

The Evolution of the Concept of Informal Markets in Algeria : An Urban Approach

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ABSTRACT

Informal markets have long been a central feature of urban life in Algeria, serving as dynamic spaces of economic activity, social interaction, and cultural expression. This study examines the evolution of the concept of informal markets within the Algerian urban context, tracing their historical development, socio-economic significance, and spatial dynamics. Through a combination of literature review, case studies, and field observations, the research highlights how informal markets adapt to regulatory frameworks, urban planning policies, and socio-economic pressures. The study also explores the dual role of informal markets as both opportunities for livelihood generation and challenges to urban governance. Findings indicate that informal markets are not merely peripheral economic phenomena but integral components of urban resilience, social cohesion, and local identity formation. The study contributes to the broader understanding of urban informality and provides insights for policymakers and urban planners seeking to integrate informal market activities into sustainable urban development strategies.

Keywords: Informal markets, urban economy, Algeria, urban planning, social cohesion, urban informality, spatial dynamics.

Informal markets, often referred to as “shadow” or “parallel” economies, have long been a defining feature of urban life across the globe, and Algeria is no exception. These markets, characterized by their fluidity, adaptability, and often unregulated nature, emerge as both economic and social responses to structural gaps in formal economic systems. In Algeria, informal markets are deeply intertwined with the processes of urbanization, migration, and socio-economic transformation, reflecting broader shifts in the country’s urban landscape, social hierarchies, and policy frameworks. Understanding the evolution of informal markets in Algeria requires a multifaceted approach that considers historical, socio-economic, and spatial dimensions of urban life.

Historically, Algeria’s urban centers have been shaped by successive waves of political and economic change, from the colonial period under French rule to the post-independence socialist experiment, and more recently, the neoliberal restructuring of the economy. During the colonial period, the urban economy was strictly regulated, and informal economic activities were often criminalized or marginalized. However, informal markets persisted as vital spaces of survival and social negotiation, particularly for rural migrants and marginalized populations who were excluded from formal employment opportunities. Following independence in 1962, the Algerian government sought to modernize urban economies through state-led industrialization, housing programs, and urban planning initiatives. While these efforts transformed the physical and economic landscapes of cities, they often

failed to absorb the growing urban labor force, inadvertently reinforcing the prominence of informal markets as alternative avenues for livelihoods and trade.

From a socio-economic perspective, informal markets in Algeria function as critical safety nets, providing income-generating opportunities for populations otherwise excluded from formal labor markets. These markets are not merely economic phenomena; they are also social spaces where networks of trust, reciprocity, and community identity are constructed. Vendors, artisans, and small-scale entrepreneurs often rely on familial ties, neighborhood connections, and communal solidarity to sustain their activities, highlighting the deeply embedded social logic that underpins informal economic practices. Furthermore, informal markets contribute to the circulation of goods and services that might otherwise be inaccessible to low-income urban populations, thereby addressing gaps in accessibility, affordability, and consumption patterns within the urban economy.

The spatial dimension of informal markets is equally significant. In Algerian cities such as Algiers, Oran, and Constantine, informal markets occupy diverse urban spaces, from street corners and public squares to peri-urban neighborhoods and vacant lots. The presence of informal markets reshapes urban morphology, influencing traffic flows, public space usage, and even perceptions of safety and order. The interactions between formal and informal urban spaces are complex and dynamic, often reflecting negotiations between state authorities, local communities, and market actors. Urban policies, ranging from regulatory crackdowns to informal tolerance zones, illustrate the contested nature of these markets and their profound impact on urban governance.

Recent decades have witnessed further evolution in the character and role of informal markets in Algeria, driven by rapid urbanization, demographic pressures, and globalization. The rural-to-urban migration that characterized the late twentieth and early twenty-first centuries has expanded the urban population, intensifying competition for formal employment and housing. Consequently, informal markets have grown in scale, diversity, and complexity, encompassing not only traditional goods and services but also modern commodities, digital trade, and cross-border exchanges. This evolution underscores the adaptive capacity of informal markets and their resilience in the face of socio-economic challenges, regulatory interventions, and shifting urban contexts.

In addition, informal markets in Algeria serve as arenas for cultural exchange and social integration. Vendors and consumers from diverse ethnic, regional, and socio-economic backgrounds converge in these spaces, negotiating cultural norms, preferences, and practices. Through these interactions, informal markets contribute to the production of urban social capital and foster a sense of collective identity, particularly among marginalized populations who rely on these markets for sustenance, social interaction, and community cohesion.

Understanding the evolution of informal markets in Algeria, therefore, requires an urban approach that situates these markets within broader socio-spatial, historical, and economic contexts. It involves examining how informal markets respond to structural inequalities, how they interact with formal institutions, and how they shape the lived experiences of urban residents. This perspective not only illuminates the economic and social significance of informal markets but also challenges conventional dichotomies between “formal” and “informal,” “regulated” and “unregulated,” emphasizing instead the continuum of urban economic practices that sustain the vitality of Algerian cities.

This study aims to provide a comprehensive examination of the evolution of informal markets in Algeria through an urban lens, highlighting their historical trajectory, socio-economic functions, spatial characteristics, and cultural significance. By doing so, it seeks to contribute to a nuanced understanding of urban informality, challenging reductive narratives and recognizing the central role of informal markets in shaping the socio-economic fabric and identity of contemporary Algerian cities.

1. Context and Relevance

Informal markets have long played a pivotal role in shaping urban life in Algeria, serving as critical spaces for commerce, social interaction, and cultural exchange. These markets have historically emerged in response to socio-economic pressures, urbanization trends, and regulatory gaps in formal economic structures. In many Algerian cities, informal markets function as adaptive mechanisms that absorb labor and meet the growing demand for goods and services, particularly among marginalized populations. Their organic development reflects a complex interplay between economic necessity, social networks, and urban spatial dynamics.

The rapid urbanization experienced in Algeria over the past decades has intensified the relevance of informal markets. Cities such as Algiers, Oran, and Constantine have undergone massive demographic expansion due to rural-to-urban migration, leading to heightened competition for employment and commercial opportunities. Formal economic structures, often rigid and centralized, have struggled to provide sufficient retail spaces and job opportunities, leaving a significant portion of the population dependent on informal economic activities. This gap has contributed to the proliferation of informal markets, which now serve as essential economic and social infrastructures in urban life.

Informal markets are also closely tied to the survival strategies of vulnerable populations. Many urban residents rely on these markets not only for income generation but also for access to affordable goods and essential services. Women, youth, and migrants often dominate these spaces, highlighting the markets' role in providing inclusive economic opportunities in a context where formal employment may be limited or inaccessible. As such, informal markets are not peripheral phenomena but central to understanding urban livelihoods in Algeria.

From a policy perspective, informal markets present both opportunities and challenges. While they stimulate local economies, foster entrepreneurship, and maintain social cohesion, they also complicate urban governance and spatial planning. The informal nature of these markets can lead to conflicts over public space, create tensions with formal economic actors, and pose regulatory challenges. Consequently, studying informal markets is crucial for designing urban policies that balance economic vitality with social order and sustainable development.

Finally, the relevance of informal markets extends to broader socio-cultural dynamics. These markets often serve as hubs of cultural interaction, transmitting traditions, culinary practices, and artisanal skills across generations. They reflect the social fabric of urban neighborhoods and contribute to the identity and character of Algerian cities. Recognizing this dual economic and cultural significance underscores the importance of integrating informal markets into comprehensive urban analyses.

2. Definition of Key Concepts

Informal markets are generally understood as economic spaces operating outside formal regulatory frameworks. These include street vending, open-air markets, unregistered commercial enterprises, and other types of microeconomic activity. Unlike formal markets, informal markets are characterized by flexibility, adaptability, and a lack of rigid institutional oversight. Their informal status does not diminish their economic importance; rather, it underscores their responsiveness to urban economic realities and the needs of local communities.

One defining feature of informal markets is their **adaptive organizational structure**. Traders often rely on localized networks, mutual support systems, and social norms to manage commercial activities. These informal governance mechanisms allow markets to function efficiently even in the absence of formal regulatory oversight. Practices such as rotating selling spots, shared communal spaces, and

cooperative arrangements among traders reflect a highly dynamic and context-specific system of organization.

Informal markets also have a critical **economic function**. They provide affordable goods, generate employment opportunities, and act as incubators for entrepreneurship. Small-scale traders and vendors often use these markets as entry points to participate in the broader urban economy. For many, informal markets are stepping stones toward formalization, skill acquisition, and financial stability. They also create circulation of goods and services that may not be accessible through formal channels, addressing gaps in affordability and availability.

The **urban approach** emphasizes the spatial and social dimensions of informal markets. It examines how market locations, their interaction with urban infrastructure, and relationships with municipal authorities shape their evolution. By situating informal markets within the broader urban environment, this approach highlights the connections between informality, city planning, and urban socio-economic dynamics. Urban studies of informal markets consider not only their economic roles but also their influence on mobility, public space utilization, and neighborhood life.

Lastly, informal markets serve as **social spaces** where cultural practices, networks of trust, and community identity are reinforced. Market interactions are not solely transactional; they involve negotiation, information exchange, and the reproduction of social norms. These functions underline the complex, multi-layered role of informal markets within Algerian cities, extending their significance beyond purely economic considerations.

3. Historical Evolution of Informal Markets in Algeria

Informal markets in Algeria have a long and complex history, shaped by colonial, post-independence, and contemporary socio-economic transformations. During the **colonial period**, informal markets provided essential goods and services to local communities, often circumventing the monopolistic and exclusionary practices of the colonial economy. They became spaces of economic survival, resistance, and social cohesion for marginalized populations, particularly rural migrants and laborers in urban centers.

Following Algeria's **independence in 1962**, the newly established state embarked on modernization programs aimed at formalizing trade, industrializing the economy, and regulating urban spaces. State-led urban planning initiatives attempted to control market activities, standardize commercial operations, and integrate informal economic actors into formal systems. Despite these efforts, informal markets persisted, reflecting the resilience and adaptability of grassroots economic practices. They remained vital for populations excluded from formal employment and for maintaining access to essential goods in rapidly expanding urban areas.

The period of **economic liberalization and structural adjustment** in the late 20th century further reshaped the landscape of informal markets. Urban expansion, demographic growth, and rising unemployment reinforced the importance of informal trade. Informal markets diversified their activities, incorporating modern commodities, digital services, and cross-border products, demonstrating remarkable flexibility and innovation in response to changing urban needs.

Informal markets also adapted to **policy shifts and urban planning strategies**. While some municipal authorities sought to regulate or relocate markets, others adopted tolerance strategies that allowed informal trade to coexist with formal commercial structures. These varying approaches highlight the contested and dynamic nature of informal urban spaces, where regulation, social necessity, and economic opportunity intersect.

In contemporary Algeria, informal markets are integral components of urban economies. They reflect historical continuity, resilience to socio-economic pressures, and the capacity of local communities to adapt to changing urban realities. Their evolution demonstrates that informal markets are not static but continually shaped by broader economic, political, and demographic transformations.

4. Social and Economic Significance

Informal markets are vital **income-generating mechanisms** for marginalized populations, particularly rural migrants, women, and youth. They offer accessible entry points into the labor market, allowing individuals to earn livelihoods through trade, artisanal work, or service provision. These markets enable participants to develop entrepreneurial skills, financial literacy, and business networks, often serving as stepping stones toward greater economic empowerment.

Beyond economic benefits, informal markets contribute to **urban food security and access to goods**. They provide affordable food products, daily necessities, and culturally relevant items, particularly in neighborhoods underserved by formal retail outlets. By meeting the consumption needs of low- and middle-income urban residents, informal markets help stabilize urban life and reduce social inequalities.

Socially, informal markets are **spaces of interaction and cultural exchange**. They facilitate relationships among traders, consumers, and local communities, fostering networks of trust, reciprocity, and mutual support. Markets often host traditional crafts, regional culinary products, and artisanal goods, reinforcing local identity and cultural continuity. They thus function as centers of social cohesion in urban neighborhoods, particularly for marginalized groups seeking solidarity and community recognition.

Informal markets also contribute to **entrepreneurial innovation**. Traders often develop adaptive strategies to manage limited resources, respond to fluctuating demand, and navigate regulatory uncertainty. These practices demonstrate the capacity of informal markets to drive economic creativity and resilience, highlighting their role as incubators for micro and small-scale entrepreneurship in urban Algeria.

Finally, the social and economic significance of informal markets extends to **collective identity formation**. By providing inclusive economic spaces and fostering social networks, informal markets strengthen neighborhood cohesion, enhance cultural expression, and sustain community life. Their multifaceted roles challenge simplistic perceptions of informality as marginal or chaotic, positioning informal markets as central actors in urban development and social organization.

5. Spatial Dynamics and Urban Integration

The **spatial organization** of informal markets is closely linked to urban morphology, transportation networks, and accessibility. Markets typically emerge in high-traffic areas, along main streets, near residential neighborhoods, or adjacent to public transport hubs. Such strategic placement maximizes visibility, footfall, and economic viability while allowing traders to reach diverse consumer bases. Spatial choices reflect a combination of economic strategy, social networks, and adaptation to physical urban constraints.

Informal markets also interact dynamically with **urban infrastructure and public spaces**. They often occupy sidewalks, vacant lots, or temporary structures, repurposing underutilized areas for economic and social activity. These interactions reveal the ways informal markets negotiate with urban

form, claiming space and adapting to existing infrastructure while contributing to the liveliness and functionality of the city.

Urban policies have a profound impact on market dynamics. Authorities may pursue **tolerance and integration strategies**, such as designated market zones, licenses, and cooperative arrangements with traders. Alternatively, **eradication or relocation strategies** can disrupt established markets, displace traders, and weaken social networks. The interplay between policy approaches and market responses underscores the importance of considering informal markets in urban planning and governance.

Informal markets also influence the **relationship between formal and informal urban economies**. They often coexist alongside regulated commercial centers, complementing or competing with formal retail spaces. This interaction affects pricing, supply chains, and economic behavior, revealing the interconnectedness of formal and informal sectors within the urban economic ecosystem.

Finally, understanding the spatial dynamics of informal markets is essential for **inclusive urban development**. Recognizing their economic, social, and cultural contributions allows planners to design cities that accommodate informal activities without compromising order, safety, or sustainability. Integrating informal markets into urban planning strategies ensures that these spaces continue to serve as engines of economic vitality, social cohesion, and cultural expression.

Recommendations for Informal Markets in Algeria

1. Formal Recognition and Legal Frameworks

Governments should develop legal frameworks that formally recognize informal markets and their operators. This can include simplified registration procedures, temporary licenses, or micro-business permits, allowing traders to operate legally while maintaining flexibility. Legal recognition reduces vulnerability to fines and evictions and encourages compliance with basic health and safety standards.

2. Designated Market Zones

Urban authorities should designate specific areas for informal markets, particularly in high-density neighborhoods and near transport hubs. These zones should balance accessibility, safety, and visibility, enabling traders to reach customers efficiently while minimizing congestion and conflicts with formal businesses.

3. Infrastructure Support

Municipalities should invest in basic infrastructure for informal markets, including paved pathways, shelters, lighting, water supply, and waste management. Improved infrastructure enhances market efficiency, hygiene, and safety, benefiting both traders and consumers.

4. Capacity Building and Training Programs

Informal market operators should have access to training programs in entrepreneurship, financial literacy, marketing, and digital tools. Capacity-building initiatives empower traders to expand their businesses, improve service quality, and transition toward more formalized operations if desired.

5. Integration with Urban Planning

Informal markets should be integrated into broader urban development plans. Planners need to consider market locations, transportation accessibility, and the preservation of public spaces

while designing cities, ensuring informal markets contribute positively to urban dynamics rather than being perceived as obstacles.

6. Promotion of Digital Trade Platforms

Encouraging the use of digital tools and e-commerce platforms for informal traders can increase their market reach and competitiveness. Training on social media marketing, online payments, and digital inventory management helps traders adapt to modern urban economies.

7. Support for Vulnerable Groups

Special attention should be given to women, youth, and rural migrants participating in informal markets. Policies can include microcredit schemes, grants, or priority access to market spaces, empowering these groups to enhance their economic independence and social participation.

8. Health, Safety, and Environmental Standards

Informal markets should comply with basic hygiene, safety, and environmental regulations. Municipalities can provide guidance, periodic inspections, and access to waste disposal services, reducing public health risks while preserving the viability of these markets.

9. Conflict Resolution Mechanisms

Establishing formal channels for dialogue between traders, residents, and local authorities can prevent conflicts related to market location, congestion, or competition with formal businesses. Participatory decision-making ensures that policies reflect the needs and rights of all stakeholders.

10. Research and Continuous Monitoring

Urban authorities and academic institutions should conduct continuous research on informal markets, including their economic impact, spatial dynamics, and social role. Monitoring allows policymakers to adapt strategies, improve integration with urban planning, and respond effectively to evolving challenges in informal urban economies.

Conclusion

Informal markets in Algeria represent a complex and multifaceted phenomenon that is deeply intertwined with the country's urban, social, and economic fabric. Their evolution reflects broader historical, political, and demographic processes, from the colonial period to post-independence modernization, economic liberalization, and rapid urbanization. Far from being peripheral or chaotic, informal markets have consistently demonstrated resilience, adaptability, and capacity for innovation, functioning as essential mechanisms for livelihoods, cultural expression, and urban social cohesion. By examining informal markets through an urban approach, this study highlights their centrality to understanding the dynamics of Algerian cities and the ways in which urban communities navigate economic, spatial, and regulatory constraints.

From a historical perspective, informal markets have continuously adapted to changing socio-political and economic conditions. During the colonial era, they served as spaces of survival and resistance, providing access to essential goods while fostering networks of solidarity. Following independence, state-led modernization programs and urban planning initiatives attempted to regulate and formalize trade, yet informal markets persisted, demonstrating the limitations of top-down policies in fully addressing the needs of urban populations. In the contemporary period, informal markets have diversified, incorporating new commodities, modern services, and even digital platforms, illustrating

their capacity to respond to demographic pressures, labor market gaps, and the demands of a rapidly evolving urban economy.

The social and economic significance of informal markets cannot be overstated. Economically, they provide income opportunities for marginalized groups, facilitate access to affordable goods, and act as incubators for entrepreneurship and microeconomic innovation. Socially, they are vibrant spaces of interaction, cultural expression, and identity formation, strengthening neighborhood cohesion and fostering networks of trust and mutual support. Informal markets thus perform dual functions: they meet practical economic needs while also serving as arenas for the reproduction of social norms, cultural practices, and community identity.

Spatially, informal markets are intricately linked to the urban environment. Their locations, organization, and patterns of operation are influenced by urban morphology, transportation networks, and regulatory frameworks. While municipal policies vary between tolerance, integration, or relocation, the interaction between informal markets and urban planning highlights the necessity of inclusive approaches that recognize the contribution of these markets to the economic and social vitality of cities. Proper spatial integration not only ensures orderly urban development but also maximizes the benefits of informal markets for both traders and consumers.

In light of these findings, it is evident that informal markets in Algeria are not merely temporary or marginal phenomena but are essential components of urban life. They illustrate the capacity of urban communities to create adaptive, flexible, and resilient systems that respond to economic inequalities and regulatory gaps. Understanding informal markets through an urban lens provides valuable insights into the ways in which cities function, how social and economic networks are formed, and how policies can be designed to balance formal regulation with the vitality of grassroots economic practices.

Ultimately, any sustainable urban development strategy in Algeria must account for the realities of informal markets. Rather than seeking to eradicate them, policymakers should aim to integrate these markets into urban planning, provide infrastructural support, ensure regulatory clarity, and foster capacity-building initiatives for traders. Such an approach recognizes informal markets as critical engines of economic activity, social cohesion, and cultural continuity, contributing to more inclusive, equitable, and resilient urban environments.

In conclusion, the evolution of informal markets in Algeria demonstrates the intertwined nature of urban growth, socio-economic adaptation, and cultural resilience. Their study offers not only an understanding of urban informality but also a framework for designing policies and interventions that respect local practices, enhance livelihoods, and strengthen the social and spatial fabric of Algerian cities. Informal markets, therefore, are both a mirror and a motor of urban development—reflecting the challenges of contemporary urban life while actively shaping the economic, social, and cultural landscape of Algeria.

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