AFRICAN FOOD SECURITY URBAN NETWORK (AFSUN)

Food Security in Africa's Secondary Cities: No. 5. The Informal Food Sector in Mzuzu, Malawi

URBAN FOOD SECURITY SERIES NO. 31

Food Security in Africa's Secondary Cities: No. 5. The Informal Food Sector in Mzuzu, Malawi

Lovemore Zuze, Liam Riley,
Emmanuel Chilanga and Anil Dhakal

Series Editor: Prof. Jonathan Crush

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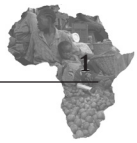


1. Introduction

This report forms part of the Food, Urbanization, Environments and Livelihoods (FUEL) project of the African Food Security Urban Network (afsun.org/fuel-project), which highlights the rapid transformation taking place in African secondary cities and its impact on food security, food systems, livelihoods, poverty and governance. The survey that informs this report builds upon a series of household food security surveys conducted in Mzuzu (Riley et al., 2018), Dschang, Cameroon (Legwegoh et al., 2020), and the Oshakati-Ongwediva-Ondangwa urban corridor in Namibia (Nickanor et al., 2019). The reports on the findings from those surveys demonstrated the depth of food poverty in these cities, the complexity of local food systems and the importance of the informal food sector in making food accessible to poor households. The study of small-scale food traders in Mzuzu sheds additional light on the role of informal actors in urban food systems in secondary cities of the Global South (Battersby and Watson, 2019; Young and Crush, 2020). Through an integrated city-wide study of demographic structures, regulations, food distribution channels, consumption patterns, production and safety trends, this report explores the nature and significance of the informal food system in Mzuzu.

The methodology and analysis of informal food trading policy and practice discussed in this report is similar to examples from primary African cities studied by the Hungry Cities Partnership (HCP), including Nairobi, Kenya (Owuor et al., 2020), Cape Town, South Africa (Tawodzera et al., 2019), and Maputo, Mozambique (Raimundo et al., 2020). These primary-city studies demonstrated that small-scale food enterprises play an important role in distributing food (especially fresh produce) and creating livelihood opportunities, but they operate with little access to capital investment or loans, with thin profit margins, and often with antagonistic or hostile local regulations. This report shows similar trends in secondary cities such as Mzuzu. The findings provide evidence of the need for policies supporting small-scale food enterprises as they contribute to sustainable urbanization, inclusive economic growth and food security within small and emerging urban areas. This would support progress toward Sustainable Development Goal (SDG) 11 (sustainable urbanization), while also addressing the SDGs for poverty reduction, food security and gender equality. The research also supports domestic policy priorities in the Government of Malawi's National Urban Policy of 2019 and informs municipal-scale policy decisions.

The report gives an overview of Mzuzu and then describes the methodology adopted to gather the required data, and the characteristics of the retail enterprise owners. The survey results are then presented – food retail enterprise structure, food sources and characteristics, business practices and strategies, food hygiene and food production. Finally, the major issues are drawn from the study and recommendations are made.

2. Mzuzu City Overview

Cities with under 500,000 inhabitants are home to more than 50% of the world's urban dwellers and this proportion is projected to grow (UN-DESA, 2018; Zimmer et al., 2020). This has seen secondary cities play a growing role in sustainable development and food security discourses (Tacoli and Agergaard, 2017; Agergaard et al., 2019; Battersby and Watson, 2019). Mzuzu is a typical African secondary city. As the third administrative city of Malawi, which services the Northern Region of the country, it plays a vital role in its own sub-region of about two million people, while being peripheral to the national economic and political centres. The Government of Malawi National Statistical Office (2020) estimated Mzuzu's population at 220,000 in the 2018 population census, and the city recorded the highest inter-censual population growth (5.4%) among Malawi's major cities (Table 1). The population is projected to surpass 500,000 in 2037.

Mzuzu accounts for around 8% of Malawi's urban population, although this could be an underestimate as there is a high degree of circular migration to the city and undocumented international migration, particularly from neighbouring Tanzania. Many people also live in the peri-urban areas around Mzuzu and in highly connected population centres such as Nkhtata Bay and Ekwendeni. Mzuzu is subdivided into 15 administrative wards and covers an area of 144km2 under the municipal boundaries, which encompass recently annexed peri-urban areas and a forest reserve in addition to the traditional urban core (Figure 1).

Mzuzu is the administrative centre of the Northern Region and the regional economic and political hub, offering many services through a specialist hospital, tobacco auction floors, tourist accommodation, secondary schools, vocational colleges and a public university (Mkandawire et al., 2014). Hence, the city is the destination for many people from rural areas and other urban centres seeking services and economic opportunities. About two in every three household heads were born in other rural

and urban parts of Malawi, according to the FUEL household survey (Riley et al., 2018). The population growth has outpaced the expansion of formal settlements, which has led to an increase in informal and squatter settlements in the city. About 60% of the residents live in informal settlements (UNHABITAT, 2011). Migrants are over-represented in informal settlements and depend on informal work for their survival (Mkandawire et al., 2019). Informal income sources (informal wage work and informal business activities) were the main source of income for 64% of households in the FUEL household survey (Riley et al., 2018). The lack of steady employment opportunities is partly responsible for the high rates of food insecurity, with nearly half of all households classified as severely food insecure in Household Food Insecurity Access Prevalence findings (Riley et al., 2018).

TABLE 1: Inter-Censual City Population

	Total Inter-Censual Annual Growth Rate (%) 2008-2018	Male	Female
Malawi	2.9	2.8	3.0
Mzuzu City	5.4	5.2	5.6
Lilongwe City	3.8	3.6	4.0
Zomba City	2.5	2.3	2.7
Blantyre City	2.0	1.9	2.2

FIGURE 1: Location of Mzuzu

3. Methodology

A city-wide survey of small-scale food trading businesses was conducted in Mzuzu in April 2019. The survey collected information from small-scale food traders (defined as those with fewer than five employees) operating in a range of venues and with varying degrees of permission from the municipal government. The research activities were conducted in collaboration with staff and students at the University of Livingstonia (UNILIA) following ethics approval from the UNILIA Research Committee and the Research Ethics Board at Wilfrid Laurier University (the Canadian partner institution).

3.1. The Survey Instrument

Data for this report was gathered using a questionnaire adapted from the HCP's Cape Town project (Tawodzera and Crush, 2019). The survey was conducted in English and two local languages (Chichewa and Chitumbuka) to communicate effectively with the culturally diverse population of Mzuzu (University of Malawi, 2006). The survey questions address issues such as the locality of trading operations, the demographic characteristics of traders, enterprise characteristics (structure, practices and enterprise business environment), sanitation and food production. The survey instrument was downloaded to electronic tablets that were GPS-enabled to capture the approximate location of each interview.

3.2. The Sampling Method

There was no registry of small-scale food traders from which to draw a sample for the survey (few of these businesses are registered and many are temporary and mobile). A rapid observational survey of the number of trading enterprises of each type by location produced a geographical profile of small-scale food trading enterprises that was used to develop a sample that would reflect the proportionality of enterprise types in 11 purposively selected locations in Mzuzu. This approach was consistent with the principles of maximum variation sampling. The profiled locations included three places in the central commercial area and eight neighbourhoods with diverse characteristics in terms of population density, levels of formal planning and housing, and proximity to the city centre.

In addition to the lack of a registry, there was no pre-existing typology for small-scale food trading enterprises in Mzuzu. The enumeration team developed a locally relevant typology of eight small-scale food trading

enterprise types based on its local knowledge of food trading operations in Mzuzu and the typology used by Tawodzera et al. (2019) in Epworth, Zimbabwe. The typology consists of the following:

- **Small shops, tuck shops, hawkers:** This type includes shops that people enter to make purchases and the more common type where people go up to a window to buy items. They are located in residential neighbourhoods and in the markets.
- **Permanent roadside vendors:** These are vendors who operate from structures including a table, small shelter or "bench" built with sticks.
- **Temporary roadside vendors:** These vendors do not operate from a fixed structure (usually the food is displayed on mats or baskets) and are therefore able to gather their things and move fast.
- **Home-based retailers:** These are people selling food from their homes – by leaving food at the front of the house for people to purchase, putting up a sign inviting customers, or letting people know by word of mouth that food can be bought from their home.
- **Mobile vendors:** These vendors move around the city selling food usually transported by handcarts, carried in baskets or on bicycles.
- **Restaurants:** Patrons sit in these small restaurants or, in the case of *chimilile*, they eat prepared food while standing.
- **Hot-cooked-food vendors:** These are vendors who cook food and sell it while it is hot (e.g., fried meat, cassava, boiled or roasted maize, chips) but do not have a place for customers to stay and eat.
- **Market vendors:** These vendors have stalls in designated market places and are considered formal vendors or vendors plying their trade with the acknowledgement of city authorities. The market vendors are allocated specific spaces in the city markets depending on the type of food products they sell.

Over a two-day period, 1,391 traders were mapped in the 11 pre-selected locations and their approximate GPS locations and enterprise types were recorded (Figure 2). The profile of these traders facilitated the development of a sample target by comparing the proportion of that neighbourhood's allocated traders with the location-specific proportion of enterprise types found in the profile (Table 2). The allocation in the sample was pre-determined as half in the central commercial area and half in the residential neighbourhoods, although ultimately more were interviewed in the latter group (58%) due to the greater than expected density of traders operating in rapidly growing areas such as Luwinga/Nkholongo (Table 3). Validated survey data was collected from a total of 485 traders. The overall proportion of the enterprise types diverged from the proportion in the initial profile primarily because the targets were managed at the local

scale and some neighbourhoods warranted higher representation. Another qualification is that the profile undercounted the temporary roadside vendors around the Main Market where hundreds of food vendors operate in an open area. While the participation rate was much higher than anticipated, it was difficult to predict how receptive these busy traders would be to participating in the survey. The sample target of 50% in the central commercial area meant that, proportionally, more temporary roadside vendors were included in the survey sample than in the profile. Figure 3 shows the spatial distribution of the surveyed food traders.

FIGURE 2: Spatial Distribution of Food Traders Included in the Profile

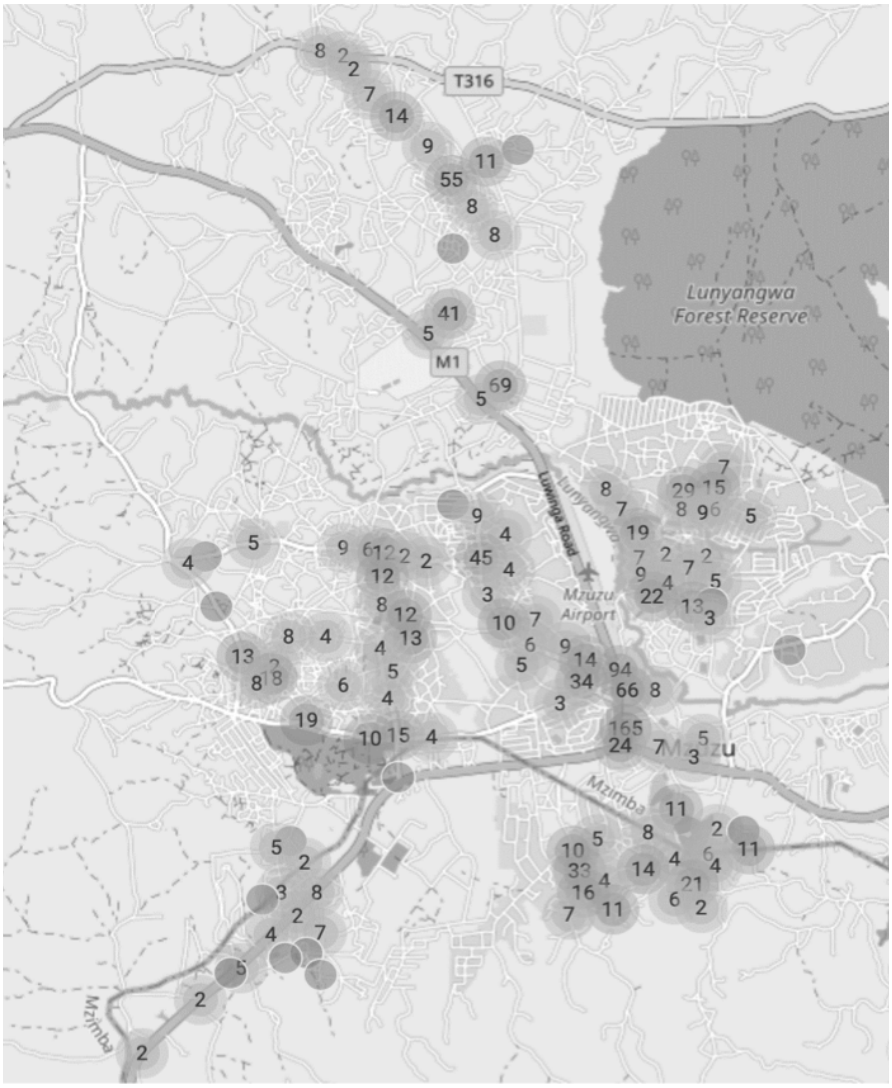
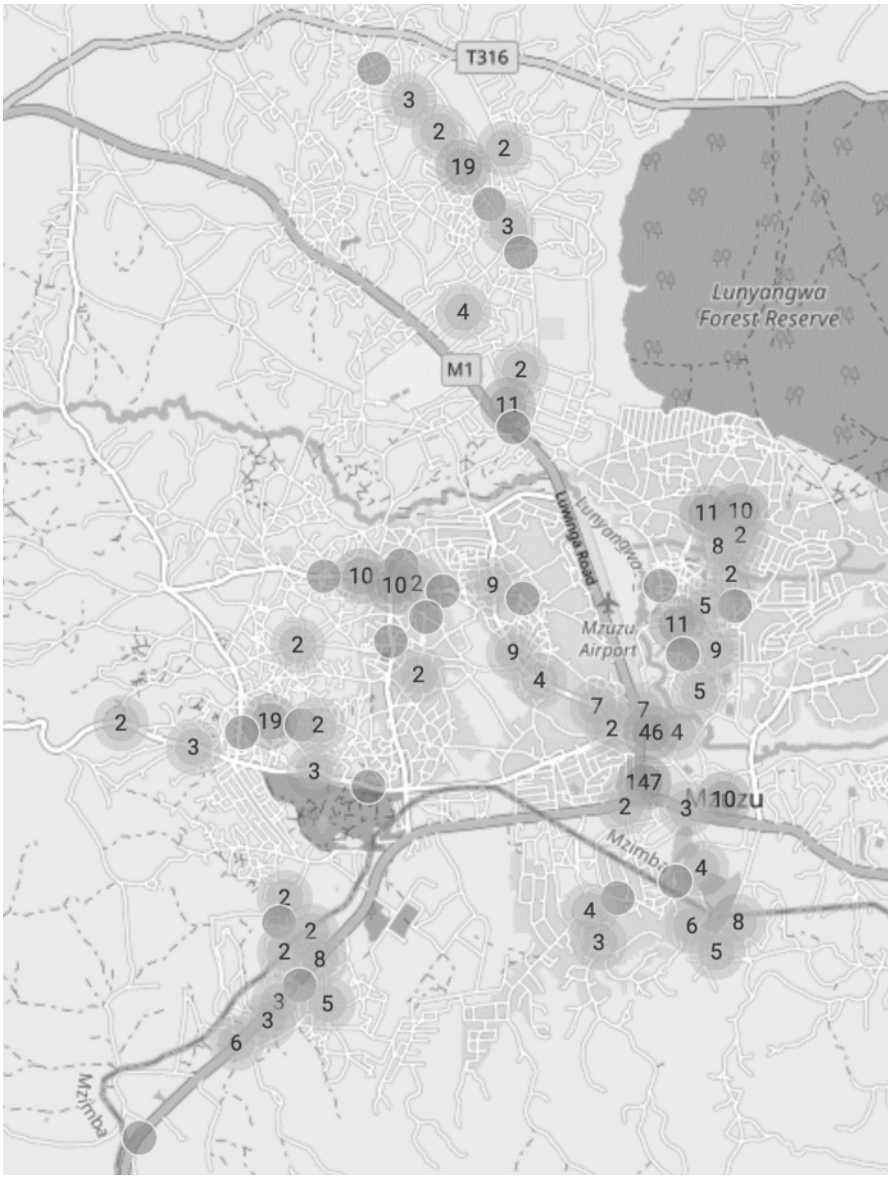


TABLE 2: Food Trading Enterprises by Type in Profile and Sample				
Profile	Sample		Enterprise Type	
	No.	%	No.	%
Small shops, tuck shops, hawkers	390	28.0	101	20.8
Temporary roadside vendor	330	23.7	189	39.0
Permanent roadside vendor	218	15.7	47	9.7
Home-based retailer	128	9.2	32	6.6
Mobile vendors	117	8.4	17	3.5
Restaurant or *chimilile*	98	7.0	27	5.6
Hot-cooked-food vendor	68	4.9	25	5.2
Market vendor	42	3.0	47	9.7
Total	1,391	100.0	485	100.0

TABLE 3: Food Trading Enterprises Interviewed by Location		
Location	No.	%
Main Market	140	28.9
Zigwagwa Market	52	10.7
Luwinga/Nkholongo	50	10.3
Mchengautuwa East	37	7.6
Chiputula/Zolozolo	36	7.4
Geisha	34	7.0
Chibabvi/Chibanja	32	6.2
Mchengautuwa West	32	6.6
Masasa	32	6.6
Mzilawaingwe	30	6.2
Old Town	12	2.5
Total	485	100.0

FIGURE 3: Spatial Distribution of Food Traders Interviewed



4. Food Trading Enterprise Owner Characteristics

Most small-scale food trading enterprises in Mzuzu are not enumerated in the formal sector of the Malawian economy. Their identity is aligned with the informal sector characterized by unstable, irregular and marginalized economic activities (Jimu, 2005). Their informality has led to the absence of systematic documentation of the numbers involved in the

informal food trading sector, the economic scale of their enterprises, and the viability of their enterprises. Regardless of this knowledge gap in the literature, food trading is probably among the most important employment opportunities for the urban poor in Mzuzu as in most other urban economies in Africa (Chen, 2005).

4.1. Demographic Characteristics

Mzuzu has a female-dominated informal food retail sector with two-thirds of food enterprise owners being women (Table 4). Most of the traders are married (77%) with some formal education (primary education 48% and secondary education 45%). The average age of the food traders interviewed was 36 years and the mode was 31. The average household size of each retailer was 4.75 with a mode of 4.

TABLE 4: Enterprise Owner Demographic Characteristics

Demographic characteristic	Type	No.	%
Sex	Male	159	33
	Female	326	67
Marital status	Married	376	78
	Single	103	21
Education level	No formal education	18	4
	Primary education	232	48
	Secondary education	216	45
	Tertiary education	16	3

4.2. Employment and Business History

The employment history of the food traders showed that the majority (60%) had never been involved in any form of employment before they started their food trading business and 88% were full-time food traders with no additional form of employment (Table 5).

TABLE 5: Enterprise Owner Employment Background

		No.	%
Employment before food trading	Yes	194	40
	No	290	60
Employment in addition to food trading	Yes	57	12
	No	427	88

The average time traders had been in business was eight years, but most businesses were fairly new, as reflected in the fact that the mode was only one year (see 5.1 below) (Table 6). The city's food trading sector is largely made up of self-employed sole-enterprise owners with a negligible number of respondents having more than one business. Co-owning of business ventures is also rare (Table 6).

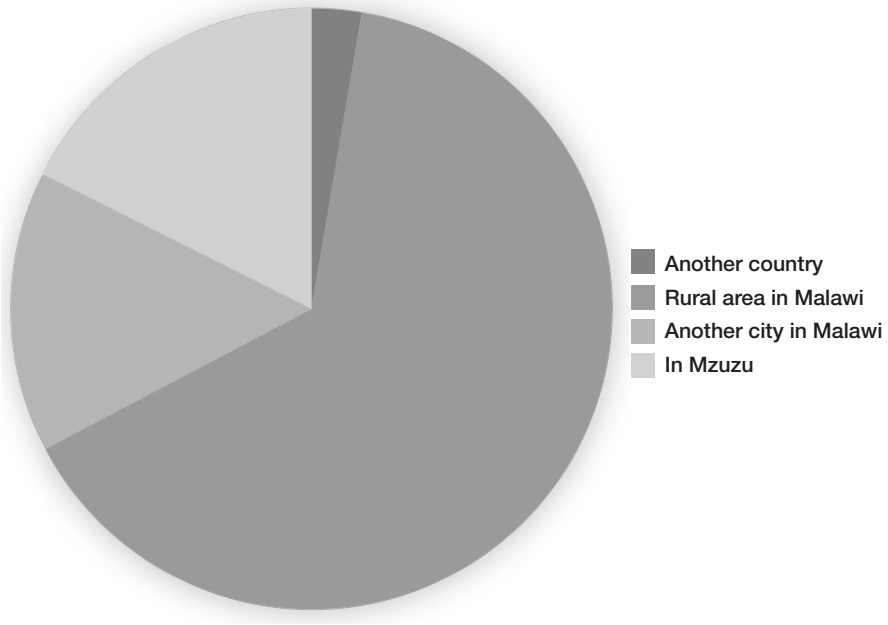
TABLE 6: Selected Enterprise Owner Attributes

Household socio-economic factors	Mean	Mode	Min. values	Max. values
Amount of time stayed in the business (year)	8	1	<1	48
Number of businesses owned	1.3	1	1	6
Number of businesses co-owned	0.3	0	0	5

4.3. Migrant Status of Traders

Almost three in every four respondents (72%) were born outside Mzuzu (Figure 4). The majority (64%) of traders originated in rural areas in Malawi. The high level of prior migration among small-scale food traders in cities like Mzuzu is one dimension of the strong urban-rural linkages within the urban food system of secondary cities (Tacoli and Vorley, 2016). Only 3% of the traders surveyed were foreign-born.

FIGURE 4: Birthplace of Food Traders



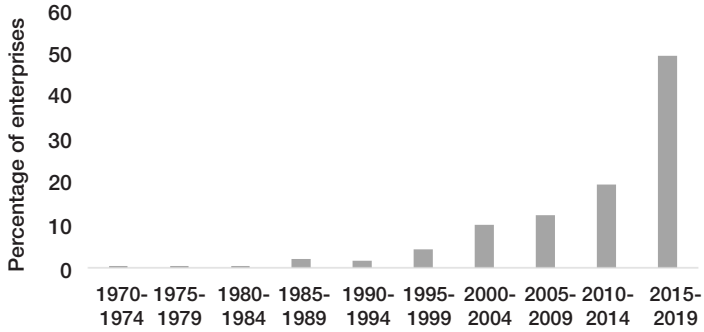
5. Enterprise Characteristics

This section provides information about the food trading enterprises, including when they were established, where they operate, the number of employees and employment conditions, and business permits.

5.1. Year of Establishment

Almost half (49%) of the enterprises were established between 2015 and 2019 (Figure 5). Only one in 10 was established in 1999 or earlier. Several factors contribute to this profile: the high proportion of recent migrants running these enterprises; the youthful demographic of the city and high youth unemployment; and the business risks that lead to many enterprises being short-lived.

FIGURE 5: Year of Food Enterprise Establishment



5.2. Factors Influencing Enterprise Location

Most respondents indicated that the main influence in choice of a place for doing business was proximity to consumers. This included a location with the greatest number of customers (84%), plenty of passing traffic (78%) and near public transport (52%) (Table 7). Other factors of importance included being near the enterprise owner's home (48%), cheap land (45%) and being near other enterprises (40%).

TABLE 7: Factors Influencing the Enterprise Location	
	%
Place with greatest number of customers	84
Plenty of passing traffic	78
Closeness to public transport	52
Closeness to enterprise owner home	48
Land is cheap	45
Closeness to other enterprises	40
Usual place of doing business	38
Closeness to the source of food products	37
Safe place to operate	37
Possession of permit to operate	33
Far from competitors	25
Owns the land	25
Cheap rentals	22
Absence of city authority security personnel	20
Access to utilities	19
Note: Multiple-response question	

5.3. Tenure Status of Enterprise Premises

The highest share of enterprise owners owned the land on which they operated (37%), followed by 23% who operated on land without permission and did not pay rent, and 22% who paid rentals to private owners of the premises (Table 8). Sharing premises with other traders was the least common form of tenure status. More than half of the temporary roadside vendors (57%) operated "rent-free without permission," and they account for almost all the enterprises with this tenure status.

TABLE 8: Tenure Status of Business Enterprise	
	%
I own it/am part owner	37.0
Rent-free without permission	23.0
Pay rent to private owner (company or individual)	22.0
Rent-free with permission	8.0
Pay rent to council/municipality	6.0
Share space/premises with others	0.2
Other	3.0

5.4. Employees and Employment Capacity

The vast majority (92%) of the small-scale food trading enterprises in Mzuzu are single-person operations without employees. This finding suggests that the small-scale food trading sector is mainly a self-employment sector that does not necessarily generate many jobs for other city dwellers. There were a total of 55 employees across all enterprises. About two-thirds of employees (65%) had full-time status (Table 9). Fewer than half of employees were entitled to benefits such as lunch breaks (32%), paid sick days (27%), medical benefits (15%), paid overtime (5%) and paid vacation (2%) (Table 9). The employees ranged in age from 18 to 53 years old.

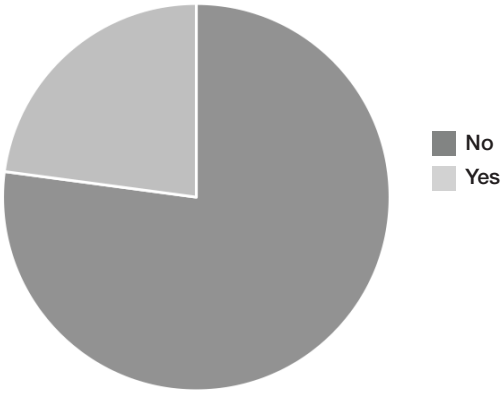
TABLE 9: Employee Status and Benefits

	%
Full-time employment	65
Paid overtime	5
Medical benefits	15
Paid vacation	2
Paid sick days	27
Lunch breaks	32

5.5. Enterprise Licensing

More than three-quarters of small-scale food trading enterprises in Mzuzu (77%) operate without paying any kind of licensing fee, tax, operating fee or association fee (Figure 6). Enterprise owners who paid some form of a fee or tax to operate did that in the form of a municipal licensing fee (12%), market daily operating fee (11%), city daily operating fee (7%), vendor association fee (3%) and/or property taxes for the business site (3%) (Table 10).

FIGURE 6: Does Food Enterprise Pay for Permission to Operate?



Market vendors were the most likely to pay fees (60%) followed by small shops (44%). These types of enterprises are most likely to operate from a building and are therefore more easily identified by municipal officials and market managers. Restaurants (29%), permanent roadside vendors (26%) and hot-cooked-food vendors (24%) paid fees at the average rate, probably also linked to the geographically fixed nature of their operations. Very few temporary roadside vendors (6%) and mobile vendors (5%) paid fees. Home-based retailers were the least likely to pay any fees (1%), complicating the correlation of fee payment with immobility. The low number of licensed food businesses indicates a weak food governance policy environment that has the potential to discourage those who are willing to pay for services in the long term.

TABLE 10: Payment of Operating Fees by Enterprise Type

Type of enterprise	Fee payment (%)	
	Yes	No
Small shop/tuck shop/hawker	44	56
Home-based retailer	1	99
Restaurant/*chimilile*	29	71
Market stall	60	40
Hot-cooked-food vendor	24	76
Permanent roadside vendor	26	74
Temporary roadside vendor	5	95
Mobile vendor	6	94
Total	23	77

6. Small-Scale Enterprises and the Urban Food System

The list of foods in this section is compiled from responses to open-ended questions about what foods the enterprises sold. This approach differs from that used in the HCP surveys. The HCP food purchasing matrix uses a set list of 30 foods for each city, asking if the enterprise sells a particular item, how frequently, and where it is normally purchased (Crush and McCordic, 2017). The reason for keeping the question open-ended in Mzuzu was to capture the diversity of foods traded through the informal food system. The procedure also captured locally significant foods and seasonal foods that might not show up on a pre-determined list.

6.1. Distribution of Foods Sold

The 79 foods sold by small-scale enterprises are summarized in Table 11 according to how many enterprises were selling each food. Tomatoes, rice and bread are the most widely sold foods among small-scale food traders. The second tier of foods includes eggs, beans, beverages, sugar, fresh fish and groundnuts. The under-representation of maize, which is by far the most popular staple food in Malawi, is partly due to the decision not to include maize millers in the survey because they tend to be larger in scale and capital investment (Jayne et al., 2010). The availability of maize from the state-owned Agricultural Development and Marketing Corporation (ADMARC) is another factor that limits its distribution through informal networks. It is also noteworthy that the survey was conducted in April when maize was being harvested and many consumers were able to consume what they had produced, reducing demand for purchased maize. At other times of the year, maize is probably more widely sold in the informal food system. These observations notwithstanding, maize is sold in six different forms: maize kernels, maize flour, roasted maize, fresh maize, nsima (thick maize porridge) and *phala* (thin maize porridge) (Table 11).

TABLE 11: Foods Being Sold by Number of Enterprises Selling Each Food

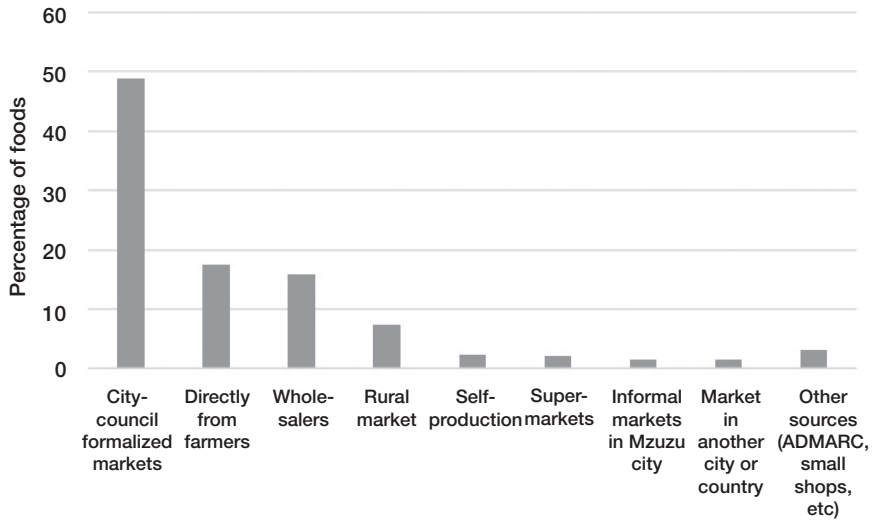
Number of enterprises selling	Foods offered (number of enterprises selling the food)
> 70 (>14%)	Tomatoes (75), bread (73), rice (73)
30-69 (6-14%)	Eggs (49), beans (41), beverages (38), sugar (35), fresh fish (32), groundnuts (30)
20-29 (4-6%)	Leafy vegetables (*mphangwe*) (29), bananas (29), cooking oil (27), corn puffs (22), *nsima* (cooked maize) (22), sweet potatoes (21), potatoes (20), pumpkins (20)
10-19 (2-4%)	Onions (19), chips (17), milk (16), chicken (15), fried cassava (15), fried cakes (fat cakes, doughnuts, fritters, *mandazi*) (15), dried fish (14), soymeal (12), oranges (11), popcorn (11), cassava (11), avocado (10), maize (10)
5-9 (1-2%)	Maize and millet beer (*maheu*) (7), fish (unspecified) (7), maize flour (7), roasted maize (6), biscuits (6), green peppers (6)
2-5	Fresh maize (4), okra (4), green beans (4), cabbage (4), lemons (4), tea (4), salt (4), meat (unspecified) (4), smoked fish (3), tangerines (3), guava (3), assorted snacks (3), goat (3), sugarcane (2), samosa (2), Frozy soft drinks (2), cassava flour (2), groundnut flour (2), soybeans (2), beef (2), fried chicken (2), green banana (2), garlic (2), cucumber (2), carrots (2), millet (2)
1	Yams, boiled potatoes, pineapple, baobab, apples, fried bananas, baking soda, pigeon peas, soya pieces, sweets, scones, lettuce, eggplant, ginger, spaghetti, wheat flour, *phala* (thin maize porridge)

Note: Multiple responses (1-5)

6.2. Source of Foods Sold

To understand where traders access the food that they sell, the main source for each food was tallied and the percentage of foods mainly accessed from each source is depicted in Figure 7. Mzuzu city council formalized markets are the most popular places for sourcing food products for resale by traders – a feature also found in Cape Town, South Africa (Tawodzera and Crush, 2019), and Mbale and Mbarara in Uganda (Mackay, 2019). Most foods were sourced mainly from a formal market (49%), followed by directly from farmers (18%), wholesalers (16%) and rural markets (7%). Highly formalized sources such as supermarkets (2%) and Cash & Carry outlets (<1%) were rarely used as sources of food products sold by small-scale traders in Mzuzu, suggesting less integration between supermarketization and the informal food system than observed in some other cities in the region (Peyton et al., 2015).

FIGURE 7: Main Source for Each Food Sold by Enterprises



6.3. Analysis of Selected Popular Foods

Further analysis was conducted on some of the most common foods: bread, tomatoes, fish (all), meat (all), beans, leafy greens, bananas, eggs, groundnuts, potatoes/chips and cooking oil. Table 12 shows which types of enterprises are most likely to be selling these foods, Table 13 shows the main source where the foods are accessed by the enterprises, and Table 14 provides characteristics of traders selling each food.

Rice can be found in many types of enterprises, with small shops (46%) the leading type of enterprise selling this staple food (Table 12). Bread was highly concentrated in small shops (79%). Tomatoes and fish were mainly offered by permanent and temporary roadside vendors. The top type of enterprise selling meat was hot-cooked-food vendors (45%). Hot-cooked-food vendors and restaurants combined accounted for more than half of the enterprises selling meat and potatoes/chips, suggesting wider availability of cooked meat and potatoes than uncooked meat and potatoes from informal food sources. Small shops were the most likely type to sell beans (44%), eggs (71%) and cooking oil (63%). Temporary roadside vendors were the most likely to sell leafy greens (63%), bananas (66%) and groundnuts (57%).

TABLE 12: Enterprise Types Selling Selected Foods (% of Traders Selling Each Food)

	Small shop, hawker or tuck shop	Permanent roadside vendor	Temporary roadside vendor	Home-based retailer	Mobile vendor	Restaurant/ *chimilile*	Hot-cooked-food vendor	Market stall
Rice	46	7	11	10	1	7	7	10
Bread	79	5	1	8	1	0	0	4
Tomatoes	3	28	44	13	1	0	1	11
Fish (all)	13	24	36	4	2	0	2	20
Meat (all)	5	9	18	0	0	9	45	14
Beans	44	12	20	7	2	0	2	12
Leafy greens	0	15	63	7	22	0	0	4
Bananas	0	7	66	0	14	0	3	10
Eggs	71	14	2	6	0	0	0	6
Groundnuts	7	10	57	0	10	0	0	17
Potatoes/ chips	0	0	28	3	0	31	25	14
Cooking oil	63	4	4	26	0	0	0	4

Turning to where the traders obtained the food they sold, Table 13 shows that rice is most frequently sourced by traders at the formal markets (79%). No traders produced rice for sale or purchased it at a small shop or a Cash & Carry store. A few obtained it directly from producers (8%) or at a rural market (6%). The sourcing patterns for bread were

very different, with two-thirds mainly purchasing it from a wholesaler and the remaining third from a supermarket (30%) or Cash & Carry store (3%). Tomatoes (80%), fish (75%), meat (57%), beans (71%), bananas (52%), groundnuts (80%) and potatoes were all sourced from a formal market by more than half of traders. Formal markets therefore play a key role in supplying the informal food system as well as serving customers directly. Leafy greens were the most likely food to be produced by the traders themselves (22%), although more sellers of greens obtained them directly from farmers (41%) or formal markets (33%). Along with bread, eggs and cooking oil were most often sourced from wholesalers (69% and 59% respectively).

TABLE 13: Main Source of Selected Foods for Resale (% of Traders Selling Each Food)

	Whole-saler	Super-market	Cash & Carry	Formal market	Informal market	Rural market	Market in other city or country	Directly from farmer	Self-pro-duced	Small shop
Rice	1	1	0	79	1	6	1	8	0	0
Bread	67	30	3	0	0	0	0	0	0	0
Tomatoes	0	0	0	80	3	8	0	7	1	1
Fish (all)	2	0	0	75	0	15	4	5	0	0
Meat (all)	4	0	0	57	7	14	11	7	0	0
Beans	0	0	0	71	0	12	0	12	5	0
Leafy greens	0	0	0	33	4	0	0	41	22	0
Bananas	0	0	0	52	0	10	0	34	0	3
Eggs	69	2	4	24	0	0	0	0	0	0
Ground-nuts	0	0	0	80	3	7	0	7	3	0
Potatoes/ chips	0	0	0	50	0	11	3	39	0	0
Cooking oil	59	0	0	41	0	0	0	0	0	0
All foods	16	2	1	49	1	7	1	18	3	0

Characteristics of the enterprises selling each of the selected foods reveal further information about the diversity of businesses and actors in Mzuzu. In terms of the gender of the enterprise owner, enterprises selling leafy vegetables (100%), tomatoes (93%), bananas (90%) and groundnuts (80%) are very likely to be owned by women (Table 14). Owners of enterprises selling potatoes or chips and meat are the least likely to be women. The vast majority of all traders were migrants, however leafy vegetables, bananas and groundnuts had lower percentages of migrant owners. In terms of age, enterprises selling leafy vegetables had the highest mean age (41) and enterprises selling eggs had the lowest mean age (33). Education provides an additional insight into the socio-economic status of traders, with owners of enterprises selling leafy vegetables (74%), fish

(65%), groundnuts (63%), bananas (62%), potatoes/chips (61%), and cooking oil (59%) most likely to have a low level of education (primary completed or no formal education). Eggs, bread and rice were the foods where enterprise owners had the highest education on average.

In addition to the characteristics of the owners, Table 14 includes two enterprise characteristics: the percentage paying operating fees and the percentage operating in the Central Business District (CBD). Foods sold by enterprises less likely to be paying fees can be associated with relatively informal businesses. They include leafy vegetables and bananas, both foods with 7% of enterprises paying fees, tomatoes (16%), potatoes/chips (19%) and groundnuts (20%). The foods sold by enterprises most likely to be paying fees (and therefore relatively more formal) were rice (50%), meat (41%) and bread (36%). The geographical distribution of different foods contributes to the picture of the food system in Mzuzu. Enterprises selling bread (3%), eggs (4%) and cooking oil (4%) were very unlikely to be operating in the CBD. Most likely to be in the CBD were those selling potatoes/chips (67%), groundnuts (63%) and leafy vegetables (63%).

TABLE 14: Characteristics of Enterprises and Enterprise Owners Selling Selected Foods

	% Female	% Migrants (born outside Mzuzu)	Mean age	% Primary education or less	% Paying some fees	% Operating in CBD
Rice	67	87	35	29	50	20
Bread	44	84	36	29	36	3
Tomatoes	93	84	39	49	16	35
Fish (all)	56	82	38	65	29	44
Meat (all)	27	91	34	36	41	50
Beans	66	83	36	44	32	27
Leafy vegetables	100	70	41	74	7	63
Bananas	90	76	35	62	7	48
Eggs	57	90	33	27	33	4
Groundnuts	80	80	35	63	20	63
Potatoes/chips	22	89	35	61	19	67
Cooking oil	63	89	36	59	22	4

The findings presented in this section highlight the significance of certain foods within the informal food system. For example, leafy vegetables are sourced mostly from farmers or produced by traders and are sold by relatively more mobile enterprises owned by older women with lower

levels of education. These women are least likely to be migrants and least likely to pay fees. The combined impression is that leafy-vegetable selling is a low-capital investment business that attracts traders whose demographic characteristics are associated with economic vulnerability. Bread is an example of a very different type of business. It is mainly sold by small shops in residential neighbourhoods and sourced from wholesalers or supermarkets. Enterprises selling bread are mostly owned by men and most of these owners have formal education past the primary level. Bread traders appear to be much less economically vulnerable than leafy-vegetable traders. This analysis shows the significance of different foods within the food system and highlights the diversity of small-scale food trading enterprises in Mzuzu.

7. Business Practices, Attitudes and Challenges

This section reports on enterprise practices including record keeping, use of daily profits, payment methods, attitudes towards formal lenders, motivations, business challenges and profitability, as well as start-up capital sources.

7.1. Record Keeping

Record keeping of business accounts was not a common practice among food traders. Less than one-quarter (23%) kept records for their business accounts.

7.2. Motivating Factors for Establishing an Enterprise

The need to have money for survival (extremely important for 34% and very important for 54%) and greater financial security (extremely important for 21% and very important for 52%) were the enterprise owners' main motivations for setting up their businesses (Figures 8 and 9). Most other motivating factors posed to survey respondents were of limited importance to the decision to start a food trading enterprise (Table 15), although 57% said that one of the reasons was to send remittances to their family at home, which suggests that rural-urban links remain strong for migrants to Mzuzu. The picture that emerges is therefore predominantly one of economic necessity as the main reason for people to engage in food trading.

TABLE 15: Motivation to Start a Food Trading Enterprise				
Motivation	Important (%)	Very important (%)	Extremely important (%)	No importance (%)
Partnership with others	2	2	0.4	93
Had a job not suiting qualifications	1	1	0.4	92
Had a job not paying enough	3	9	3	82
The family was already in business	5	4	5	81
Provision of employment to people in home area	8	4	1	79
Provision of employment to family members	8	5	0.4	78
Increase status in the community	6	7	0.4	76
Control over own time	14	19	6	54
Desire to run a business	12	23	4	54
Need for money to send family in home area	21	19	5	43
Greater economic security	10	52	22	12
Money for survival	6	54	34	5

FIGURE 8: Money for Survival as a Motivating Factor

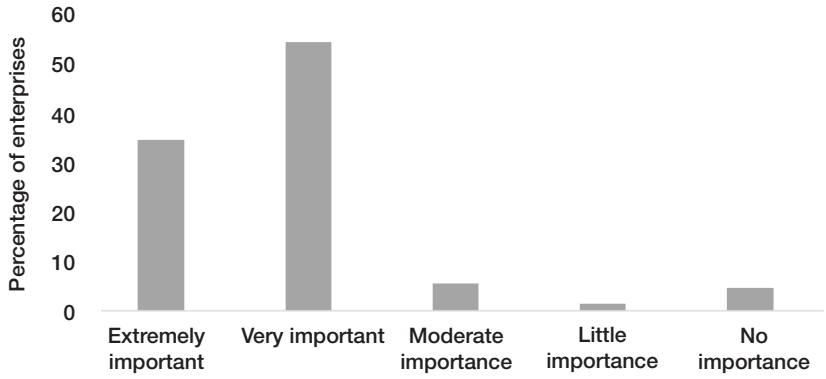
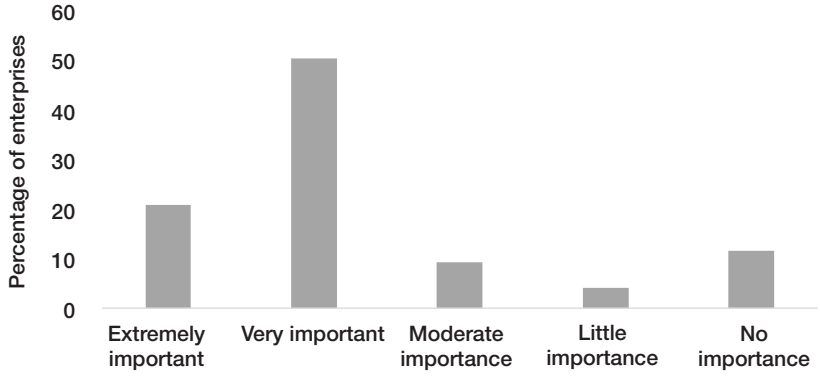


FIGURE 9: Greater Financial Security as a Motivating Factor



7.3. Start-up Capital Amounts

The average start-up capital was MK55,063 (USD76) and more than one-third of traders (36%) started their enterprises with MK5,000 (USD7) or less. The financial data in Table 16 shows a considerable range in financial start-up capital from as low as MK200 to as high as MK1,500,000. There were also significant differences in average start-up capital between the business types. Mobile vendors were the least capitalized (with a mean of MK7,571) and small shops the most at MK193,077. Small shops also had the largest range. Temporary roadside vendors had low levels of capitalization compared to market vendors (with three times the average amount of capital).

TABLE 16: Start-up Capital by Enterprise Type (Malawian Kwacha)

Type of business	Minimum	Maximum	Mean
Small shops/tuck shops/hawkers	350	1,500,000	193,077
Home-based retailer	3,500	538,000	72,063
Restaurant/*chimilile*	3,700	300,000	51,225
Market vendor	200	300,000	49,563
Hot-cooked-food vendor	4,000	100,000	33,812
Permanent roadside vendor	500	100,000	21,017
Temporary roadside vendor	200	200,000	16,244
Mobile vendor	3,000	30,000	7,571
All	200	1,500,000	55,063

7.4. Start-up Capital Sources

Food enterprise start-up capital was most frequently sourced from personal savings (two-thirds were financed in this manner) (Table 17). Money gift from a relative (11%) was the second most popular source of start-up capital followed by loans from relatives within Malawi (9%). A small number received loans from microfinance institutions (7%) and banks (2%), which were the only sources from formal institutions. These trends reflect the informality of the food trading enterprises, which are economically embedded in households and social networks.

TABLE 17: Sources of Start-up Capital	
Source of capital	% of Enterprises
Personal savings	68
Money gift from a relative	11
A loan from relatives within Malawi	9
A loan from a micro-finance institution	7
A loan from non-relatives	4
A loan from informal sources	3
A loan from a bank	2
A loan from relatives abroad	1

7.5. Perceptions of Formal Financial Institutions

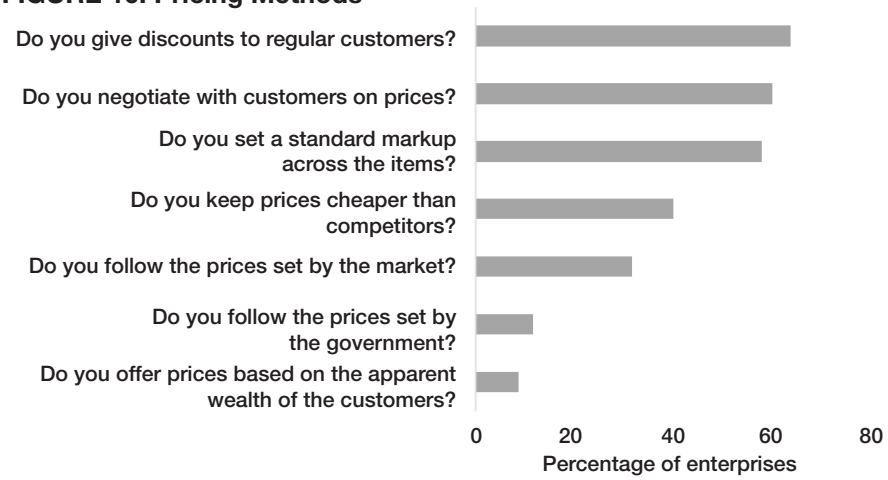
The vast majority of food enterprise owners (93%) had not applied for a bank loan, but those who did saw a success rate of 88% in loan approvals. The high level of non-loan applications is partly explained by respondents' perceptions of formal financial institutions. One in every three traders were of the opinion that banks would be reluctant to lend money to a business like theirs. Of these, the reasons given were that they would have insufficient guarantees or collateral (91%), that banks would think the loan would not be repaid (87%), that banks only lend money to formal businesses (83%), that banks believe these types of enterprise are unviable (78%) and that they had insufficient initial capital (73%) (Table 18).

TABLE 18: Perceptions of Bank Lending Practices	
Perceived reason banks will not lend money	% of Enterprises
I would have insufficient guarantees or collateral	91
Banks think the loan will not be repaid	87
Banks only loan money to formal businesses	83
Banks believe enterprises like mine are not viable	78
I have insufficient initial capital	73

7.6. Customer Retention and Pricing

Nearly two-thirds of enterprise owners (64%) give discounts to their regular customers (Figure 10). Other popular pricing strategies included negotiating with customers (60%) and setting a standard markup across items (58%). Fewer than half (40%) set their prices in relation to their competitors or according to market prices (32%), the government price (12%) or the apparent wealth of the customer (9%).

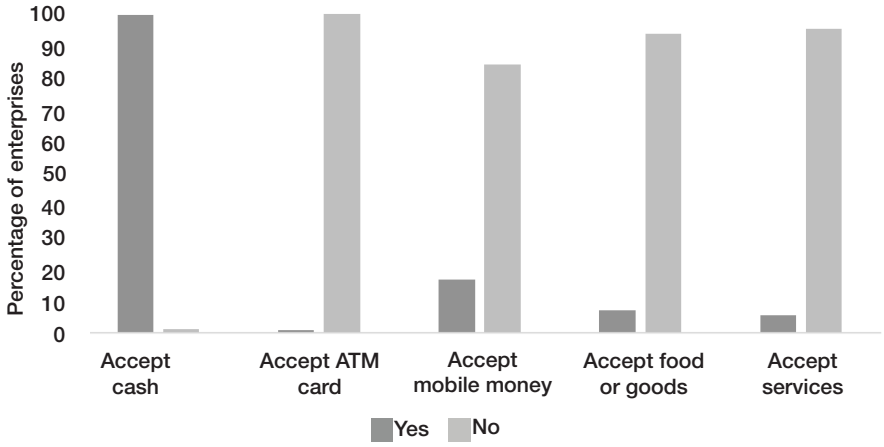
FIGURE 10: Pricing Methods



7.7. Accepted Methods of Payment

Mzuzu's food trading sector operates a predominantly cash economy: virtually all respondents accept cash as a form of payment (Figure 11). The use of automated teller machine (ATM) cards, mobile money and exchange with other goods and services are not popular mechanisms of payment for food products. Mobile money was the second most common form of payment, accepted by just 17% of the enterprises.

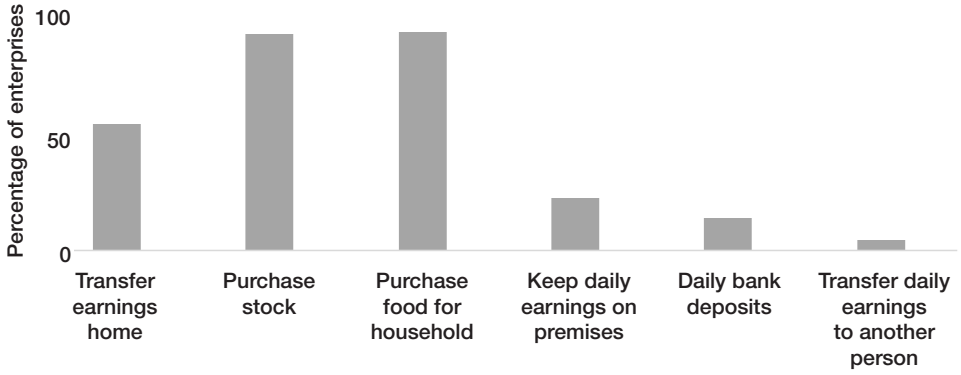
FIGURE 11: Accepted Methods of Payment



7.8. Use of Daily Profits

Most food traders use their daily profits to purchase food for their households (92%) and to purchase stock and supplies (91%) (Figure 12). More than half (58%) also transfer their daily earnings to their home. This means that these enterprises do not operate in isolation from households and that not all profits are re-invested in the business.

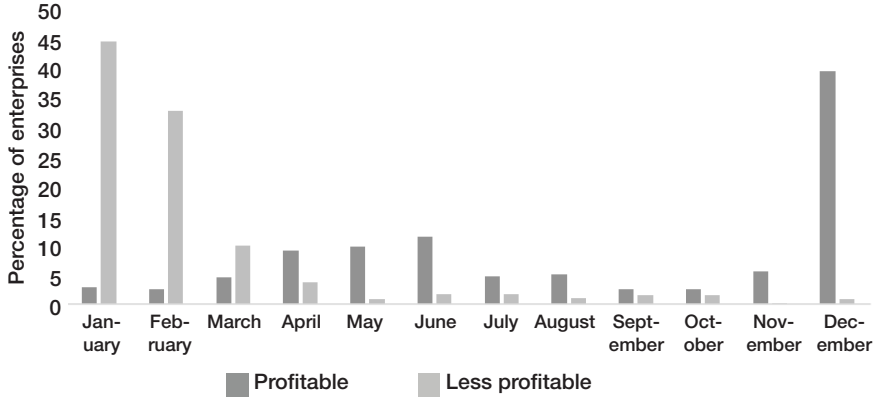
FIGURE 12: Disposal of Daily Earnings



7.9. Business Profitability by Month

December is easily the most profitable month of the year for the highest share of enterprises (39%) (Figure 13). As a festivity month, with Christmas and New Year, people often spend more than usual on food. The period of April to June is profitable because this is when farmers harvest and sell their produce and so money is in circulation in the city. Business was least profitable during January and February. This may be because many households overspend their budget on December celebrations, and also, during January and February, many buyers prioritize spending on farming activities and limit their food expenditures.

FIGURE 13: Enterprise Profitability by Month

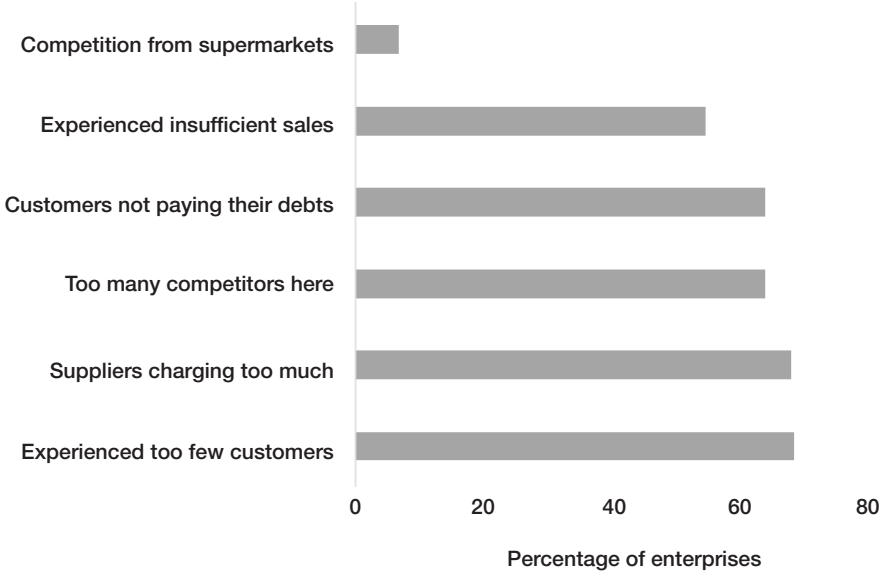


7.10. Enterprise Operating Environment

Due to the rise in numbers of participants in the food sector, many respondents said they had "too few customers" (69%) and "too many competitors" (64%) during the previous 12 months (Figure 14). About two-thirds (68%) had experienced suppliers charging too much and 64%

had experienced insufficient sales. Around half (55%) had difficulties in reclaiming their debt from customers. Very few said they had experienced business competition from supermarkets (7%).

FIGURE 14: Business Environment Challenges



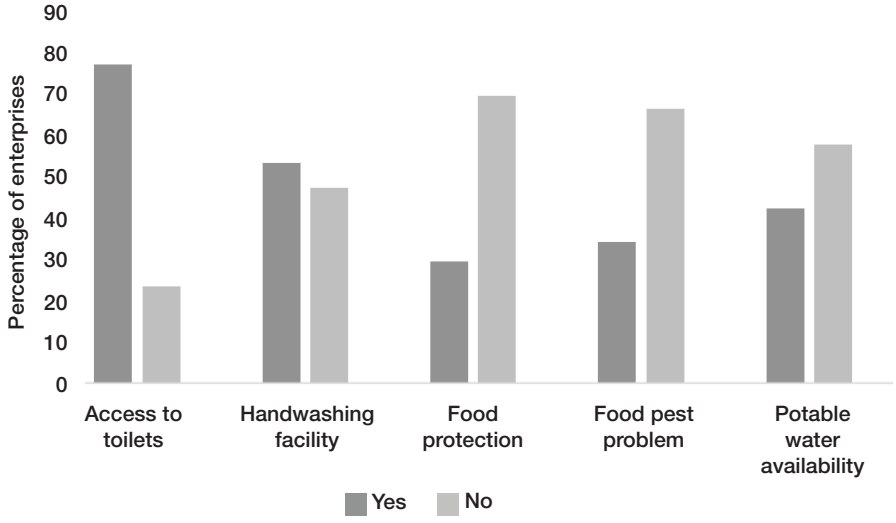
8. Sanitation and Hygiene

Public health practitioners in African cities often express concerns about the hygienic aspects of informal food sources. In most secondary cities, food trading is practised in areas that are not well structured, lack running water, toilets and washing facilities (Khairuzzaman et al., 2014). A 2015 study in Mzuzu found high levels of E. coli bacteria on vegetables at informal public markets (Holm et al., 2017).

8.1. Access to Sanitation Facilities

The survey findings on sanitary conditions found that about three-quarters (77%) of Mzuzu's small-scale food trading enterprises have a place nearby where they can use a toilet while working but only 53% have somewhere to wash their hands properly (Figure 15). In terms of food management, fewer than half (42%) have running water available at the business site to wash food, about one-third (34%) face problems with insects or rodents at the place of business, and less than one-third (30%) keep the food protected while they are selling it (Figure 15).

FIGURE 15: Sanitary Conditions Where Food Traders Operate



8.2. Source of Food Hygiene Information

In addition to access to clean water and toilet facilities, food safety and sanitation requires awareness campaigns involving different stakeholders within the city. For example, in this survey 40% of food enterprise owners indicated that they were paying for basic sanitation facilities such as access to toilets, suggesting some willingness to access sanitation facilities in situations where these facilities are available. More than half (58%) had knowledge of food sanitation and safety in general.

Knowledge about food safety within the city was mainly based on training rather than education level. Food traders who were knowledgeable about food safety and sanitation indicated that their main source of information was public awareness campaigns (56%), followed by Mzuzu City Assembly extension workers (54%) and other food traders (50%) (Table 19).

TABLE 19: Source of Food Hygiene Information	
	% of Enterprise owners
Public awareness campaigns	55.7
Mzuzu City Assembly extension workers	53.9
Other food traders	50.0
Note: Multiple-response question	

9. Food Production

Only one in five (19%) food enterprise owners produced some of their own food items for sale. Maize was the most common food produced for sale (Table 20). Figures 16 and 17 suggest that most small-scale food traders produce maize for consumption and only sell a small proportion, whereas other products are much more likely to be produced mainly for sale rather than for household consumption. Beans, leafy vegetables and sweet potatoes were popular foods produced for sale.

TABLE 20: Foods Produced by Enterprise Owners

Number of traders producing for sale	Foods produced (number of enterprise owners producing the food)
>10	Maize (40)
5-9	Beans (9), *mphangwe* (green leafy vegetables) (8), sweet potatoes (8)
2-4	Potatoes (4), tomatoes (3), onions (2), oranges (2)
1	Bananas, cassava, cucumber, eggplant, fish, groundnuts, millet, okra, peas, popcorn, pumpkins, sugarcane, yams

FIGURE 16: Proportion of Food Produced for Sale (Excluding Maize)

FIGURE 17: Proportion of Maize Production for Sale

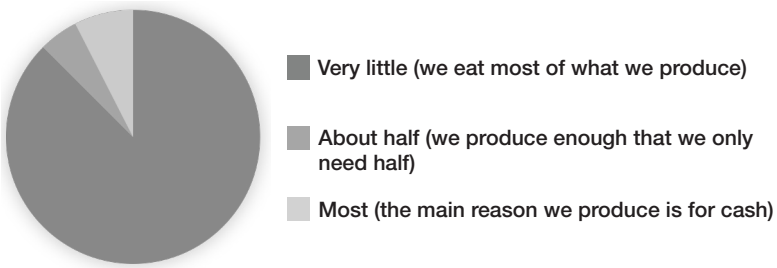


Table 21 compares enterprise owners who do and do not produce some of the food they sell. There are similar distributions of male and female enterprise owners and enterprise types among producing and non-producing enterprises. Migrant status reveals a connection between the two

groups, where food-producing enterprise owners are more likely (26%) than non-food-producing enterprise owners (16%) to be born in Mzuzu. This probably has to do with better access to land for producing food among people born in Mzuzu relative to migrants. Among the migrant groups, however, enterprise owners born in a rural area in Malawi were almost the same percentages of food-producing and non-food-producing enterprise owners (63% and 64% respectively). The difference was made up almost entirely by migrants born in other cities in Malawi, who were less inclined to produce food, perhaps because their urban upbringing meant less knowledge or interest in agriculture.

TABLE 21: Characteristics of Food-Producing and Non-Food-Producing Food Traders

		Food Producers (%)	Not Food Producers (%)
Gender	Male	30	31
	Female	70	69
Place of birth	Another country	2	3
	Another city in Malawi	9	17
	A rural area in Malawi	63	64
	Mzuzu	26	16
Type of enterprise	Home-based retailer	4	7
	Hot-cooked-food vendor	3	6
	Market stall	9	10
	Mobile vendor	1	4
	Restaurant/*chimilile*	7	5
	Small shop	23	20
	Permanent roadside vendor	13	9
	Temporary roadside vendor	40	39

10. Conclusion

Much of the discussion about implementing meaningful urban food policies in secondary cities in developing countries inevitably focuses on the actual and potential of informal small-scale food trading. This report assesses the potential of small-scale food traders in the urban food system of Mzuzu and finds that they are important players in the food marketing system. They represent diverse enterprises that illustrate a spectrum of formality-informality characterized by factors such as paying operating fees, employing people, and the mobility of business operations. Many traders interact with the formal food sector, for example by re-selling food purchased at supermarkets or from wholesalers. There is a need for

stakeholders to ensure that the environment is conducive to cooperation among traders as all have an important role in the food marketing chain. Disagreements between informal and formal food traders in the city could negatively affect all players. Greater collaboration between Mzuzu City Assembly and food traders could provide an opportunity to increase the development dividend in urban food markets. Understanding how alliances among the formal, informal and local governance sector can achieve these objectives is an important complement to ongoing debates about incentives and procedures of formal food policy mechanisms in urbanizing cities.

The informal food system is known to provide livelihoods for many women in African cities and enables food access for most low-income city residents (Riley and Dodson, 2019; Riley and Chilanga, 2018; Chilanga and Riley, 2017). In Mzuzu, as this report shows, female food traders play a core role in the food marketing system. Most women who participate in the food trading sector do so on a full-time basis as sole enterprise owners. Women-owned businesses are generally less capital intensive and deal in less profitable food commodities, suggesting that women's work in the informal food sector is less remunerated and more precarious than men's work. This is a problem that merits attention from local leaders.

Small-scale food enterprise owners in Mzuzu prefer conducting business where they can easily access customers such as along the roads, at the entrances to the markets or near busy shopping areas. However, the congestion of traffic in these areas poses problems and there is a need for all market stakeholders to find sustainable ways to organize food traders in the city so that buyers can safely access them. This would boost city revenue, improve infrastructure and promote an "enabling environment" for informal traders (Resnick et al., 2019).

The level of start-up capital required by informal food traders in Mzuzu is low. Personal savings are the main source of capital and this is partly due to the perception that they cannot access loans from formal lending institutions. But while a large number did not apply for bank loans, those who did approach the banks recorded high levels of access to loans. The availability of formal credit facilities to this sector could be among good incentives to stimulate food market growth and realize its potential contribution to urbanizing economies.

The leading factors for establishing a business by small-scale enterprise owners in Mzuzu were economic in nature (great financial security and the need for survival), resonating with similar studies in Cape Town (Tawodzera and Crush, 2019) and Maputo (Raimundo et al., 2020). As

a result, much of the daily profit is diverted to purchase household food for consumption. Cash transactions are the most popular mode of payments in the informal food market system. All of these findings support the case for policy initiatives that provide support through financial access and technology, food enterprise innovations and greater wealth generation among small-scale food traders. Although small-scale informal food traders are an essential and fundamental component of the urban food system, it would be imprudent to address the future of urban food markets in secondary cities without considering other stakeholders within the system. In view of this, one can envision the progression of urban food policies into an inclusive urban food system policy for secondary cities.

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Food Security in Africa's Secondary Cities: No. 5. The Informal Food Sector in Mzuzu, Malawi

This report forms part of AFSUN's Food, Urbanization, Environments and Livelihoods (FUEL) project, which highlights the rapid transformation taking place in African secondary cities and its impact on food security, food systems, livelihoods, poverty and governance. Through an integrated city-wide study of demographic structures, regulations, food distribution channels, consumption patterns, production and safety trends, the report explores the nature and significance of the informal food system in Mzuzu. It assesses the potential of small-scale food traders in the city's urban food system and finds that they are important players in the food marketing system. They represent diverse enterprises that illustrate a spectrum of formality-informality characterized by factors such as paying operating fees, employing people, and the mobility of business operations. Many traders interact with the formal food sector, for example by re-selling food purchased at supermarkets or from wholesalers. There is a need for stakeholders to ensure that the environment is conducive to cooperation among traders as all have an important role in the food marketing chain. Understanding how alliances among the formal, informal and local governance sector can increase the development dividend in urban food markets is an important complement to ongoing debates about incentives and procedures of formal food policy mechanisms in urbanizing cities.

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