



Enhancing Zimbabwe's Global Competitiveness

**ANALYSIS ON THE IMPACT OF THE PROPOSED RENTAL
FEES FOR THE NEWLY REBUILT MBARE MUSIKA ON
COMPETITIVENESS**

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1.0 INTRODUCTION

- 1.1 Following the fire that burnt down Zimbabwe's most popular market, Mbare Musika, on the 8th of October 2024, Harare City council embarked on the construction of a new market to house the affected traders. The market building has since been completed and ready for occupation. The Harare City Council has proposed an array of charges for use of the market, which have been deemed by many as above the reach of ordinary traders traditionally operating from the area.
- 1.2 This paper provides an analysis on the implications to competitiveness of Harare City Council charging these fees on competitiveness and socio-economic welfare of the city.

2.0 PROPOSED CHARGES

- 2.1 The Harare City Council has proposed the following charges for traders who want to trade at the revamped Mbare Musika after the fire:
- Deposit on rent of US\$150
 - US\$50 rent per week
 - US\$1 for every visit to the toilet
 - US\$240 per month for parking if one has a car.
- 2.2 Mbare Musika has been in existence for more than five decades and the place has been affordable to traders coming from poor backgrounds seeking a source of livelihood. Over the years it has grown to be a popular place for supply of fruits and vegetables, hardware items, among others. Before the fire in October 2024, traders operating from the market were paying US\$25 rental per month to the Harare City Council. The new charge of US\$50 per week culminating to US\$200 per month is way above the thresholds of operations of the traders. This implies a 700% rental increment.
- 2.3 The charge of US\$1 per visit to the toilet is atrocious given that traders have been using Council facilities at no extra cost on top of the rentals they were paying. An average person uses the toilet four times a day making it US\$4 per day and US\$120 per month.

2.4 In summary the charges by Council are as follows per month:

Rent deposit	US\$150
Monthly rental	US\$200
Toilet charge	US\$120
Car parking charge	US\$240
Total	US\$710

2.5 Traders are therefore expected to fork out an initial figure of US\$710 and then US\$560 per month thereafter, before even procuring their products for resale.

3.0 IMPLICATIONS ON COMPETITIVENESS

3.1 Charging high market stall fees by Harare City Council can have several implications on the competitiveness of the local economy and traders, especially in the informal sector.

Negative Implications

Reduced Profit Margins for Traders

3.2 Higher stall fees increase operational costs, especially for small-scale traders with limited capital. Reduced profit discourages reinvestment and business growth, making it harder to compete with other vendors not operating in the Council market building.

Increased Informality

3.3 Traders may choose to operate illegally in undesignated areas to avoid high fees. This undermines efforts to formalize the informal economy, reduces revenue for the council, and leads to chaotic urban management.

Market Entry Barriers

- 3.4 Mbare Musika has been a source of livelihood for more than 5000 traders, with new traders coming on board each year because of economic hardships. New entrepreneurs and youths may be discouraged from starting businesses due to high rental costs. This limits innovation, diversification of goods/services, and overall competition within the market.

Loss of Customers

- 3.5 Traders may pass on the cost to consumers through higher prices, reducing affordability and home food security thus becoming a national threat.

Increased cost of doing business

- 3.6 There is a pass-on effect from the business establishments that have always sourced their raw materials (food industry items) from Mbare Musika. Actors from the catering industry, including restaurants and takeaways and at times reputable hotels have been sourcing their supplies from this market. They will have to increase prices of final products to cater for the increase in prices of raw materials and in the process impacting negatively on competitiveness.

Health challenges

- 3.7 Harare City Council has proposed a US\$1 charge per every visit to the toilet. This is too high for the operators in this market. Traders may resort to use of public open spaces for toileting presenting health hazards.

Inequality and Social Unrest

- 3.8 High fees can worsen poverty and lead to protests or clashes with city authorities.

Urban Competitiveness

- 3.9 A thriving informal sector often supports urban resilience. Overburdening it with fees could reduce Harare's overall economic dynamism.

Regional Competition

- 3.10 Traders may move to nearby towns with lower fees, weakening Harare's role as a commercial hub.

Positive implications on Competitiveness

Revenue boost for the Council

- 3.11 The proposed charges by Harare City Council implies more revenue from fees collected from the traders. If the collected fees are used to improve market infrastructure, security, and sanitation, they have a potential to attract more buyers in the long run.

Filtering Effect

- 3.12 The higher fees may reduce overcrowding in at the marketplace, leaving space for more serious or better-resourced traders. However, this also risks excluding the poor who have been surviving through the market for decades.

4.0 PROPOSED RECOMMENDATIONS

- 4.1 Scrapping off the toilet fee charges:** This will go a long way in reducing operating costs for the traders and enhancement of competitive advantages.
- 4.2 Review and Audit of Fee Structures:** Harare City Council needs to conduct a comprehensive audit to assess if current fee levels are justified and align fees with service delivery levels to build trust and compliance from the traders.
- 4.3 Trader Representation in Policy Design:** Harare City Council to include traders' associations or trader representatives in decision-making. This is important in that it promotes transparency and tailored solutions that reflect ground realities.

5.0 CONCLUSION

- 5.1 While high stall fees may boost short-term revenue for Harare City Council, they can undermine long-term urban competitiveness and hurt both the informal economy and the formal market, which is crucial in Zimbabwe. A balanced, inclusive, and context-sensitive approach to market fees is essential to maintain vibrant, competitive, and equitable urban markets.