panggungejo market, said, “Many traders have low education levels. Most of us are afraid to borrow money from the bank. We don’t really have a clear understanding of how it works and feel insecure about the risk.” Thus, low levels of education can put vendors in a situation of financial stress because they lack information and wherewithal.

Aside from the fear of predatory lending (given its prevalence in poor communities), lack of familiarity and access to more formal banking systems along with financial literacy to access loans on favorable terms, even from formal banking institutions, additionally increased the economic vulnerability of vendors. Many commented on feeling trapped in their new positions because competitive concerns led them to obtain loans to enlarge their stock. These loans created significant exposure, because these vendors had little experience in managing business debt. The vendor Purman of Solo’s Pasar Notoharjo said, “Immediately after I got the stall from the government, I borrowed money from the bank [with stall as collateral] just to add commodities, but, after a year I didn’t have enough revenue, so I abandoned the stall and went back to the street and the bank seized it.” Despite possession of a formal certificate and access to bank loans, vendors risk losing everything—including their stall and right to occupy the market—in the absence of other collateral in the failure of loan repayment. While street vending allows flexibility of movement and experimentation with strategic locations enabling better access to customers during difficult times, being tied to single locations preclude such opportunities.

Other respondents accentuated how moving to a new facility with a certificate to operate a stall can unwittingly exacerbate the economic and social vulnerability of the poorest vendors. Some have experienced unexpected hardship, such as a medical condition, forcing them to sell their certificate to access financial resources. Bagus, a vendor from Pasar Pakuncen, was keen on operating a stall and thrilled to receive a certificate, but he was forced to sell it soon after to pay for his father-in-law’s surgery following a motorcycle accident. Others referred to similar family emergencies; problems with gambling, alcohol, or irresponsible financial management; and other unexpected or unavoidable shocks as triggering sudden liquidation of assets. The trader Sutrisno and his wife, also from Pakuncen, spoke more generally: “How could poor traders like us resist such temptation of instant money from other traders? We finally sold our stall for big money.” As a counter example, Jakarta’s Pasar Tanah Abang Blok G relocation included regulations stating that the vendors do not possess ownership of stalls but only the right to occupy them (which they cannot transfer or sell), which protected poor vendors from the seduction of selling. For those not using their allocated stall in 3 months, the government reserved the right to grant it to someone else.

Thus, market mechanisms intended to advance the economic prospects of vendors often unwittingly perpetuate inequality, as better resourced and more able vendors leverage available
opportunities to get further ahead while the poorest vendors get overwhelmed by the competition, shoulder added economic risks and burdens, and ultimately return to the streets. In simple terms, the free market engenders creaming and inequality, thus exacerbating the conditions causing urban informality in the first place. Among potential policy and planning interventions that interviewees discussed, several vendors accentuated the importance of government oversight, whether in regulating new street vending following relocations, illegal business practices and unfair competition within the markets, or the selling of stall ownership certificates, the latter being critical to tempering gentrification and displacement within the markets. Beyond seeking protection from fierce and uneven competition, many interviewees also underscored the importance of adapting to and finding niches within the market. Antok, head of the Pasar Pakuncen traders association, summarized this issue: “There are some reasons people fail or succeed here: level of tenacity, type of commodity, amount of capital, extent of knowledge based on experience and education, and social links or networks.” A fellow Pakuncen vendor, Dul, added, “To win competition, first we should become distinct in the quality of our commodities, service delivery, and price because the competitors are not just those in this site but also the many new street vendors who have not been relocated.” Again, local NGOs, financial institutions, trade or professional associations, and CBOs may play a role in delivering technical assistance along these lines, given they fill the jurisdictions and usual functions of government. Finally, where financial credit access is both a great resource and a liability, interviewed vendors suggested a mediating role for civil society organizations. Nur Rochmad from Solo’s Pasar Notoharjo said, “A cooperative offering soft loans can be really helpful for vendors to access capital and make new investments.”

**Long-Term Relocation Planning and Management Failed To Consider the Emerging Needs of Vendors**

Our findings indicate that government commitment to vendor outreach, inclusive and continued negotiation, and participatory planning is instrumental to successful vendor relocation from street to market and also to sustaining results beyond the transition phase. In the relocation of street vendors from Solo’s Banjarsari Park to Pasar Notoharjo in 2007, Mayor Jokowi’s deep engagement of vendors through dinner invitations, site visits, and participatory planning processes involving the vendors, their associations, and intermediary NGOs and CBOs was critical to building trust, obtaining mutual concessions, and producing a satisfactory outcome. The second phase of the project in 2012, which lacked such participatory and communicative components, failed, however, because of inadequate support. Likewise, in Jogyakarta, the Pakuncen administration supported newly relocated vendors with lunch money in the initial phase when the market was growing in reputation and popularity and undertook renovations when there was a fire, the result being that vendors remained on site during difficult periods.

Street-to-market transfers have been less successful in cases of inconsistent maintenance and enforcement following relocation. When former sites of relocation are inadequately monitored, the streets often become reoccupied and reclaimed, in turn spurring jealousy and weakening resolve among relocated vendors, not to mention distrust toward city officials. In Jakarta’s Tanah Abang, the relocation of some vendors to Blok G was followed by the reoccupation of vacated spaces by other vendors without regulatory consequence, and in Solo’s Pasar Panggungrejo, the government
relocated one group of traders while allowing others to remain in the streets; in both cases, the result was increased tension among vendor groups and diminished faith in government capacity. A number of Jakarta vendors additionally remarked on policy inconsistency and shifts after regime changes. Within Jogyakarta’s Pasar Pakuncenc, inconsistent enforcement of stall rules, in part because of corruption, resulted in vendor gentrification and displacement, with newcomers upgrading spaces, increasing their own stock and display areas, and outcompeting original stall occupants to whom the markets were designated. One vendor talked about the unfair competition—

Before, the stalls were low, but people kept building them higher and higher, and so they were competing with people who invested more. They couldn’t survive or compete with it; the others felt terrorized (by the building of the cage); this wasn’t the original one (70 centimeters high, with a bunker beneath). Now they can store above and below, so much stock. That’s not fair for them; it blocks access to buyers. It’s the government’s fault; the government failed because they couldn’t regulate and protect the interest of the vendors. This changed the nature of the market. However, also the market evolved by itself, they recognized this, but the failure was to not regulate the rules of the game.

In Solo’s Panggungrejo, weak government monitoring and poor communication between government officials and vendors, along with dispersal of the traders’ association, which had mediated the relocation negotiations, similarly resulted in an inhospitable business environment, compelling many vendors to return to the streets.

Some interviewees identified government as directly causing the problem through inconsistency in applying policy and poor coordination across different government departments. The fact that the Market Department typically spearheads vendor relocation processes without engaging other departments, such as Social Welfare, Urban Planning, and Economic Empowerment, results in fragmented policies and plans. Because government departments receive funding only for projects that they develop for themselves, rarely do integrated approaches occur by themselves in the absence of oversight or leadership. Fragmentation is precisely what happened in Jakarta’s Pasar Tanah Abang Blok G, as opposed to the integrated approach seen during the first move of vendors from Banjarsari Park to Pasar Notoharjo, where Mayor Jokowi saw that all the relevant government departments attended meetings, developed viable solutions, and contributed in a coordinated manner.

As for policy and planning implications, many vendors recommended augmenting relocation processes in which government merely moves people from one place to another with provision of training and support around financial literacy, management skills, and other capacities to succeed at business in a fixed location, formalized market environment. Rizal, a trader from Jogyakarta’s Pasar Pakuncenc, said about government assistance—

Assistance from the government is clearly needed to make [vendors] know that there are banks in which they can access loans to improve business. Most of the vendors are afraid to borrow money from banks, just because they don’t have a clear understanding on how it works. They feel insecure about the risk.
Speaking in more general terms, Mbah Sukir, a Solo-based trade association leader, said, “One thing that Jokowi forgot about: He uprooted the tree from the soil and replanting it in other land, but he forgot that the tree needs fertilizers. The traders need that fertilizer to make them grow in the market.” While Sukir emphasized the importance of technical assistance and training following deep participatory and collaborative processes of vendor relocation, another Jakarta-based vendor underscored the hazards of regime change, remarking, “Jokowi has abandoned us, becoming the president (after serving as Jakarta’s governor, he won the national presidency); the current government could not continue the project. There should be a followup, assistances to empower the traders.” Reflecting on the potential of self-organization and more sustained engagement by civil society organizations, Aa, a community-based organizer, said, “After relocation, the government should empower the vendor association to protect themselves legally, run soft saving and loan programs, get better leverage, and run mutual help associations to counter adversity.” In the case of Solo’s Pasar Notoharjo, such organizations played an instrumental role in enabling the vendors to address common issues as they arose and responded to the mayor in a coordinated manner, while the city alternatively exploited differences among vendors in Pasar Panggungrejo to weaken their bargaining position.

**Policy and Planning Implications**

Our study took a more indepth and extended look at “best practices” of street vendor relocation to investigate the potential factors and conditions underlying the vendors’ return to the streets and to distill lessons for improving related local policies and programs. Building on the three sets of findings presented in the previous section, the following discusses implications for policy and planning. Each implication reflects a transition from the prevailing current approach to vendor relocation to a new, more inclusive and context-specific approach.

**From Aesthetic Approaches to Pro-Poor and Inclusive Spatial Interventions**

Even when government relocation efforts place vendors near the public spaces where they formerly operated, spatial interventions often lack integration with the surrounding urban fabric and major circulation corridors. They may also neglect locational arrangements within markets and other interior features of facilities as to limit public access and patronage and disregard the need for immediate returns and flexibility of movement among the poorest vendors who operate on a survival basis. In simple terms, present vendor relocation policies appear to focus on reclaiming public space from low-income street vendors and placing them in aesthetically pleasing new markets rather than improving their economic prospects and addressing the socioeconomic, political, and spatial disparities underlying urban poverty and informality. By following up vendor relocations with effective site designs and plans, including commerce-enhancing infrastructural elements (for example, marketing campaigns, integrating market sites with major circulation routes, and enhancing pedestrian access), local governments can help upgrade vendors’ livelihoods to ensure vendors remain in the markets long term. In addition, incorporating vendors’ perspectives and preferences on stall location within the markets, in relation to external surroundings, internal circulation corridors, and other vendors offering various products and services, can promote the viability of new facilities.
What is ultimately needed is an explicit commitment to pro-poor and inclusive spatial interventions. In Solo, vendor relocation efforts were part of a larger local campaign of economic empowerment (of the urban poor) and building a people’s economy. Pro-poor and inclusive spatial policy and planning would go far beyond convincing street vendors to abandon public spaces for designated marketplaces. It would require attention to vendors’ rights to the city, including their connectivity to fellow urban denizens and major transport networks along with their freedom of mobility, albeit tempered to some extent by regulatory agreements prioritizing the public interest, inclusively and progressively defined. If done well, this approach would mitigate current problems, including locational remoteness, inadequate transportation connectivity, and poor commerce-related infrastructure. It would also result in a public that viewed the site positively, which would further enhance its commercial perspective. Moreover, it could support the day-to-day subsistence needs of its low-income vendors in the interim; for instance, by extending “regulatory exceptions” such as rights to roam at designated spaces and times. Within the markets, pro-poor and inclusive processes of strategic spatial planning and management might rethink the current lottery system, which simply guarantees each street vendor a space and imparts a sense of equal treatment through random assignment. Instead space could be reapportioned based on the varying profiles and needs of the different vendors and how they might complement each other to promote the overall success of the new market.

From Market-Centric Approaches to Community-Based Wealth Generation

Relocating street vendors to purpose-built markets and giving them certificates of perpetual stall ownership, while intended to advance the economic prospects of vendors, often has the opposite effect. Exposure to new and more aggressive forms of market competition within fixed spaces can make vendors even more economically vulnerable because they lose their freedom of movement to proactively seek out new customers and find spaces where the competition is manageable; in addition, they become divided among themselves in competitive struggle. Moreover, the provision of stall ownership certificates, which in turn enables access to bank loans, poses added economic risks and burdens in the absence of technical assistance and training. As a consequence, unforeseen circumstances can trigger sudden liquidation of assets, and debt-financed inventory expansion can heighten financial insecurity. Vendors clearly require more support than new facilities, even with a formal certificate, given little experience working in formal conditions and, in some cases, paying taxes and monthly rent. Being poor, they also have generally low levels of education and are often reluctant to take out loans, given the prevalence of predatory lending and disastrous—and, in some cases, violent—consequences of debt in their communities.

On occasions in which market relocation has benefited the poor, they have had regulatory protection from the government, benefited from technical and organizational support, and effectively found niches. Such approaches to market relocation require rethinking the traditional role that governments have played in street vendor management, which has mostly centered on physically relocating vendors from public spaces and streets to purpose-built markets before relinquishing involvement and responsibilities to the free market. Instead, promoting vendor organizing and social, political, and economic empowerment in partnership with civil society groups and organizations would enable vendors themselves to resolve emerging issues and engage with government
planners as needed. When some of the trainings and technical assistance might fall outside the scope of government capacity, NGOs, trade associations, and microcredit financial institutions could step in. For example, these groups might introduce e-commerce, marketing, accounting, inventory management, and other useful knowledge and skills. They could also create flexible, cooperative credit and mutual savings institutions that help vendors manage financial risk and build shared wealth. Meanwhile, government could focus on consistently enforcing rules and regulations to ensure fair competition or improving public accessibility of markets; for instance, through subsidized bus fares or undertaking urban infrastructure improvements that improve circulation and walkability in the market vicinity. Such regulatory persistence helps ensure that the gains of regulatory exceptions remain.

From the Policy Cycle to Adaptive Governance

Policy, as traditionally understood, is undertaken by government, which defines the problem, determines goals, chooses and implements courses of action, and evaluates results, which, in turn, inform future policy. Alternatively, ongoing, adaptive government engagement, complete with inclusive and participatory planning processes involving street vendors along with their associations and intermediary NGOs and CBOs, with provisions for policy learning and innovation, is critical to sustaining results beyond the relocation phase and ensuring the gains of “regulatory exceptions” remain and proliferate. As described in the previous section, poor locational decisions and site plans compromising the viability of some of the markets were more often than not issues that vendors had keenly anticipated and were aware of. Had the vendors been meaningfully consulted and involved in the site planning and design phases, or even in troubleshooting problems as they arose, the problems might have been avoided or ameliorated.

Rather than approaching vendors individually, efforts to facilitate relocation, site planning and design, or even business planning can be maximized by building on existing capacities such as social organization and collective action. These efforts could involve trusted intermediary and boundary organizations. For example, given vendor reluctance to take on loans and go into debt or risk of losing certificates of stall ownership in the face of unforeseen circumstances, collective contractual arrangements and structures of governance might ease some of the fears and risks and also tend toward better outcomes. On site, vendors are more likely to support stall reapportionments that are based on the varying profiles and the needs of the different vendors if mechanisms for shared decisionmaking and gains distribution are in place. Vendors may form a worker cooperative in which each member owns shares, contributes business revenues as a share of total profits, and takes out dividends (perhaps based on a combination of individual and group performance and also number of shares), in turn breaking cycles of day-to-day subsistence because even “regularity exceptions” run out in due time. Moreover, vendors could participate in shared decisionmaking about product and service placement within markets, improvement of common spaces, marketing campaigns to maximize client patronage and total revenues, and proactive engagement of the city to deliver urban infrastructure improvements and other public works and services that enhance the site’s connectivity to the rest of the city and resultant public patronage.
Future Research Questions and Data Collection

In concluding, we offer brief thoughts about future research questions and data collection that might extend our findings and also the state of knowledge about vending. First, a quantitative assessment of street vendor relocation and upgrading policies would contribute greatly to our understanding of these policies and their effects. For instance, one might investigate how different policy approaches affect profits and income among relocated vendors, taxes and fees collected by local governments and other public authorities as a result of vendor relocations into purpose-built markets, or even the cost of insurance for vendors as a way to avoid their having to sell their stalls. Second, research could focus on the extent to which street vendors are “informal.” In many Indonesian cities, local governments often manage to collect taxes and fees from itinerant vendors. At the same time, vendors who sell in purpose-built markets may not pay taxes or requisite fees and lack proper documentation. Thus, the notion of informality in Indonesia is fluid and amorphous. It would be of interest to explore whether informality in other countries is similarly vague. Such research could serve to help clarify the nature of formal/informal boundaries. Finally, connecting street vending research with the literature on shopping mall retail development could inform improvements in stall arrangements and site planning within purpose-built markets. While stall assignments at our case study sites were largely decided based on the lottery system, the reapportionment of spaces based on the complementary products and services of the different vendors could promote the overall success of markets and enhance total revenues.

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References


Additional Reading


