INFORMAL SECTOR AND ITS CONTRIBUTION TO THE LIVELIHOOD OF THE URBAN POOR IN HOSSANA TOWN, SOUTHERN ETHIOPIA: THE CASE OF STREET VENDING

A Thesis Submitted to the School of Graduate Studies Jimma University in Partial Fulfillment of the Requirement for the Degree of Master of Arts in Urban and Regional Development Planning

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Acknowledgment

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Declaration

I, undersigned, declare that this thesis is my original work, it has not been presented for a degree in any other university and all sources utilized for this thesis have been duly acknowledged.

Declared by:                                        Confirmed by:

Admasu Ergano (MA candidate)                        Dr. Kenate Worku (Principal Advisor)

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Abstract

Informal sector plays a significant role in income generation, reducing unemployment thereby contributing to the livelihood of urban poor. This study is aimed at assessing the contribution of street vending to the livelihood of urban poor. The study adopted mixed research method with Triangulation strategy. Combinations of purposive and systematic random-walk sampling techniques were applied to draw sample street vendors. Data were gathered from a sample of 196 street vendors in Hossana town. The study result revealed that street vending is an opportunity to both rural and urban poor for making a living in urban centers. Since, majority of the street vendors were migrants and the driving factors for the expansion of street vending were both push and pull factors such as unemployment, decline in agricultural production, rural-urban migration and expected employment opportunities in urban areas. The study findings imply that there are numerous challenges of street vending such as lack of working premises, lack of capital/access to credit institutions, eviction by urban authorities and decline in government revenue are the key challenges of street vending. Given the immense contribution that the sector has, therefore government and concerned bodies need to consider the sector as one of the strategies to combat urban unemployment and poverty in the long run. Thus, street vendors should be encouraged to join the formal sector by organizing, managing suitable market sites, giving finance, lessening bureaucracy for license. Moreover, inclusive urban planning is needed to encourage the participation of urban poor including street vendors to sustain their livelihood.

Key words: Informal sector, Street vending, Livelihood, Hossana town, Inclusive Planning
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Acronyms and Abbreviations

AFD: Agency Francaise de Development
CBD: Central Business District
CSA: Central Statistical Agency
ECA: Economic Commission for Africa
EEA: Ethiopian Economic Association
ENA: Ethiopian News Agency
ETB: Ethiopian Birr (Currency)
FLIP: Food Liability Insurance Program
GDP: Gross Domestic Product
GPS: Global Positioning System
HTFEDO: Hossana town Finance and Economic Development Office
ILO: International Labour Organization
IS: Informal Sector
LDC: Less Developed Countries
NASVI: National Association Street Vendors of India
OECD: Organization for Economic Cooperation and Development
MSE: Micro and Small Enterprises
SNNPR: Southern Nations Nationalities and Peoples Region
SV: Street Vending
USD: United States Dollar
UN: United Nations
UNCHS: United Nations Center for Human Settlement
WIEGO: Women in Informal Employment Globalizing and Organizing
CHAPTER ONE

1. INTRODUCTION

1.1 Background of the study

Informal sector plays an important role in urban poverty alleviation through creating jobs and reducing unemployment (Lal and Raj, 2006; Reddy, Vijay and Manoranjan, 2005). Informal sector is a dynamic sector, and not a transitory phenomenon in the development process. It is rather, to be absorbed soon by the formal sector (Ruffer and Knight, 2007). The 2006 United Nations Center for Human Settlement document has regarded informal sector as a transitional stage in the move to formal sector (UNCHS, 2006). This sector does not only provide employment to the low income group, but it also contributes largely to the overall Gross Domestic Product (GDP) growth in different countries. For example, in 2005, it contributed up to 35.5% of GDP in South Asia, 41.5% in Latin America and Caribbean, about 42.3% in sub-Saharan Africa (UN-Habitat, 2007).

In urban areas of Africa, for example, the employment in informal sector is estimated to be 60 percent (World Bank 2008); this figure is about 37 percent in Ethiopia and 44% in SNNPR (CSA 2012). Nowadays in many African countries, especially in sub-Saharan Africa, the population continues to grow, and so does the number of people living in urban areas. Economic growth does not keep pace with the population growth which surpasses the capacity of both industrial and urban social services to effectively absorb the growing labor force (UN-Habitat, 2008). Most developing countries are experiencing unsustainable urban growth and consequently, poverty incidences are high resulting in a large increase in the number of the urban poor. Thus, many of the poor have turned to the urban informal sector for their livelihoods (Muiruri, 2010).

The sector also provides a wide range of services, and produces a variety of basic goods that can be used by all classes of consumers, especially by the low income groups (Asmamaw 2004). Besides, the sector can serve as a breeding ground for new entrepreneurs, and absorbs the labour force that is left out from the formal sector employment (UNCHS 2006). In addition, the sector contributes a lot in reducing urban crime and violence (Reddy, Vijay and Manoranjan 2002).
Street vending activities as one form of informal sector contribute to the livelihoods of millions of people and to national wellbeing at large, especially in developing countries. For instance, approximately 85% of all new employment opportunities around the world are created in the informal economy (ILO, 2002a). Specifically, in North Africa, informal economy provides 48% of non-agriculture employment; 51% in Latin America; 65% in Asia; 72% in sub-Saharan Africa.

Street vending is source of employment and income for many urban dwellers. It has a significant contribution in the urban and national economy of African countries. However, in most of the countries, it is unaccounted and unrecognized in national economic statistics. Street trade has in the past, been viewed as an underground activity that undermines the healthy function of the formal economy. This perception has resulted in conflicts with urban authorities over licensing, taxation, site of operation, sanitation and working conditions (Amsale, 2017:34).

De Soto, cited by Workneh (2008), suggests that as cities filled with people and its space was gradually taken over by informal housing, other economic activity began to undergo a similar evolution. One of such activity was trade, which began to be conducted on a massive scale outside. This marked the birth of informal trade and businesses, carried on essentially in the street where it is known as street vending which includes retail trade and salvage cloth selling. Urban informal sector plays an important role in income generation, employment and skills development and often serves as an entry point for participation in the private sector. Given its contribution to the national economy, an analysis of the formalization process is crucial for an overall policy design and poverty reduction strategy (Van Dijk, 2012).

Generally this study intended to give general information about the potentials of informal sectors particularly street vending as a means of livelihood, income generation, source of employment and urban poverty reduction in the long run. Hence, the researcher investigated drivers for the expansion of street vending, its contribution to the livelihood and challenges of street vending. Thus, it is hoped to suggest government, urban planners and concerned bodies to organize the operators in Small and Micro Enterprises which in turn supposed to help in urban poverty reduction.
1.2 Statement of the Problem

In developing countries like Ethiopia due to an increasing rate of urbanization associated with rapid population growth; service provision to the current urban population is becoming a serious challenge for municipalities, urban planners and concerned bodies. Informal sector is becoming an important and alternative source of livelihood and employment to the urban poor thereby reducing urban unemployment and poverty by increasing household income. It creates a wide employment opportunity; means of income generation for the urban poor especially for those who migrate from rural areas.

Informal sector, however, has been undermined by policymakers who perceive street vending as a liability rather than a potential. Hence street vendors are exposed to various challenges by urban authorities. In addition to this, there is no proper attention given to street vending by policy makers and planners. On the other hand, expansion of informal sector causes loss of government revenue/income from tax since operators in this sector do not pay taxes.

Many African countries are placing greater emphasis on pro-poor strategies in development. It is well documented that informal sector is the major provider of livelihood for the urban poor in Africa (ILO 2013). Thus, understanding the contribution of informal sector as a means of livelihood and source of employment in urban areas is crucial for the success of economic development policies and poverty reduction strategies of local and national government. Despite its contribution to the livelihood of urban poor, it is common that street vendors in Hossana town have been facing several problems like lack of social protection-encroachment by police, lack of fixed working space, lack of access to financial institutions, poor working conditions and evictions. Thus this study is supposed to help urban authorities to understand (recognize) the potential and contribution of informal sector particularly street vending to the livelihood of urban poor; in reducing unemployment and poverty in general.

Mitullah (2005:3) stated that there has been little research done on informal sector in Africa. Studies conducted on street vending were inadequate and information available is largely deficient and locality specific in Africa (Mengistu and Jibat, 2015). In various Sub-Saharan countries, negligence of the sector has resulted in the lack of accurate estimates of its size particularly street vendors. Even if the informal sector is becoming the major employer, no or little documented information exists in
Ethiopia and Hossana town in particular. As a result of this there is less understanding of the contribution and role it plays making the life of poor safe and ease (Mengistu and Jibat, 2015).

More specifically, studies in the area of informal sector nexus with contribution to livelihood and unemployment and urban poverty reduction are limited in Ethiopia, particularly in the study area. This study is thus, aimed at assessing the contribution of street vending to the livelihood of urban poor in Hossana town. It suggests appropriate policy recommendations particularly to transform informal sector operators (street vendors) in to small and medium enterprises. Since, income poverty reduction can’t be met without increasing and protecting the earnings of the working poor in the informal sector particularly street vending.

### 1.3 Objectives of the Study

#### 1.3.1 General Objective

The general objective of this study was to study the contribution of street vending to the livelihood of urban poor in Hossana town, Southern Ethiopia.

#### 1.3.2 Specific Objectives

Specific objectives of this study were:

- To identify driving factors for the expansion of street vending in the study area
- To examine the contribution of street vending to the livelihood of urban poor in Hossana town
- To determine factors affecting livelihood improvement of street vendors in Hossana town
- To examine the key challenges of street vending in the study area

### 1.4 Research Questions

1. What are the driving factors for the expansion of street vending in the study area?
2. What is the contribution of street vending to the livelihoods of urban poor in Hossana town?
3. What are the determinants of livelihood improvement of street vendors after joining the sector?
4. What are the key challenges of street vending?

### 1.5 Significance of the study

This study is hoped to provide general information to the town’s administrators, municipalities and
other concerned bodies about informal sector particularly street vending and its contribution to the livelihood of the working poor. It provides better understanding of the contribution of street vending for policy makers and planners to design effective strategy for the livelihood improvement of street vendors. It is also supposed to help policy makers and urban planners to consider the contribution of street vending to the livelihood, employment and urban poverty reduction strategies if properly managed and formalized.

The study can help urban planners of the study area to know spatial distribution of street vendors in the town which can be used to make inclusive and participatory planning. Moreover the study can be used to create interests for researchers to undertake further investigation on the issue and serve as additional source (reference material) in the academic world since there is no registered/organized number of street vendors in the study area.

1.6 Delimitation of the study

Thematic scope of this study was focused on street vending and its contributions to the livelihood of urban poor in Hossana town. Since, studying each and every aspects of urban informal sector in relation to livelihood and employment is quite complex.

Spatially, the study was delimited in some public spaces and selected streets of Hossana town. Such as Meel Amba, Menharia Sefer and Gombora Sefer based on the spatial distribution of street vendors in the town and locations/directions spatially plotted in a map. Study area is selected because of: researcher’s familiarity to the area and the accessibility of research site.

Methodologically, due to the absence of fixed number (registered) target population, sample size was determined using unknown sample size determination formula and the combination of time-space and random-walk sampling methods were utilized and data was collected from 196 respondents vending at selected streets and public spaces of the town.
1.7 Limitation of the study

The major limitations of the study include:

- Lack of statistical (registered) data of street vendors.
- Some street vendors were not willing to talk because of fearing that the researcher is a government authority who wants to find and prosecute them.
- Time and budget constraints: due to the absence of research fund the study was restricted on some aspects of street vending and it was impossible to take census which is the most accurate form gathering data from the field.

However, some alternative mechanisms were used to overcome these limitations to maintain the effectiveness of the research work. Some of the alternatives include insurance of confidentiality of the information given for street vendors, working extra-time in order to overcome the time limitations.

1.8 Organization of the paper

This paper is organized in to five chapters. Chapter one provides Introduction/Background of the study, Statement of the problem, Objectives of the study, Research questions, Significance of the study, Research questions, Scope and Limitations of the study; and organization of the paper. Chapter two presents general review of related literature including Conceptual, Theoretical and Empirical literatures related to Informal sector particularly street vending. Chapter three consists of overall methodology of the study and the last two chapters mainly focus on the Results, Discussion, Conclusions and Recommendations.
1.9 Operational Definitions of Terms

A livelihood: comprises the capabilities, assets, and activities required for a means of living. It is deemed sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities, assets, and activities both now and in the future, while not undermining the natural resource base (Serrat, 2008:p.1)

Street vending: is an income generating activity where individuals sell their wares along streets and sidewalks to passing pedestrians. It is one form of activity within the informal sector, the segment of the country’s economy that operates outside the regulation and protection of the state (Kamunyori, 2007).

Street vendor: a person who offers goods or services for sale to the public without having permanent built up structure but with temporary static structure or mobile stall (head load or suk bederet). Street vendors may be stationary by occupying space on the pavements and other public/private places, or may be mobile in a sense that they move from place to place carrying their wares on push carts, bicycles, baskets on their head or etc(Bhowmik, 2005)

Urbanization: is characterized by rapid population growth and wide spread poverty which have led to reliance on the informal sector in most urban areas of developing countries and this situation has become life making strategy for urban poor increasingly(Timalsina, 2007).
CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1 Conceptualization of Informal Sector

The concept of informal sector is difficult to define precisely. Most often, it is defined negatively, by pointing out the absence of characteristics that belong to 'formal' activities of special significance. There are labor market characteristics like security and regularity of work, better earnings, existence of non-wage and long term benefits, protective legislations and union protection. The informal economy has been defined in a variety of ways (Bruton, 2012). It is fraught with terminologies from early studies by anthropologists, sociologists and economists such as: ‘underground’, ‘black’, ‘hidden’, ‘irregular’, and ‘criminal’ (Gërxhani, 2004; Henry & Sills 2006; Schneider, 2000). The literature tends to use the terms ‘sector’ and ‘economy’ interchangeably and popularly defines the sector to include businesses that are characterized by partial or non-compliance to business, tax and employment regulations, but produce and sell legal goods and services (Hart, 2006; Godfrey, 2011).

Is it legal or illegal? Urban informal sector can be defined as micro and small enterprises operating outside the official legal framework. They are often illegal, but licit. Asto Van Schende (2006) the term licit was used for socially accepted but illegal activities. This results in the distinction summarized in the table with the informal sector being illegal but licit.

Table 2.1 Legal versus illegal sector and illicit versus licit

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<th>Status</th>
<th>Legal</th>
<th>Illegal</th>
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<tr>
<td>Licit</td>
<td>Formal Sector</td>
<td>Informal Sector</td>
</tr>
<tr>
<td>Illicit</td>
<td>Socially unaccepted aspect of the formal sector</td>
<td>Criminal Sector</td>
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</table>

Source: Van Schendel (2006)

It can be concluded that the urban informal sector may be illegal, but is usually considered licit and as such would be against characterizing it as illegal, just as nobody would like to focus informal sector promotion policies on promoting illegal activities.

Table 2.2 Terminology of Informal Sector

<table>
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<th>Informal Sector</th>
<th>Informal Economy</th>
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<tr>
<td>Hot sun sector</td>
<td>Concealed economy</td>
</tr>
</tbody>
</table>
Irregular sector | Extralegal economy
--- | ---
Marginal sector | Grey economy
Moonlight activities | Informal economy
Informality | Invisible economy
Informalization | Parallel economy
Micro-enterprises | Second economy
Self-employed | Shadow economy
Informal income opportunities | Underground economy
Petite production marchande | Unobserved and unregistered economy

Source: Van Dijk(1997) and Abdelhamid and Mahdi(2005)

Informal sector refers to a home based or an individual establishment or an activity operated by the owner with a few or no employees. Its operators have little or no access to organized markets, credit institutions, modern technologies, formal training, and public services. Besides, they do not have a fixed place to work; as a result they often carry out their business in small shops, streets, outlets or home-based activities (CSA 2004).

The informal sector is characterized by small scale, labour intensive, low fixed cost, use of simple technology, reliance on family labour, use of personal or informal sources of credit, nonpayment of taxes, relatively easy to establish and exit, etc. (Hart, 1973; Hope, 2001). In addition, it relates to economic activities involving the production and distribution of goods and services that are not registered and regulated by the state or local government in the context where similar activities are regulated. The informal sector excludes those activities legally proscribed and sanctioned which are indeed by their nature criminal, underground or hidden (Sinclair, 1978; UN, 1996).

The informal sector comprises of street vendors, domestic workers, home-based workers, construction workers, transport workers, and waste pickers. Street vendors and home based workers makeup the largest group of informal sector operators. While home-based workers are invisible but numerous, street vendors are the most visible and self-employed entrepreneurs (ILO, 2002b). Street vending is an important part of urban economies. It provides affordable goods and services with accessible retail
choices to the poor section of the population in LDCs (ILO, 2002a).

Street vendors are entrepreneurs who sell goods or provide services in the streets. They sell a wide range of goods and services on a retail basis in streets and sidewalks. They may have fixed booths such as kiosks and semi-fixed booths like folding tables (Tanga, 2009). They may work from barred enclosures, collapsible stands, or wheeled pushcarts that are moved and stored quickly. Bhowmik (2005) defined street vendors as self-employed workers in the informal economy who are either stationary or mobile. Other vendors sell from fixed locations without having any structure, displaying their products on plastic sheets. Lottery and mobile vendors, on the other hand, walk through the streets (ILO, 2002b). In general, street vendors form a significant part of urban livelihoods particularly in the developing regions of the world of which Ethiopia is not an exception.

2.1.1 Concept of Street Vending

Street vending is an old practice in cities all over the world (Cross, 2000). In the developing world, there has been a trend toward informalization of the urban economies with increased share of income earned coming from unregulated employment. In many developing countries, particularly in Africa and Asia, the formal sector has not been able to provide jobs for the growing urban population. This has led to proliferation of the urban informal sector (UN-Habitat, 2006).

According to the International Labor Organization, approximately 85% of new employment opportunities around the world are created in the informal economy and 60% of all urban jobs are in the informal economy (ILO, 2002a;2002b).The informal sector has been and still is an important source of income and livelihood for many people around the world. The informal sector is characterized by small scale, labour intensive, low fixed cost, use of simple technology, reliance on family labour, use of personal or informal sources of credit, nonpayment of taxes, relatively easy to establish and exit, etc. (Hart, 1973; Hope, 2001). In addition, it relates to economic activities involving the production and distribution of goods and services that are not registered and regulated by the state or local government in the context where similar activities are regulated. The informal sector excludes those activities legally proscribed and sanctioned which are indeed by their nature criminal, underground or hidden (Sinclair, 1978; UN, 1996).

As far as street vending, therefore, fits into these characteristics, then it is of course a segment within
the informal sector (Jimu, 2004). Over the years, street vending has become a rampant source of employment and income to many urban dwellers. Hence, it is the largest sub-group of informal workforce after home-based workers. All together, these two groups represent 10-35% of non-agricultural workforce in developing countries compared to 5% of the total force in developed countries (ILO, 2002a). In the same study, ILO showed that street vending occupies 8%, 14.6% and 6% of the non-agricultural labour force in Kenya, South Africa, and Tunisia respectively. Note that these percentages are increasing as time passes. Street vending is one of the components of the urban informal economy, and discussion on street vending cannot be exhaustive without reference to the informal economy. Street vending is perceived as a manifestation, offshoot, spillover and often, a prodigal subset of the urban informal sector (Hope, 2001). During the 1950s and 1960s, it was widely assumed that, with the right mix of economic policies and resources, poor traditional economies could be transformed into dynamic modern economies.

One of the major development concerns in recent years, particularly in sub-Saharan African countries, has been the rapid growth of urban population coupled with low industrial growth. This mismatch has led to high unemployment levels as most companies have either scaled down or completely shut down. High poverty levels have intensified in urban areas and this has facilitated the mushrooming of the informal economy such as vending, operating tuck-shops and various micro enterprises as an adaptation strategy to failing economies (Nkululeko. J, Shirley M. et al, 2014).

In Ethiopia, Street vending is perceived as an illegal activity.

2.2 Theoretical Literature

Scholars such as (Skinner 2008, Ndhlovu 2011) have found the study of street vending difficult to categorize. The challenge emanates from the lack of analytical rigour and dearth of studies that independently look at urban street vending. As a result, there are competing theories regarding the role of street vending as an important economic activity. Since street vending is largely considered as a mere spectacle of the urban informal sector, most of the arguments on street vending are polarized into either the Reformist or Marxist theoretical discourses within the informal sector (Jimu 2004; Bieler 2014).

The reformist theory’s view is that street vending contributes to economic growth through alleviation of poverty and unemployment, (Jimu 2016, Hope 2001). However there is no clarity on how the reformist perspective can be achieved, (Muiruri 2010:29). On the contrary, the Marxist
theory does not acknowledge the informal sector contribution to national gross domestic product (GDP). The theory states that there would be very little loss to the economy, if the informal traders are taken off their occupation, (Menyah 2009). The two theories of Reformist and Marxist on street vending has left too much room for speculation about street vending contribution to the economy. This study therefore seeks to provide an in-depth account of the economic and social importance of street vending activities to the urban poor and the general state employment.

According to Williams and Gurtoo (2012), street vending has been traditionally viewed from two theoretical viewpoints: Modernization Theory and Structuralist Theory. The Modernization Theory views street vending as a remnant of a premodern era that is slowly becoming extinct while the Structuralists perceive street vending as a survival tactic of last resort driven by economic necessity in the absence of alternative means of livelihood (Williams & Gurtoo 2012). Contrary to the Structuralists, contemporary studies perceive street vending as a rational economic choice as expounded by the Neoliberal, Bhowmik (2012).

This study was grounded within both the Structuralist and Neoliberal perspectives whereby street vending is viewed as a necessity-driven activity or a rational economic choice in the absence of alternative means of livelihood.

2.3 The Informal Sector in Africa: An overview

In Africa, the informal economy contributes significantly to the Gross National Income (GNI), to job creation, to income generation of the majority of citizens, as well as provision of vital services to the poor segments of the society. This is in addition to its contribution to the formal economy. Recent studies conducted in seven African Countries estimated that the average contribution of the informal economy to the GNI for African countries south of the Sahara is 42.2% with gross variations across countries which range from 30% South Africa to 50-60% Benin, Cameroon, Senegal, Tanzania, and Zimbabwe (ILO: 2005, Walter, 2007).

Similarly an analysis of the labour market for the African countries south of Saharan, which made use of statistical data from different sources indicated further that informal economy for Sub Sahara Africa represented approximately three quarters of the non-agricultural employment, accounting for 72% of employment in African countries South of Sahara if South Africa is excluded (Verick: S. 2006). Furthermore, the study revealed that 93% of the new jobs in Sub Sahara Africa in the 1990s
were in the informal economy. This is attributed to, among other factors, decline in formal sector.

The updated statistics from the ILO Bureau of statistics data base (2007) reveal great variations in terms of employment in informal economy. Data available for Mali (2004) for instance, reveal that employment in informal economy (share of non-agricultural) was 79.6% for females compared to 62.9% of males. For the formal sector same data indicated that, share of total non-agricultural activities for females were 9.6% compared to 35.8% males. For South Africa, data reveal that employment in informal economy share of total non-agricultural for females was 16.2% and 15.0%.

Table 2.3 Contribution of informal sector to employment in different countries of the world

<table>
<thead>
<tr>
<th>Country</th>
<th>Proportion of Informal Sector employment</th>
<th>Proportion of employment in companies</th>
<th>Proportion of employment in administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>31% (all Sector)</td>
<td>69%</td>
<td>-</td>
</tr>
<tr>
<td>Angola</td>
<td>66% (urban sector)</td>
<td>24%</td>
<td>10%</td>
</tr>
<tr>
<td>Benin</td>
<td>95%</td>
<td>5% (administration included)</td>
<td></td>
</tr>
<tr>
<td>Cameroon</td>
<td>90.4% (all sectors)</td>
<td>4.7%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>90% (all Sectors)</td>
<td>6.2%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Senegal</td>
<td>77.5% (urban sector)</td>
<td>16.8%</td>
<td>5.7%</td>
</tr>
</tbody>
</table>


According to Chirisa and Muchini (2011), in Zimbabwe most people were forced into street vending as a result of the rising cost of living, high unemployment rate due to an unproductive industrial sector, the stagnant and underperforming economy, and a mostly unproductive farming sector. Consequently, the increase in the number of vendor is out of necessity as a survival strategy, (Njaya 2015). However, for some people street vending is necessitated by an entrepreneurial choice than a survival strategy. Njaya (2014) argued that some of the vendors are entrepreneurs who employ up to five paid employees. Therefore, individuals with an entrepreneurial eye enter into street vending based on a rational economic decision that may entail escaping over-regulation in the formal sector or by-passing the costs, time and effort of formal registration, (Williams and Gurtoo 2012).
2.3.1 Street Vending in Ethiopia
A study conducted by UN Habitat (2006) estimated that the informal sector in Addis Ababa to be 51% of the productive economy. While the informal economy in Ethiopia is considerably large, for every ten registered firms there are almost four non-registered firms (Gov. Ethiopia, 2014). This number is significantly lower compared to Ethiopia’s regional counterparts. For instance, the average for Sub-Saharan Africa is 7.5. Ethiopian entrepreneurs also indicated one of the lowest rates of firms identifying competitors in the informal sector as a major constraint (only 11%). This number is over three times higher in Sub-Saharan Africa (37%).

A survey conducted by the Central Statistical Authority (CSA), in 1997, showed that there were 584,913 informal sector activity operators and 2,731 small-scale manufacturing industries, employing a total of 739,898 people. The survey indicated that activity is concentrated in the manufacturing and trade (47%) and services sectors (42%). According to the 1997 data by the CSA, the size of labor force engaged in informal sector activities and small-scale manufacturing industries was eight times larger than that of the medium and large-scale manufacturing industries. Recent estimates of the informal sector in Ethiopia place the sector at 69% in Addis Ababa, compared to the national average, which lies below 15% (World Bank, 2014).

Of the informal activity, street vending comprises a widespread economic activity in Addis Ababa. The urban poor are typical involved in the activity. Street vending in the city, significantly contribute to the city employment. An integral part of the urban economy, they provide a wide variety of good at bargain prices. One finds street vendors and their markets in almost all the district of the city selling goods and service without obtaining permit giving receipts or paying taxes. Some of vendors operate at sidewalks busy roadways and intersection where large number of people gather or at bus stop, especially at first and last stop. Other walks around the city selling goods or services without a fixed place to operate (Girma, 2009).

In a general context street vending is widely understood as an inevitable phenomenon tied to urban growth. In the context of Addis, it has proliferated as a way of life and a coping mechanism adopted by those economically under privileged segments’ of the society. It is also considered as the chief source of self-employment for the unskilled labor force that has been increasing in each passing day as a result of increased rural-urban migration.
Therefore, the need for policy makers, town planners, law enforcement bodies and other stakeholders to rethink and find ways of sustainably addressing street vending as one form of the socio-economic problem. It is undeniable fact that street vendors often take illegal and risky ways to avoid accountability. Each day they have to carry heavy loads of goods each day and play the hide and seek game to avoid the risk of being confiscated by law enforcing bodies. The physical environments in which they work always creates chaotic scenes which are a real nuisance for drivers and pedestrians. This in turn negatively affects the image of the city. No wonder thus street vending not only creates chaotic scenes but also causes traffic accidents and obstructs side-walks. Obviously street vending hurts legal trade and hurts economy by denying the government revenues that it would have collected in the form of taxes; thus, the growing problem is not unnoticed by the city administration (Melekot, 2004).

2.3.2 Essence of Informal Sector and its Drivers
Informal sector was first coined by a British anthropologist Keith Hart, in his 1971 study of economic activities in urban Ghana (Hart, 1997). Hart was of the opinion that “self-organized economic activities, growing out of people’s everyday lives, however, irregular, and inadequate they may seem to be, ought to modify the perceptions of economy current in development discourse”(Hart: 2006). In his 1971 study of the Accra poor, Hart observed that Accra poor were not ‘unemployed’ but were ‘working poor’.

He further asserted that, “they worked, often casually, for erratic and generally low return’ but they were definitely working’. He further argued that what distinguished these self-employed earnings from the wage employment was the degree of rationalization of working conditions and finally concluded that the formal sector consisted of regulated economic activities and the ‘informal sector of all those, both legal and illegal, lying beyond the scope of regulation (ibid).

Street vending existed since the ancient epochs (NASVI, 2017). FLIP (2015) notes that street vending was quite popular back in the 79A.D in the ancient city of Pompeii in Italy. Furthermore, FLIP (2015) opines that mobile vending took prominence in the 1850s where people could purchase food on buses and trains. It is illustrated that the wide spread of street vending stretched until 1936 when Oscar Mayer began to use a Weiner mobile in America peddling his meats (ibid.). The rapid increase of street vending became prominent from 1930s until it spread to Cities of the Global South (FLIP, 2015).
According to NASVI (2017) street vendors started with travelling merchants who sold their wares door to door that in the ancient epoch. Possibly ancient and medieval evolutions were tolerant to these nomadic vendors and that is why they flourished (NASVI, 2017). FLIP (2015) notes that in New Amsterdam now New York City, regulations of street vending took place back in 1691. At the same time, the urban middle class started to complain about the blocking of pavements and creating congestion in Cities hence creating enmity between street vendors and city officials (NASVI, 2017). Skinner (2008) notes that African Cities are characterized by a vibrant array of traders selling a variety of products ranging from fruit and vegetables to clothes, traditional medicine, and furniture.

The general increase of street vending came as a result of the combined pressure of urban growth and increasing unemployment (Morange, 2015). This concurs with Lindell (2008: 1879) who argues that many urbanites do not have access to employment hence they create their own informal income activities and established the necessary services and infrastructure, often through collective efforts. This has resulted in an extensive informalization of Cities, where many existing laws, policies and urban plans do not materialize (Lourenço-Lindell, 2002 in Lindell, 2008: 1879-1880). Thus, it is deducible from this brief account that street vending is not a recent phenomenon, but a practice which almost coincided with the dawn of history (ibid)

2.3.2.1 Driving factors for the expansion of Street vending

There are several factors that accelerated the expansion of street vending activities such as unemployment, resource scarcity, limited education, low productivity in agriculture, rampant increase in population size, high economic competition and etc, forced millions of youths of developing countries migrate to urban centers to get employment and participate in informal trade ”(Aryeetey, 2009).

A) Economic Driving Factors

i) Lack of job in the formal sector

As to Cross (1998), although it has been argued that street vending preferred mainly by those who have limited opportunities for obtaining formal employment, there are also conditions in which those who have the opportunity of obtaining formal employment engaged in street vending activities in many cities and towns.

ii) Decline in Agricultural production
Hayat (2000) argues that case of informal sector is agricultural sector. Agricultural sector was unable to accommodate the rapidly growing labor force in the rural areas. This resulted in higher rate of rural-urban migration particularly to most of them, lack skill and education coupled with the failure of the formal sector to generate additional employment, forced to participate informal activity which found to be the immediate and livelihood.

Unemployment, low productivity in agriculture and the need to migrate to the urban to search for employment has forced millions of the youth in developing countries to engage in informal trade (Aryeetey cited in Mramba, 2015). The focus and policy advocacy on rural development as a catalyst for industrialization has been challenged and seems to be losing ground. In many developing countries, let alone functioning as a catalyst, agriculture failed to feed and sustain the rural population. The rapidly growing rural population, poor technology, lack of capital and unfavorable climatic conditions can be mentioned as factors contributing to its low performance.

iii) Search for employment

Many sub-Saharan African countries to which Ethiopia belong have experienced rapid population growth and urbanization from natural population increase and high rates of migration into the cities and large towns. In this regard, Hossana town has become one of the main destination places for internal flows of migration from surrounding towns of southern Ethiopia.

According to Berner et al. (2008:1) and Gomez (2008: 10), street traders do not start their business by choice but are forced into it because they cannot find wage employment or because of other economic shocks. Similarly, Nittaya (2014) showed that the suitable conditions for new entrants to street vending are a large pool of unemployed people.

iv) Escape taxes and government trade policy

In some countries business registration procedures are costly and cumbersome; the taxation system is heavy while labour regulation is rigid. Due to this, small entrepreneurs’ initiatives are limited and therefore forced to operate from the streets. It is, therefore, necessary to eliminate some of the entry barriers to the formal sector of the economy in order to improve conditions in the labour market.

v) Other economic driving factors

Several literature reviews shows that street traders undertake the business due to lack of enough capital and to avoid paying rent in the formal markets. Further, traders try to avoid the cost of formality in terms of strict rules and regulation, taxes, time and effort involved in complying with formal state procedures (De Soto, 2000). Others engage in street vending to supplement income
earned elsewhere, or changing the jobs because the previous job working conditions were unsatisfactory (Turner & Laura, 2012).

**B) Social Driving Factors**

In almost all developing countries, the rate of urbanization is, by far, exceeding the population growth rate of their national average, indicating rural–urban migration as a major factor for such an explosion. For example, in Ethiopia, EEA (2009) indicates growth rate of urbanization at about 4 percent while that of national population growth was about 2.7 percent.

**i) Rural-urban migration**

The Todaro Model shows that the urban informal sector has been able to generate employment for them by using labor-intensive technologies. This is directly opposite to Lewis model. His assumptions that the level of industrial growth and urbanization is more than that of population and that the rate of migration from the rural to the urban area will equal that of the number of jobs generated by the formal sector; i.e., all the surplus rural labor is absorbed in the new industrial sector (Espindola, 2008).

Todaro (1981) argues many factors are responsible for rural/urban migration in developing countries such as social factor, physical factors including climate, demographic factors including rural population growth, cultural factors and communication factors like improved transportation, modernization impact: Radio, Television and the Cinema also creation of one job in the formal sector is attracts more than one migrant. Due to push and pull factor of migration the rate of migration from the rural to the urban area will greater that of the number of jobs generated by the formal sector.

According to the CSA (2003), about 90% of the rural migrants join the unorganized economy in Ethiopian cities. In a country where there is hardly any social security for the most fragile segment of the population, the informal urban sector provides a welcome route out of poverty. This is evident from the fact that migrants who were once informal sector operators own many successful and, currently leading businesses in Addis Ababa. Rural -urban migration is a particular issue in secondary towns, which will be the largest centers of urban population growth over the next 20 years (Desa, 2014).

**ii) Self-employment**

The street vendors are considered self-employed and contribute to national development in most of “backward economies” (Graaff and Ha, 2015). According to Ndhlovu (2011), street traders undertake
the activities as an easy means of setting oneself up as self-employed with low initial capital. A deeper analysis shows that self-employment accounts for two thirds of all employment, both formal and informal, in Sub-Saharan Africa (UN Statistics Division 2015). Self-employment is comprised of employers, own account workers and contributing family workers.

iii) **Supporting family**

Street vending provides earning opportunity and livelihoods to support the dependent family members. Because of the increasing vulnerability at the household level, one is supposed to support family members, for example, children, siblings and parents. Providing basic necessities to dependent family members becomes the responsibility of youths and adults. Many vendors work on the streets for the survival of their dependent family members. This has also been confirmed by Babere in her study in 2013 about struggle for space: appropriation and regulation of prime locations in sustaining informal livelihoods in Dar-Es-Salaam City, Tanzania. She found that street traders take the role of providing for their household as the circumstances require, which makes them for any means possible for meeting the family daily needs.

iv) **Limited education**

The study of Judai in 2002 in Zambia showed that lack of education and training for employment in formal sector is one of the various reason that push people into street trading activities. This has also been confirmed by Ndhlovu (2011) in her study on street vending in Zambia, a case study of Lusaka District.

2.3.2 **Typology and Characteristics of Street Vending**

Informal economies can exist in different types such as street vending, mechanics, domestic workers, bus drivers, micro-entrepreneurs, waste pickers and etc. (Verick 2006). Street vending may be practiced full-time, part-time, seasonally or occasionally. It can be fixed, occasionally mobile, or almost continuously mobile, and it can go on at any or all times of the day and night (Bromley, 2015). The informal economies are largely characterized by low entry requirements in terms of capital and professional qualifications, small scale of operation and labor-intensive methods of production (Owne, 2013). Informal economy is continuously expanding in developing countries and providing employment and income to the poor. It is stimulating the growth of the market economy, promoting flexible labor market, stimulating and absorbing labor than the formal economy. Specifically, urban informal economy is a major source of employment and income in developing countries. The sector has helped the impoverished groups of the urban population to improve their business skills and income levels required for business development (Asaminew, 2010).
Street vendors are not one homogeneous group, but comprise various sectors, such as fixed-stall vendors who operate in front of their houses or from the street pavement and mobile sellers who vend from one location to another by carrying their wares on hand or on push carts. Iyenda (2005) has identified two main types of street vendors in Kinshasa (Democratic Republic of Congo): the walking vendors and the fixed vendors. Walking vendors refer to those street vendors who are mobile all the time, while fixed vendors on the other hand, are those who remain in particular locations for a certain period.

Street vending activity is associated with the people having no professional skills, have low levels of education so they cannot get jobs in the formal sectors (Kamala, 2007). Studies undertaken at Johannesburg CBD and Durban metropolitan in 1997 showed that the level of education of street vendors was very low, with 10% to 18.3% of vendors lacking primary education in the two cities. Half of the vendors in the two cities had completed only primary school education level. There are also gender disparities in terms of education level, with more women than men having no education training (Lund, 1998). Clearly, the idea that street vending attracts those who have limited opportunities in obtaining formal employment appears to be waning with time. In addition, due to gender bias in education, women dominate street vending informal sector as it offers them the flexibility of combining it with other household-related activities. Men, on the other hand, it has been noted that they join the street trade while still young and later leave for other jobs. Unlike men, women join street vending later in life and keep it until old age (Mitullah, 2003).

2.3.3 Contribution of Street Vending

The urban informal sector plays an important role in income generation, employment and skills development and often serves as an entry point for participation in the private sector. Given its contribution to the national economy, an analysis of the formalization process is crucial for an overall policy design and poverty reduction strategy (Van Dijk, 2010).

2.3.3.1 Socio-economic importance of street vending to street vendors
Street vending is an attractive economic strategy and source of livelihood for the unskilled and illiterate new arrivals to the city, (Tshuma and Jari 2013). With increasing rural to urban migration and the contracting formal sector, street vending and other forms of informal employment become the most attractive means of survival for the urban poor, (Chirisa & Muchini (2011), Adhikari( 2012);
Njaya (2015). According to Ray and Mishra (2011), vending has become an important source of employment for a large number of urban poor. Timalsina (2011) argued street vending in Nepal maintained or improved resource productivity. This resulted in vendors securing ownership of and access to assets, resources and income-earning activities as well as ensuring adequate stocks, flows of food and cash to meet the vendors’ basic household needs. Street vendors also provide low-cost basic goods and food items to other lower income groups within the cities.

According to Natawidjaja (2015), since the late 1990s, after the collapse of banks and industries due to the Asian economic crisis, street vending has played an important role by becoming a coping mechanism for low income households in the city of Surakarta. Street vending is one of the activities within the informal economy and is fast becoming a global phenomenon. Although it is mostly practiced in developing countries, it is not uncommon in the developed world. Over the years, it has become rampant and a source of employment and income for many urban dwellers. Street vending is an important part of urban economies. It provides affordable goods and services with accessible retail choices to the poor section of the population in LDCs (ILO, 2002a). Street vending contributes largely to the distribution of relatively priced goods (Muiruri, 2010).

For instance in Cambodia, Kusakabe (2006) showed that street vendors earn on average USD25.70 per day, and spend USD24.20, leaving a profit of USD1.48. In a study carried out in Thailand, Kusakabe (2006) reported that more than 70% of vendors earned a daily profit of more than 200 baht. Given that the minimum wage of Bangkok was 169 baht in 2004, the income from street vending was relatively high such that street vending is no longer a survival strategy for the urban poor but a more attractive occupation for the educated middle class, (Kusakabe 2006).

Street vendors constitute an important segment at the bottom of the pyramid of the informal economy in cities. Street vending provides a source of self-employment, and acts as a measure of urban poverty alleviation. Street vending also has a prominent place in the urban supply chain, and provides inexpensive and convenient access to goods and services to all segments of the population including the poor. Street vending is therefore an integral part of the economic growth process in urban areas (Elias, 2015).
i) Street Vending and Employment Creation opportunities

Street vending is becoming an important activity for the survival of many urban poor people around the world, by helping them create their own jobs and earn cash incomes, especially in the developing world. Thus, street vending activities avail good opportunity for the urban poor to work and to be self-employed. This sector, therefore, has been neglected and underestimated (Hart, 1973). The street vending sector contributes significantly to the urban employment creation where unemployment and poverty issues are more acute. In Tanzania, the Dar-es-Salaam city authority showed that street vending employed more than 1 million in 2014 (Mramba, 2015). Increasingly, street vending is becoming an employment and income earning option for a larger segment of the African society (Mitullah., 2004). Furthermore, this sector also links to the other formal sectors by providing labour force and marketing their products. Studies show that a lot of goods sold by street vendors, such as clothes, leather and plastic goods as well as household commodities are manufactured in small scale or home-based industries. These industries employ a large number of workers and they rely mainly on street vendors to market their products. In this regard, street vendors provide a valuable service by helping to sustain employment in these industries (Timalsina, 2011).

The sector acts as a provider of a viable alternative to formal employment. It acts, therefore, as a buffer against instability and insecurity in terms of work and income opportunities among the urban poor. Table 2.2 and table 2.3 shows the statistical numbers of street vendors in some cities. One should note that it is difficult to produce accurate estimated figures.

Table 2.4: The Number of Person engaged in Street Vending from different countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of street vendors</th>
<th>% of non-agriculture labor force</th>
<th>% of females</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benin(1992)</td>
<td>45,591</td>
<td>5.0</td>
<td>81.0</td>
</tr>
<tr>
<td>Tunisia(1997)</td>
<td>125,619</td>
<td>6.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Kenya(1999)</td>
<td>416,294</td>
<td>8.1</td>
<td>33.0</td>
</tr>
<tr>
<td>South Africa</td>
<td>445,000</td>
<td>14.6</td>
<td>-</td>
</tr>
</tbody>
</table>

Walther (2007)
Table 2.5: Street vending as a Significant Share of the Total Employment and the Total Informal Employment in Different Cities

<table>
<thead>
<tr>
<th>Region / country</th>
<th>% of share of total employment</th>
<th>% of share of informal total employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dakar, Senegal</td>
<td>10.4</td>
<td>13.0</td>
</tr>
<tr>
<td>Abidjan, Cote D’Ivoire</td>
<td>12.7</td>
<td>16.0</td>
</tr>
<tr>
<td>Ouagadougou, Burkina Faso</td>
<td>13.6</td>
<td>16.7</td>
</tr>
<tr>
<td>Cotonou, Benin</td>
<td>15.3</td>
<td>18.8</td>
</tr>
<tr>
<td>Bamako, Mali</td>
<td>16.6</td>
<td>19.9</td>
</tr>
<tr>
<td>Lome, Togo</td>
<td>20.0</td>
<td>24.0</td>
</tr>
<tr>
<td>Asia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ahmedabad, India</td>
<td>-</td>
<td>7.0</td>
</tr>
<tr>
<td>Latin America</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buenos Aires, Argentine</td>
<td>2.7</td>
<td>5.4</td>
</tr>
<tr>
<td>Lima, Peru</td>
<td>5.4</td>
<td>9.2</td>
</tr>
<tr>
<td>Hanoi, Vietnam</td>
<td>6.0</td>
<td>11.3</td>
</tr>
</tbody>
</table>


ii) **Street Vending and Generation of Income for Livelihood**

Street vending is perceived as an important sector, having vast vitality for promoting economic growth, employment creation and on the job training or developing entrepreneurial skills (UN, 1996). In fact, it has a potential role in alleviating poverty through income generation from the sector. In other words, it is a means of survival and confers financial independence. Street vending creates economic resources to sustain the livelihoods of vendors and other people who benefit from their services, especially low income families (Tripp, 1997). In all these cases, the profit margins from street trading activities depend on the size and location of the business, the tax burden, and level of education, the initial investment into the business, gender and the type of commodities sold. However, given the poor conditions of street vendors, most traders make minimal but reasonable profits (Adhikari, 2011); (Bell & Loukaitou, 2014).
Apart from creating jobs and being a source of income, street vending offers business opportunities where vendors can successfully compete. This is the case in South Africa, where street traders begun by selling only a few low cost items like cigarettes and candies before switching to sell high profit items such as shoes and clothing (Cohen, 2010). In addition, street vending can serve as a transient job before moving to other jobs (Agadjanian, 2002).

**iii) Street vending and provision of relatively low priced goods**

The users of the advantage of street trade are not only the street vendors, but also the majority of the urban poor dwellers who buy much of their daily needs and wants to them. Life for such section of society can be hard without street vendors. The urban poor cannot tolerate increasing inflation in price of goods and services and afford the price of goods and services in the formal sector. Thus, engaging in street vending activities is affordable and convenient livelihood strategy for this group of people. Furthermore, Street vending activities contribute to the livelihoods of millions of people and to national wellbeing at large because it serves as an emerging largest employer sector countries like Ethiopia (Berhanu, 2019).

Street vendors provide food, services and commodities at cheaper prices and at convenient locations. For this reason, they provide basic necessities from the pavements, particularly for low income groups who cannot afford to shop in formal shops (Nittaya, 2014). Street vending also offers goods and services at prices that are affordable for the low-income population. The distinct advantages of buying from street vendors are that one can buy very small quantities of goods such as a single bar of soap, for example, instead of a package of three. In this sense, street vending makes goods accessible to those with scarce resources (Roever, 2014).

**2.3.4 Challenges of Street Vending**

Despite the socioeconomic importance of street vending in urban areas, especially for the urban poor group, operators face various challenges. Cohen et al, (2000) found that like all informal workers, informal street vendors lack legal status, representation, and voice. Due to this situation, they face several specific problems along the way of securing the livelihood which limits their opportunities to work efficiently for income generation and poverty reduction. With a pervasive informal sector, city governments have been struggling with how best to respond.

The physical environments in which vendors work always creates chaotic scenes which are a real nuisance for drivers and pedestrians. This in turn negatively affects the image of the city.
wonder thus street vending not only creates chaotic scenes but also causes traffic accidents and obstructs side-walks. Obviously street vending hurts legal trade and hurts economy by denying the government revenues that it would have collected in the form of taxes; thus, the growing problem is not unnoticed by the city administration (Melekot, 2004). On the one hand, a large informal sector often adds to city congestion, through informal vending and transport services, and does not contribute to city revenue. Low levels of education and skills, limited access to formal credit and micro enterprise support constrain street vendors’ ability to access emerging market opportunities. On account of being unorganized and self-employed, street vendors and their families often lack in any linkage to social security, welfare and assistance schemes and initiatives of the Government. This makes street vendors and their families vulnerable in difficult times, or when they may require assistance for unforeseen expenses (Gov. of India, 2013).

i) Street vending and Local government Authorities

Asiedu & Agyei-Mensah (2008) and Brown (2006) said that vendors are continuously on the run due to constant harassment, assault and seizure of goods by the local government authorities or police in and other users\ of the city space. All these disturb the development of links with customers, reduce the accumulation of fixed-asset value, and discourage investment even if the investment is low.

ii) Street Vending and Tax

The failure to recognize street vendors as entrepreneurs with potential to generate income has resulted in loss of potential revenue from street vending registration fees, hawking licenses and taxes since the street peddlers continue to operate without licenses (Uzhenyu, 2015). Ruzek (2015:26) argues that “the proper management and organization of cities must include the informal sector, embracing the qualities of the informal sector that can drastically help create jobs and livelihoods where there are none.” This helps the city council through receiving fees and payments of vending licenses from street vendors.

iii) Street vending and access to capital

If street vendors could have access to funding from financial institutions, they could also have higher investment capital, judging from the expensive merchandise they sell. In addition, the high capital could provide them with the opportunity to rent space in prime areas of the city. But street traders operate below capacity because they have limited access to capital as they have no access to financial services such as credit, loans from financial institutions because they do not have collateral security.

They lack things like pay slips and bank account statements as an indication to the lender that one
can pay or service credit (Nkululeko et al, 2014). Therefore, the lack of capital or access to capital hinders the development of their activities.

v) **Street vending and Business Skills**

The majority of street vendors has a low level of education and do not have any skills for business. Even those who are educated do not have the requisite skills for business. And because their activities are not legally recognized, they therefore do not have access to any training for business and any technical training that could help in ensuring the development of their business. This continues to challenge their business as they have low level of business skills.

vi) **Street Vending Regulations and Policy**

Majority of street vendors around the world, undertake street vending business with the threat of eviction, jail, harassment, and fines because street vending activities are usually not recognized or protected under legal and regulatory frameworks. Almost in all countries in Africa, they operate with restrictive policies and regulations that lay emphasis on the illegality of street vending (Bhowmik, 2005; Mitullah, 2003). As informal activities (street vending activities) in many countries are on the fringes of the law, authorities often confuse them with criminal activities and subject them to oppression (ILO 2002:3 as cited in Brown, 2006).

Street vending is mainly affected by policy and practice of both national and local governments. According to Brown (2006: 191), actions of local governments can be a major hindrance to the development of a secure environment for street trading. For the street vending business to work towards poverty reduction there is a need for the African governments to formulate supportive policies, regulations and organization of street vending space that will provide legal protection while conducting business.

iv) **Street vending and access to Basic Infrastructure**

In many developing countries street vending is often looked down on as an undesirable activity undertaken by criminals which impinges on the use of public space. Due to this, they work in poor conditions, with little access to basic infrastructure such as water, electricity, waste removal, storage facilities etc (Donovan, 2008).

vii) **Street Vending and planned Business Location**
In many developing countries, lack of well-planned and designed business areas and premises result in conflict of land use and also expose street vendors to harassment or eviction from the place that they have invaded for trading. In addition to this, street vendors face environmental risks involved in the activity. Here one may cite the constant exposure to harsh weather conditions like heavy rains and harsh sun, especially in tropical Africa as the traders mostly carry out their activity in the open areas without any shelter (Lund, 1998).

2.4 Empirical Evidences
In most African cities, street trade is rampant and a source of employment and income for many urban dwellers. However, in most of the countries, it is unaccounted and unrecognized in national economic statistics. Street trade has in the past, been viewed as an underground activity that undermines the healthy function of the formal economy. This perception has resulted in conflicts with urban authorities over licensing, taxation, site of operation, sanitation and working conditions (Mitullah, 2003).

Mainstream economists are perceived as lacking an understanding of street vending and hence its lack of coverage in economic measurement in all the countries and cities covered. Even the Local Authorities who collect substantial revenue from the sector do not maintain records of the numbers and the contribution of the sector to urban economy. This implies that the Local Authorities cannot adequately plan since they have no representative statistics of the sector. There has also been minimal research in the area of street vending. The above situation shows that street vending has a significant contribution in the urban and national economy of African countries. In Kenya, street vending falls with the Small and Micro Enterprises (SME) which provides employment and income to about 70 per cent of Kenya’s population, especially in urban areas. In the year 2002 alone, the SME sector employed about 5,086,400 people up from 4,624,400 in 2001. This was an increase of 462,000 persons and consisted of 74.2 per cent of total national employment (UNCHS, 2004).

Street trade and service provision in African cities occur in different parts of streets and roads. Most traders locate themselves at strategic points with heavy human traffic, while others walk from one place to the other. They locate themselves along main roads and streets, near shopping centers or at corners where they can be seen by pedestrians and motorists. Traders settle in streets spontaneously without any official allocation (Rajabu, 2015). In all cities covered, availability of an acceptable site of operation is a pre-condition for compliance with various statues relating to business operation.
Most street vendors in Africa have no authorized sites of operation, which results in incidences of confrontation and brutality between street vendors and urban authorities. The authorities are reluctant to allocate vending sites, especially within the Central Business District (CBD). In Nairobi and Kampala vendors have severally been allocated vending sites outside the CBD that they have rejected, arguing that they are not accessible to customers. While the urban authorities in the cities view vending sites as temporary, the vendors view them as permanent. It is the urban authorities’ perception of street trading as temporary that makes them not see the need to provide vendors with proper market facilities (Kirby and Watson, 2006).

Policies are tools for setting standards in the provision of public goods and services. Policies protect consumers, investors and the general public; while by-laws set controls that ensure the urban areas are safe and clean. In the area of street vending, by-laws set standards in the provision of public goods and services provided by the street vendors and the expected manner of operations. They also enable the Local Authorities to collect revenue for payment of services such as refuse collection and management of vending sites. Local Authorities in Africa are a major obstacle to the development of informal sector activities. Most of them use out-dated restrictive policies, by-laws and regulations originally intended to control and regulate the growth of indigenous enterprises. The restrictions make vending principally illegal, and view vendors as responsible making cities dirty, obstructing traffic and therefore a public nuisance. Such provisions and perceptions were for dealing with cities planned for colonial governors. The policies did not provide for any trade within the Central Business District (CBD), and most street trading activities that take place within the CBD had no legal provisions.

The policies did not appreciate the role of street vending in an urban economy. In Uganda, the Local Government Act of 1997 does not engender review by-laws. The Act simply gives powers to Local Authorities to enforce laws and by-laws consistent with the National framework. This implies that the Local Authorities have to review their by-laws to be line with the 1997 Local Government Act (Rajabu, 2015). The case studies by Mitullah, 2003 revealed that most Local Authorities are operating without dated by-laws that require review. Most cities have placed the responsibility for street trading in wrong departments, with most of them managing street traders through the Traffic and Enforcement Departments. In this respect, vendors are viewed as a problem that has to be controlled rather than to production units that contribute to the urban economy. Although South Africa is still a young country, it has initiated processes through its Constitution, that have potential for improving the
business environment for MSE, providing services to communities and promoting social and economic development (Mitullah, 2003).

The South African National Government is committed to creating conducive environment for small informal economic activities, including street trading. In order to realize this, at National, Provincial, and Local Levels, new laws are in place or about to be put in place. The Business Act of 1991 changed the legal approach to informal trading. The Act acknowledged street traders as business people who contribute to the economy. The Act has provided the traders with the right to trade, whereby the Local Authorities merely regulate but cannot prevent traders from trading.

The White Paper on National Strategy for Development and Promotion of Small Businesses in South Africa of March 1995, commits the Government to the creation of an environment that encourages and assists the development of all categories of the informal economy. Likewise, the 1998 White Paper on Local Government requires that the Government be committed to working (ibid).

Amene (2011) discussed that urban poverty and unemployment in many urban centers of Ethiopia has been expanding. He confirmed that this pushed many people particularly the urban poor and other impoverished groups of the society to various income generating activities in the informal sector. According to this researcher, just like other urban centers of the country, the urban poor women in Dejen town are engaged in different informal activities; however, their participation is intense in the processing of Tella’ and Caticala’. The researcher in his study reveals that most of the operators are in the productive age groups, illiterate, migrants and were housewives.

The study also found that the reasons for women participation into informal activities were lack of alternatives for living, divorce, insufficient monthly income, school dropouts, family and/or husband death, and presence of large dependents in the households. In the research, the problem of housing, shortage of working capital, strong competition, lack of institutional and government support, fluctuation in demand and cost of inputs and health problems were reported as major working constraints for these women (Amene, 2011).

Solomon (2011) discussed that Child labor is pervasive problem throughout the world, especially in developing countries. In his study the researcher confirmed that as in many developing countries,
child labor is a widespread problem in Ethiopia. In rural areas, agriculture is by far the dominant sector of child employment where as in urban areas child workers are mostly engaged in the informal sector. There are different types of child labor in the informal sector in Ethiopia but the study focused only on those children who are engaged in shoe shining activities in Gulele sub city.

The findings of the study indicated that nearly all the child shoe shiners that participated in the study were with disadvantaged background involving lack of access to education, coming from poor families, some being orphaned and having migrated from other parts of Ethiopia to Addis Ababa. According to the study findings working children that participated in the study were forced to engage into shoe shining carrier by so many reasons including the socio-economic and cultural factor of their circumstances (Solomon, 2006).

Informal sector plays an important role in reducing urban unemployment, crime and violence, and serving as a breeding ground for new entrepreneurs. In his study he tried to assess the role of informal sector in reducing youth unemployment in Hawassa city. Nearly, 90 percent of the operators have witnessed that their livelihood has improved after they joined the informal sector. Operators who were more educated, natives to the city, more profitable, stayed longer in the activity, and have a culture of saving, have depicted better livelihood improvement vis-à-vis their counterparts (Tefera, 2011).

According to the researcher, however, lack of working capital, working premises, adequate market and raw materials were reported as the major impediments for the operators. The study recommends, given the immense contribution that the sector has, therefore, the government needs to consider the sector as one of the fundamental pillar to combat youth unemployment. Thus, operators should be encouraged to join the formal sector by lessening the bureaucracy to get license, minimizing entry cost such as lowering registration or licensing cost, and providing tax-holidays for sometimes (ibid).

_Ethiopia_ (2013) investigated the importance of informal sector in Ethiopia economy and identifies constraints and risk in the operation, specifically to examine the reason why informal operators become in the informal sector. To achieve this aim; the researcher constructed structured interview based on theories that the main research question associated with the four causal theory of informal sector that debates of different school of thoughts and indicator build on other related theories, and then interviewed 91 a sample of street vendors. The findings of the study showed that the main factors
determining the reason of informal operators to become in the informal sector are unable to fulfill criteria of formal sector and lack of job opportunity in the formal sector. Also the study revealed that informal sector is source of income for the poor or means of employment and also it is a base of formal sector. The study showed that the majority of the street vendor's constraint was shortage of capital and faced working place (Ethiopia, 2013).

Tamrat and Nega (2015) investigated study which is aimed at exploring the street vending activities in urban informal sector in Jimma town with particular reference to three streets with too much concentration of street vendors. Thus, some of the analysis include that the street vendors have low socio-economic status which resulted from low educational level and lack of adequate skill to get better employment, ethnic shifting of some activities (casual works and petty trades), the domination of youth in vending, participation of women who have more barriers to enter the formal sector. Some of the reasons for engaging in street vending for some people is because they consider it as a better option to low-wage employment and to supplement the income they get from the formal employment (low-wage earners), but the others are engaged in it due to acute poverty. Some of the vendors romanticize street vending as a vital occupation. They praise it for enhancement in their financial, human and social capital (Tamrat and Nega, 2015).

Kebede (2011) conducted survey of street vendors in Mekele city, Ethiopia on the role of informal sector on household livelihood. The findings indicate that street vending is crucial armed force in fighting and reducing the extent and intensity of poverty in general and vendors’ livelihood assets were improved significantly.

In general, those empirical studies tried to look in to the issue of informal sector by studying specific aspects such as age, type of business and specific problem of the sector. While this research assesses the contributions of street vending to the livelihood of urban poor regardless of age and sex of operators. It provides general aspects of informal sector particularly street vending and its contribution to the livelihood of poor and urban poverty reduction in the long run.

2.5 Street Vending Success Stories

Despite of its contribution; Street vending is the undermined sector of the economy in many countries. The countries have declared vending as illegal. Yet some actions that support street vendor have been successfully implemented in some countries. The following are some of the best
successful examples:

2.5.1 India case study

India is a country that has succeeded in organizing and formalizing street vending sector. Among the factors that made India to succeed in street vending are:

a) Legal Protection

Street vendors in India have a legal protection through the Street Vendors Act of 2014 (Protection of Livelihood and Regulation of Street Vending). This is an Act of Parliament of India enacted to regulate street vendors in public areas and protect their rights. The bill received the assent of the President of India on 4 March 2014.

b) National Policy on Urban Street Vendors, 2009

India had recognized the role of street vendors in improving the livelihood of the poor people in Indian towns. In this light, India formulated a policy regarding street vending activities. The starting point of this policy was the recognition of the positive role of street vendors in providing essential commodities to people at affordable prices and at convenient places.

The overall objective of this policy, therefore, is to provide for and promote a supportive environment for the vast mass of urban street vendors to carry out their vocation while at the same time ensuring that their vending activities do not lead to overcrowding and unsanitary conditions in public places and spaces. The policy aims to achieve these objectives through the provision of legal status, civic facilities, transparent regulation, and organization of the vending, participatory process, self-regulation, and promotional measures (India, 2009).

c) Street Vendors Association

One of the best street vending associations in the world is the National Association of Street Vendors of India (NASVI). It is a federation of 715 street vendor organizations, trade unions and non-governmental organizations (NGO's). This association advocates for street vending and takes any case to protect their livelihoods.

2.5.2 China case study

China is also among the countries which have recognized the role of street vending and has attempted to formalize the sector through regulation and enforcement of street vending license. Park and Cai (2011) study reveal that by the year 2002 undocumented workers represented 39% of the Chinese labour market. Based on these studies, informal employment appeared to represent a
substantial portion of both the labour market and China’s economy.

a) Regulation and Policies
The government of China started to recognize the informal economy in 1980 by formulating various regulations and policies which fluctuated with time.

b) Creation of Street Vending Districts
In Hong Kong in China the response to the street vending issues has been to consolidate street vending into hawker center or cooked-food center. Hawker center provide an experience and preservation of livelihood, with the additional benefit of improved regulation of health and management.

2.5.3 South Africa
Durban city is among the cities that have been able to recognize street vending activities. Durban municipality is often presented as an example of good practice of street vending. For Durban to succeed, it had adopted the following approaches to support street vendors (Durban, 2001; Sung, 2011)

a) Spatial tools
Durban uses the concept of permitted zones. A permitted zone is a geographic designation where vending is allowed, a departure from the typical licensing that assigns a specific location to a vendor. In Durban, street vendors are granted access to permitted zones by paying for a permit, which provides legality and a basic package of services (water, trash, etc), whereas in Johannesburg, street vendors are given trading space in return for agreeing to comply with health and environmental standards. These permitted zones approach offer an innovative approach to managing informal street activity and offer promise toward a spatial management approach.

2.5.4 Singapore
Singapore, a Southeast Asian, known by most people for its government's perceived obsession with cleanliness and rather draconian forms of punishment for the equivalent of misdemeanor crimes. The country is actually home of the world's second-busiest port and is a major global center of trade, technology, and finance. Since its independence in 1965, street vending especially food vending, known there as "hawking," became a popular entrepreneurial activity when formal jobs were scarce following the post-World War II reconstruction years. Street hawkers had set up their carts or ersatz food stalls along major thoroughfares, at public spaces and near public housing complexes.
2.5.5 Tanzania
Tanzania has taken forward steps to recognize street vending informal livelihood activities since the early 1990s. The Dar-es- Salaam city council was persuaded to adopt a consultative approach which greatly helped in the implementation of the plan and resolved many issues such as crime and street cleanliness (URT, 2010).

a) Institutional framework
Municipality which is the main actor for managing and controlling the informal activities within the municipality collaborates with the city council for organizing the informal activities.

The Finance and Trade Department within the municipality is responsible for providing technical advice in terms of the management of informal activities, as well as acting as the main agent responsible for issuing business licenses within its boundaries and ensuring that the revenue collection process is efficient. The Environmental Working Group is responsible for implementing municipal cleaning campaigns (URT, 2010).

b) Provision of capital
The municipality has facilitated the availability of capital which was once inaccessible to informal livelihood operators. Although the majority still experience limited access to finances, the reform has provided a chance for them to access other services such as opening savings accounts (Kessy and Urio, 2006).

c) Formation of street vendors’ organizations
It is recommended that informal operators should form economic working groups. The main role of these organizations is to mediate between the needs of informal operators and those of central government and local authorities as well as other institutions interested in informal sector issues.
(Kessy et al, 2006; URT, 2010; Babere, 2013)

Addis Ababa city administration, Trade Bureau recently had a street trade policy approved by the city council by identifying 45 potential locations for street vendors to conduct business legally. In addition to this the Bureau established a department to handle street trading in the city and they are currently hiring staff to run it. Some will work in the central office while others will work in the Weredas or work alongside transportation, customs, roads, police, traffic beatification and parks bureaus to properly manage street vendors. The vending places are open depending on the traffic congestion. They learnt the experience dealing with street vending from Bangkok city (ENA, 2018).
Moreover, this trend is best to encourage inclusive planning through sharing global experience.

### 2.6 Failure Case

Countries like Kenya, Rwanda, Malawi, and Zimbabwe have failed to accommodate street vending in their cities. Street vending activities have decorated the streets of these countries capital cities and have become an increasingly visible and disruptive locus of conflict between the government’s efforts to maintain public order of a desired modernized city on one hand and the citizens’ efforts to generate income on the other (Kamunyori, 2007).

Where there have been windows for better practices emerge, there tends to be a continuity problem. In many cities of developing countries, street vendors are consistently harassed and periodically violently removed from the selling sites. All these challenges make the sector not to operate freely although it is a source of livelihood for most unemployed people and urban poor in different cities (Steel, et al, 2012; Skinner, 2008)

This is the case in most developing counties that had failed to accommodate street vending into urban areas. Therefore, measures should be taken to consider accommodate the sector in urban planning process as the sector provide and improve the livelihood urban people who rely on street vending sector.

Moreover, this study hoped to contribute through review of best practices from other countries; with regard to policies and strategies of organizing and formalizing as well as managing/coordinating the sector there by making engine of economic growth.
2.7 Conceptual (Analytical) Framework

**Social Driving Factors**
- Self-employment
- Support Family
- R-U migration
- Government trade policy

**Economic Driving Factors**
- Unemployment
- Lack of job in the Formal sector
- Decline in Agricultural production
- Tax

**INFORMAL SECTOR: (SV)**

**Drivers**

**Challenges**
- Local Gov’t Authorities
- Tax and License
- Access to capital/credit
- Business skills
- Infrastructure
- Business Location

**Socio-economic Contr.**
- Means of Livelihood
- Employment Creation
- Income Generation
- Affordable Goods
- Reduce Crime

** Contribution**

**Global Experience**

**Urban Poverty Reduction**

**Inclusive Urban Planning**

*Source: Developed by Author, 2019*

Figure 2.1 Conceptual Framework
CHAPTER THREE

3. DESCRIPTION OF THE STUDY AREA AND METHODOLOGY

3.1 Description of the study area

3.1.1 Location Topography and Climate

Hosanna town is the administrative capital of Hadiya Zone, South Nations Nationalities and Peoples Regional State (SNNPR). It is located 232 km south of Addis Ababa via Alemgena - Butajira. The town is also located 168km away from Hawassa, capital of SNNPR via Halaba-Angecha and 203km via Halaba-Durame from Hawassa. The geographical location of the town is between 7°30'00" and 7°35'00" N latitude and 37°49'00" and 37°53'00 E longitude. The town covers about 100km² of land. It is currently among nine towns selected for modern growth by the regional government of SNNPR. The town was restructured in 2004 E.C as a town consisting three sub-cities and eight kebeles and categorized under the second level towns in the region (HTFEDO, 2019).

The town is found at the Southern edge of the western plateau of the physiographic region. Its location on a topographically high place makes the town serve as a divide for the Gibe-Omo and Rift Valley lakes drainage basins (Teketel, 2015). The elevation within the town ranges from 2,400 meters a.s.l near Queen Eleni Hospital, and 2,200ma.s.l at Tekle Haymanot Church. The five years annual average temperature of the town is found to be 18.5°C. This shows that the town is mainly characterized by Woina Dega agro-climatic zone. Hosanna town is situated on a mid-agro-ecological zone (HTFEDO, 2019).
3.1.2 Demographic and Socio-economic characteristics of the town

The total population of Hossana town was 31,701 and 45168 in 1984 and 1994 respectively (CSA, 1984 and 1994). Within thirteen years period, the town’s population reached 69,995 (CSA, 2007).
Hossana has a total population of more than 100,531 which means about 16709 households (CSA 2014). Between 1986 and 1996 the population size of the town has been growing on the average by 8.15 percent per years while during 1996-2007 the growth rate has increased to 13.31 percent. This rate decreased to 9.7 percent during 2007-2014 (CSA, 2014).

Based on the 2014 Census conducted by the CSA, Hosanna has a total population of 100,531. Out of whom 51011 were men and 49520 were women and as well as 16709 were the total number of households. The rapid population growth and town expansion were stimulated by rural to urban migration. Hosanna town has different religious followers among them Protestant, Orthodox, Muslim and others. Different ethnic groups such as Hadiya, Guraghe, Kambata, Amhara, Oromo and Silte are found and the majorities are from Hadiya ethnic group. The major languages spoken in the town are Hadiyisa and Amharic (HTFEDO, 2019).

### 3.1.3 Economy and Basic Infrastructural Services

The economic base of Hossana town is comprised of non-agricultural activities. Majority of the residents in the town are engaged in Secondary, Tertiary and Quaternary economic activities such as construction/building, value-added industries, trade, hotels, tourism, education and etc. Infrastructural services in the town include Roads of different types, Electricity, Water, Tele Communication, Transportation services, Health and Education centers like University, Colleges, and Hospitals were the major ones. Hossana town has road network of 74.4km, out of which 11.8km were asphalt, 46.9km gravel, 14.3km coble stone and only 1.4km was pedestrian walk way. Significant number of population are employed both in public and private institutions. Like in other towns in the country there are people who are unemployed and in addition to those engaged in casual labor work (HTFEDO, 2019).

### 3.2 Methodology of the study

#### 3.2.1 Research Design

Mixed research method with Concurrent Triangulation design and cross-sectional survey approach was used in this study.
3.2.2 Types and Sources of Data

Two types of data sources were used in this study as primary and secondary. Primary data were collected using survey questionnaire, observatory report and interviews. Whereas, the secondary data was collected from different published and unpublished document like journal, book, magazine, articles, website, research finding, policy document, manual and other relevant materials.

In addition to the sources stated above GPS was utilized to show the spatial distribution of street vendors in the town.

3.2.3 Sample size, Sampling Strategy and Sampling Techniques

The special populations that cannot be studied using the standard sampling and estimation techniques are called ‘hidden populations’ (Salganik and Heckathorn, 2004) or ‘hard-to reach’ populations (Muhib et al., 2001). One of the features of hidden populations is that no sampling frame exists so the size and boundaries of the population are unknown (Heckathorn, 1997; 2002; Salganik and Heckathorn, 2004). Street vendors are among the groups of hidden populations with no complete list of their population. Where no list exists from which a random sample can be drawn using conventional probability sampling techniques, a combination of ‘time-space’ (Muhib et al., 2001) and ‘random-walk’ (Singh, 2007) sampling techniques can be used.

Under this method a researcher should have detected the place where the hidden populations are found and the time when members of a target population congregate at specific locations (Muhib et al., 2001). These specific place and time arrangements are the primary sampling units and can be used to construct a sampling frame. These units are then randomly selected with probabilities that members of the target population entering the place are randomly captured and interviewed. Since the space-time arrangements are sampled with a known probability, it is possible to make statistical inference about the population under study (Muhib et al., 2001).

Once the space-time arrangement is completed, what follows was drawing samples using random-walk sampling procedure. Random-walk describes a procedure for obtaining a sample from an unknown population and is classified under the probability sampling techniques (Singh, 2007). Hackathorn (1997, 2002) explains that the reason for using the random-walk sampling technique is to go deep into the unknown population and obtain respondents who are more representative of the population. A random-walk method follows three steps. The first step involves randomly choosing a
starting point and a direction of travel within a sample site. Second, conducting an interview on the nearest respondent; and third, choosing the next respondent following specified arrangements until reaching the target number of interviewees (Singh, 2007).

Sampling procedures using a combination of purposive and systematic random-walk sampling techniques were applied to draw sample street vendors. First, the researcher consulted people and relevant documents from Hossana town micro and small enterprises development agency and concerned bodies. The discussion was made to get evidences about street vendors in the town and to gather information as to how the researcher proceeds with the sampling procedure.

Street vendors are among the groups of hidden populations with no complete list of their population. Where no list exists from which a random sample can be drawn using conventional probability sampling techniques, a combination of ‘time-space’ (Muhib et al., 2001) and ‘random-walk’(Singh, 2007) sampling techniques can be used. The target populations for this study were street vendors in public spaces and selected streets of Hossana town. Since there is no fixed number (registered) of target populations for the research, the unknown sample size determination formula (Sarantakos, 1988:159 cited in Hailu, 2018) was used:

\[ \text{Sample size} = \frac{PqZ^2}{E^2} \]

Where,

- \( P \) = population estimated (15%)
- \( q \) = refers to the value derived by subcontracting from 100: 85%
- \( Z \) = refers to the level of confidence (1.96- preferred level of confidence by the researcher)
- \( E \) = refers to the maximum deviation tolerated from the population (deviation from the population percentage, 5%)

Based on the size and density of the cluster site a quota was fixed in order to draw sample in each selected cluster as follows:

Table 3.1 Distribution of sample in sub-cities/kifile ketemas and cluster sites

<table>
<thead>
<tr>
<th>Sub-city</th>
<th>Cluster site</th>
<th>Sample size</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gofar Meda</td>
<td>Around Gombora</td>
<td>45</td>
<td>23</td>
</tr>
<tr>
<td>Arada</td>
<td>Mee’l Amba</td>
<td>71</td>
<td>36</td>
</tr>
<tr>
<td>Sech Duna</td>
<td>Menharia Sefer</td>
<td>80</td>
<td>41</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>196</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Field survey, 2019
As indicated in Table 3.1 above, Menharia sefer, Meel Amba, and Gombora sefer are the sites where 41%, 36% and 23% of the samples were drawn respectively. This is because these are places of high concentration of street vendors.

3.2.4 Instruments of Data Collection

The methods of data collection included in this study were interview, questionnaires and observation.

**Questionnaire:** This instrument was applied to collect primary and representative data from the sample of street vendors in the selected public spaces and streets using systematic random-walk sampling after arranging time and space based on the spatial distribution of street vendors in the town. Both open ended and close ended questions were utilized.

**Key Informant Interview:** The researcher used key informant interviews to gather relevant data from officials of Trade and Enterprise Department and formal business operators to cross-check and obtain more detailed information using guided interview questions finally interviews were documented by taking notes. The interviews used to gather in depth information from respondents managed by the researcher. (10 respondents were selected purposively: 5 government officials and 5 formal business operators).

**Observation:** to obtain supplementary data. Allow the researcher to gather info through non-participant observation in order to supplement and strengthen the collected data via questionnaire and interview such observation was done while the vendors are at work on the street. With personal observation the researcher observe some situations that respondents might not think important. Data was collected with the help of pictorial documents such as photos.

**GPS:** was used to collect point data of street vendors and show spatial distribution of street vendors in the town which can be used for considering street vendors’ spatial distribution for planning.

3.2.5 Methods of Data Analysis

The study used both qualitative and quantitative data analysis. The data which is collected through the stated data collection methods compiled, edited, processed, coded and tabulated to draw information from it prior to analysis. Descriptive statistics such as frequencies, percentages, tables and charts were used for quantitative data analysis and qualitative data was analyzed using narration.
3.3 Validity and Reliability Assessment

The reliability and validity of the outcome of this study was ensured as much as possible by taking the following precautions. The data obtained from the combined use of primary and secondary data and as well as quantitative and qualitative data simultaneously cross-checked by reliability instruments like quantified questionnaire magnitudes and interviews questionnaires and standard data sources cross-checked. Therefore, firstly, qualitative and quantitative data were properly categorized before going to data input to SPSS 20.

Consulting knowledgeable persons (experts, advisors, researchers) on issues that require expertise and triangulating information obtained through interviews questionnaires with information gathered from public records and published materials on the issue. Quantitative and qualitative data were properly measured in each research instruments like, open and closed questions as well as interview questions.

3.4 Ethical Consideration

This study’ findings should not cause harm to the participants and society. Privacy and confidentiality shall be maintained at all times, and all findings were portrayed in a confidential manner: no personal or identifiable information recorded or printed in the study. Audio taped interviews were transcribed precise, thus no names were recorded during the interviewing process. Therefore before data collection, a formal letter that was given to the researcher from Jimma University and the researcher showed to the concerned organization and told as the general objective of the study and the concerned organization get permission to collect data.

Then, after the researcher explained the purpose of the study to the source of population, finally, they responded the appropriate answer. Then, translating the questionnaire from English to Amharic was given to experts. This is because street vendors are either illiterate or attend primary education and hence do not understand English. Amharic language was chosen because the national language of Ethiopia. The task of translating the instruments from English to Amharic was given to language experts and the process took a week. Having the first draft, the translated questionnaire was edited and some adjustments were primarily made by the researcher to address the contextual and subject matter meanings of words and texts.
CHAPTER FOUR

4. DATA ANALYSIS AND INTERPRETATION

4.1 Demographic and Socio-economic Characteristics of the Respondents

Under this section background information of the respondents will be discussed. In the process of data collection, a total of 196 sampled subjects were proposed and all of them were successfully covered. Demographic and socio-economic profile of any community such as sex, age, education, marital status, profession and work status are among the vital inputs in decision making at local (town) and national level in general. Therefore the following findings hoped to help for decision making.

Table 4.1 Socio-demographic Profile of the Respondents

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sex</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>57</td>
<td>29.1</td>
</tr>
<tr>
<td>Male</td>
<td>139</td>
<td>70.9</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;14 years</td>
<td>32</td>
<td>16.3</td>
</tr>
<tr>
<td>15-29 years</td>
<td>107</td>
<td>54.6</td>
</tr>
<tr>
<td>30-44 years</td>
<td>57</td>
<td>29.1</td>
</tr>
<tr>
<td>&gt;45 years</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Marital Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>137</td>
<td>76.5</td>
</tr>
<tr>
<td>Married</td>
<td>57</td>
<td>19.4</td>
</tr>
<tr>
<td>Divorced</td>
<td>1</td>
<td>.5</td>
</tr>
<tr>
<td>Widowed</td>
<td>1</td>
<td>.5</td>
</tr>
<tr>
<td><strong>Ethnic Affiliation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hadiya</td>
<td>53</td>
<td>27</td>
</tr>
<tr>
<td>Guraghe</td>
<td>72</td>
<td>36.7</td>
</tr>
<tr>
<td>Wolayta</td>
<td>51</td>
<td>26</td>
</tr>
<tr>
<td>Kembata</td>
<td>17</td>
<td>8.7</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>1.5</td>
</tr>
<tr>
<td><strong>Educational Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Can’t read and write</td>
<td>5</td>
<td>2.6</td>
</tr>
<tr>
<td>1-6</td>
<td>119</td>
<td>60.7</td>
</tr>
</tbody>
</table>
As indicated in table 4.1 the majority (71%) of the respondents were males and the remaining 29% were females referring that males actively participate in street vending activities rather than females in the study area. This result corroborates with the survey result which is done in Addis Ababa by Amsale (2017) that males participate more in vending than females. In fact street vending activity is very tiresome job, so, it may be difficult for women those have double responsibility in taking care of household duties and managing street businesses. Even if it is difficult most females are supposing to involve in the job.

As shown in the above table 4.1 the age of the majority of the sample respondents’ lies between 15-29 years (54.6%) followed by 30-44(29%). This data reveals that majority of the respondents are categorized in economically active age group (15-64). CSA (2008) indicates that although the percentage of Ethiopian population below age 15 account for about 42.8%, the percentage of population with an age ranging from 25-29 account only about 8.1 percent. Hence, it can be argued that the more productive age group population participates in the urban informal sector because majority of the respondents are categorized in 15-29 age category which is independent age group. Majority of the productive poor people in the town are forced to join and fight poverty from streets due to lack of formal jobs, sense of independency and lack of other options as a means of income generating activities. Similar study conducted in Addis Ababa by Tamrat (2012) reveals that street vending is dominated by young age group.
According to table 4.1 majority of respondents were single (69.9%) while the proportions of married respondents were 29.1%. This can be related with harsh working conditions of street vending since operators will frequently face challenges/constraints by urban authorities.

As indicated in the above table 4.1 about 36.7% respondents belong to Guraghe ethnic group followed by Hadiya (27%) and Wolayta (26%). This shows that majority of the street vendors in the study area were Guraghes which may be related with the culture and social network. It can be related with the location of Guraghe and Wolayta zone nearby Hossana town. This result supports the argument by Getahun (2015) which revealed that Guraghe ethnic group exhibits the majority of the street vendors in Addis Ababa caused by social network.

Table 4.1 above reveals that majority of the respondents’ were elementary school (1-8) graduates, consisting of 60.7% (1-6) and 17.9% (7-8) and about 15.8% (9-10) were high school graduates. This may refer to low level of education and skill belongs to this sector since the higher level of education, the lower will be the size of informal sector operators since more educated and skilled people engaged in formal sector. This finding corroborates the result of the study conducted in Addis Ababa by Berhanu (2019) which states that street trade is an attractive economic strategy and source of livelihood for majority of people with low education, the unskilled and illiterate new arrivals.

As indicated in the above table 4.1 majority of the street vendors (87%) were born outside Hossana
town and gradually migrated due to several pushing factors. This shows that the majority of respondents are migrants. This finding supports the argument by Van Dijk (2006) that informal sector could serve as a way of redistributing growth from urban to rural poor. In cases where the rural agricultural sector fails to accommodate an extra labour, the informal sector could serve as a buffer. It is also echoes the study conducted in Addis Ababa by Berhanu (2019) which reveals that due to the increase in rural-urban migration and the contracting formal sector, street vending and other forms of informal employment become the most attractive means of livelihood (survival) for the inbound immigrants and urban poor as well

4.1.1 Number of Dependents at Home
Most of the street vendors have responsibility of helping their dependent families at home. Figure 4.2 reveals that majority of the respondents (54%) have 3-4 dependents at home. About 26% of the respondents stated that 1-2 persons were dependent on them and about 15% and 5.6% of the respondents have more than 5 persons dependent. It is possible to conclude that as the number of dependents increase, it would be challenging to improve their livelihood with in specified time since dependents particularly above 65 years may not have another opportunity than being dependent.

<table>
<thead>
<tr>
<th>Dependents at Home</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>3_4 persons</td>
<td>53.5</td>
</tr>
<tr>
<td>5_6 persons</td>
<td>15.3</td>
</tr>
<tr>
<td>7_8 persons</td>
<td>5.6</td>
</tr>
<tr>
<td>1_2 persons</td>
<td>25.5</td>
</tr>
</tbody>
</table>

Figure 4.2 Number of dependents at home

4.1.2 Types of Merchandize sold by Street vendors
Street vendors sell different commodities based on customers need. According to the field observation majority of the street vendors in Hossana town were engaged in selling clothing and related items. There is also significant number of vendors that are selling non-clothing items such as food and
drinks, fruits and vegetables, miscellaneous merchandizes and etc. This study was focused on clothing items due to the high concentration of vendors selling clothing and related items.

Figure 4.3 Types of commodities/Merchandise sold by street vendors

As stated in the above figure 4.3 81% of the sampled respondents were engaged in selling clothing and related items. About 19% of the respondents engaged in non-clothing items. The clothing items include new and second hand clothes, Ergando, Shoes (Tortion) socks, belts and related clothes. Generally, the above figure 4.2 shows that most of the street vendors in Hossana town were engaged in vending various clothing items and this may be related with the challenges faced by vendors since clothing items are durable if the police evict vendors, it is better to abscond away when compared with non-durable goods such as fruits and vegetable. This indicates that as majority of street vendors were males. Males mostly engage in vending clothing and related items than non-clothing items like food, fruits and vegetables. According to field observation males rarely sell items other than clothing items and there is high concentration of street vendors selling clothing and related items in the selected streets and public spaces of Hossana town (please refer page 80).

As stated by key informants’ majority of the street vendors sell clothing and related items and most of them are men. However, there are significant numbers of vendors engaged in non-clothing commodities and majority of the females were engaged in vending fruits, vegetables, food and drinks.
4.2 Driving Factors for the Expansion of Street Vending

Street vending can be caused by push (rural) and pull (urban) driving factors contributing for the expansion in the study area. The major push and pull factors driving vendors include decline in agricultural production, unemployment, rural-urban migration, tax-license related issues and self-employment. Substantial studies conducted on migration explain that the informal sector is a source of employment and livelihoods for rural-urban migrants. In fact, the causes behind street trade are varied. This finding is similar to the study conducted in Addis Ababa by Amsale (2017) which states that according to the claims of the ‘dualist’ school of thought, the poor begin street businesses as they cannot find jobs in the formal sector.

![Major Driving Factors]

Figure 4.4 Major driving factors for the expansion of street vending
Source: Field Survey, 2019

Note: the percentage do not add to 100% since multiple answers were allowed

According to the Figure 4.4 above, the major driving factor for the expansion of street vending in the study area is lack of job in the formal sector (41%) followed by decline in agricultural production (40%). About 32% and 30% of the respondents stated that rural-urban migration and unemployment respectively. This indicates that the formal sector is unable to absorb the rapidly growing urban labour force in this regard urban poor are enforced to engage in informal sector activities. This finding supports the research result by Emenike, Victor and Malaolu (2013) which states street vending serves as another option for them where low barriers to entry make it likely to earn income and make a living.
In most cases, these groups of people are associated with high vulnerability contexts to low productivity, food insecurity and poverty and, hence, are forced to join the informal sector in general and street trade in particular which is conducted on size and causes of the informal sector of the Nigerian economy and their finding showed that unemployment, tax burden, government regulation, and inflation are the most important drivers of informal sector expansion in Nigeria. This finding is also supported by key informants revealing that the major factors that drive the expansion of street vending is lack of job opportunities and rural-urban migration.

4.2.1 Job before Street Vending
Respondents were asked to state their job condition before joining street vending. As revealed in the figure below majority of the respondents were unemployed followed by students and the significant numbers of respondents were house maids (mainly females), daily laborers, farmers and working in the formal sector.

![Job Before Street Vending](image)

As shown in the figure 4.5 majority of the respondents were unemployed (43%) followed by students (27%) before starting street vending. About 11% and 9% of the respondents were daily laborers and house maids respectively. This shows that unemployment and low economic status were the major push factors for the expansion of street vending. This finding is consistent with the report of the 2002 survey (CSA, 2004) which shows that lack of other alternatives was the major reason cited for joining the informal sector. It is also in line with the result by Aryeetey cited in Mramba, 2015 which states unemployment, low productivity in agriculture and the need to migrate to the urban to search for
employment has forced millions of the youth in developing countries to engage in informal trade. The study conducted by Berhanu (2019) supports this finding hence the factors that initiate people to run street vending include: Low socioeconomic background, Limited employment opportunities in the formal sector due to low educational status, and skill, deficiencies in agricultural productivity, food insecurity, and poverty are some of the factors regarded as push factors.

More over unexpected increase in unemployment among major urban centers is causing rampant number of population to be engaged in informal sector.

### 4.2.2 Reasons of operating in street vending

There are several causes that initiate people to be engaged in street vending. The major reasons includes self-employment

<table>
<thead>
<tr>
<th>Reasons of Operating in Street Vending</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>To be free from tax &amp; related burdens</td>
<td>3%</td>
</tr>
<tr>
<td>To Support Family</td>
<td>8%</td>
</tr>
<tr>
<td>Requirements of the Formal sector</td>
<td>14%</td>
</tr>
<tr>
<td>Source of Income for Livelihood</td>
<td>18%</td>
</tr>
<tr>
<td>Presence of Bureaucracy</td>
<td>21%</td>
</tr>
<tr>
<td>To be Self-employed</td>
<td>36%</td>
</tr>
</tbody>
</table>

Figure 4.6 Major reasons of operating in street vending

Source: Field survey. 2019

Figure 4.6 shows that majority of the respondents were interested to be engaged in street vending to be self-employed (36%) and 21% of the respondents described the presence of bureaucracy in formalization process leading them to be engaged in street vending. About 18% and 14% of the respondents stated that source of income for livelihood and requirements of the formal sector respectively as reasons to be engaged in street vending. Therefore, majority of street vendors revealed that they engage in street vending to be self-employed and to be free from being dependent. Others were engaged in street vending due to the presence of bureaucracies for formalization and get license.
This finding supports the result of the study conducted by Etsubdink (2014) in Addis Ababa which reveals that the main factors determining the reason of street vendors to engage in vending are unable to fulfill the criteria’s of formal sector and lack of job opportunities in the formal sector.

4.3 Contribution of Street Vending

Street vending has great contribution to the communities living in urban areas particularly to the urban poor in the study area. Most of the residents living in urban areas may not have access and ability/affordability to buy goods that are sold at the formal business centers due to low income. Consequently street vending contributes positively to these inhabitants providing goods and commodities such as food-fruits and vegetables, clothes- shoes, socks, trousers, t-shirts, watches and the like at relatively low price.

![Benefits of street vending](image)

Figure 4.7 Benefits of street vending

The above figure 4.7 reveals that majority of the respondents benefit from street vending via receiving cash daily (49%) while 39.8% of street vendors described that they help themselves and family by vending different commodities on the public streets. About 6.6% of the respondents’ stated that street vending creates employment opportunity to the urban poor. Moreover, street vending creates several opportunities for the improvement of the livelihood of urban poor. This findings echoes the research result by Claudine (2016) which discussed the role of street vending in keeping busy the persons who are engaged in it and reduce the number of people who would otherwise engage in anti-social behaviors (theft, prostitution, crime, vending drugs etc.)
This finding reveals similar results with the study conducted by Mengistu and Jibat (2015) which states the role of street vending in income generation via receiving cash daily and to help families. Moreover, street vending contributes to the livelihood of working poor and as far as the general urban communities of the study area through delivering service and good with relatively lower price.

4.4 Role of Street Vending in Improving Livelihood

The sample street vendors were asked to rate their livelihood improvement after they joined the street vending. Street vendor’s livelihood was improved after joining the sector. Since majority of the street vendors revealed that they got good improvement in their livelihood and significant number of vendors’ livelihood was in a satisfactory and very good improvement in livelihood.

![Livelihood Improvement](chart.png)

Figure 4.8 Livelihood Improvement of street vendors

According to the figure 4.8 street vendors were asked to rate their livelihood improvement after the join street vending and about 62% of the respondents revealed that their livelihood was improved in a good manner while 31% of the respondents stated the level of livelihood improvement as satisfactory. About 4% and 3% of the participants revealed that there is no improvement and very good improvement respectively. Generally this result states that majority of the street vendors have improved their livelihood after they join street vending. This finding reflects the results of earlier studies by Tefera et al. (2018) and Reddy et al. (2003) which concluded that the informal sector improves the livelihood of the operators in terms of income generation and asset building.
4.4.1 Implications of changes in Livelihood

Street vendors stated that their livelihood has improved after they join street vending, to confirm the improvement in livelihood they were asked to state implications of livelihood improvement. Street vendors had assured that their livelihood was improved as compared to previous in one way or another after they joined street vending. The major implications of livelihood improvement are self-sufficiency, support family, generate income, having saving and participating in social life which need significant amount of money.

![Indicators of Livelihood Improvement](image)

**Figure 4.9 Indicators of livelihood improvement of street vendors**

As shown in the above figure 4.9 street vendors were asked to state type of livelihood changes after they join street vending. In this regard about 30.6% of the respondents described that they began to live independent life/self-sufficient or helping oneself. While 23.9% of the respondents pointed out that they started to help their family members with the money they got from street vending. About 11.4% and 12.7% of the respondents stated that they generate daily income and developed the habit of saving respectively. About 11.2% of the participants described that they started participating in social life that need greater capital compared the one before street vending and 10.2% of the respondents
have resumed their education. Informants from formal sector discussed that their livelihood has improved after joining street vending since they started leading independent life in the formal sector.

### 4.4.2 Factors Determining Livelihood Improvement of Street Vendors

Different factors contribute for the livelihood improvement of street vendors after they join street vending such as initial capital, migration status, saving habit and educational level.

Figure 4.10: Factors affecting livelihood improvement of street vendors

Figure 4.10 above reveals that initial capital is the major factor determining livelihood improvement of street vendors constituting 58% followed by saving status (19%), educational level (16%) and migration (7%). This finding shows that initial capital is the major factor followed saving habit, education level and migration status since vendors who have enough initial capital quickly improve their livelihood than those with low initial capital. Migrants with less experience face difficulties in changing their life and education is the most important key factor for managing capital obtained from vending. More educated vendors do not stay on vending for a long period of time. This finding is consistent with Wamuthenya’s (2010) and Tefera’s (2011) conclusion that informal sector earning increases with the level of education. Key informants from formal sector revealed that the major factors affecting livelihood improvement of street vendors were initial capital followed by habit of saving.
4.4.3 Initial Capital of the Respondents

Capital is one of the most important factors used to run business. Since, most of the street vendors in Hossana town were migrants (not native), initial capital is one of the major problems to improve their livelihood via vending on the streets and public places of the town.

![Initial Capital Graph]

Figure 4.11 Initial capitals of respondents (in ETB)

Figure 4.11 indicates that about 31% of the respondents revealed that their initial or starting capital was less than or equal to 1500 birr. While 28.57% of street vendors pointed out that their starting capital is categorized under 1501-2500 birr. About 20.4% and 15.3% of the respondents stated that their initial capital is categorized between 2501-3500 and 3500-4500 respectively and 5.1% of the street vendors described that their initial capital is between 4501-5500. This finding supports the study by Bromley (2015) which reveals that income distribution of street vendors is highly skewed, with a few making quite high incomes.

Moreover, the above figure reveals that as the amount of capital increases the number of street vendors decreases and vice versa. Generally the findings states that majority of the street vendors’ initial capital is low this is due to the reason that most of the street vendors’ get initial capital from their own saving/ iqub, family and relatives.

4.4.4 Source of Initial Capital of Street Vendors

Initial capital which is the most important factor in determining the livelihood improvement of the street vendors, is the major constraint due to the lack of access to credit institutions in the study area for majority of street vendors’ particularly early migrant vendors. In this regard, own saving or equb was the major source of starting capital followed by family/relatives and credit institutions respectively. The access to credit institutions will be accessible for those native vendors and
experienced migrants since credit institutions need identification card and referee/guarantor.

Street vendors were asked to describe the source of initial capital for street vending and majority of the respondents about 72% pointed out that own saving/equb as a major source of initial capital while 17% of the street vendors stated that they got initial capital from their family and relatives. About 11% of the respondents responded that their source of income is credit institutions; this can be related with the birth place of the respondents and experience/length of stay on street vending since those street vendors born in Hossana town have access to credit institutions and the longer vendors stay on vending or more experienced vendors may have access to credit institutions.

4.4.5 Number of Years stayed in Vending

Number of years stay on street vending has positive impact on livelihood improvement of the operators since experienced street vendors will have more customers, access to credit institutions and more sale than their counter parts. Figure 4.13 illustrates that about 42% of the respondents’ have an experience of a year or less and about 37% of the respondents’ have an experience of 2-3 years. About 21% of the respondents’ stated that they have more than 4 years of experience. Therefore, this finding reveals that majority of the respondents have a year/less experience on street vending and it can be connected with the rapidly growing rural-urban migration which is one of the most driving factors for the expansion of street vending. This finding is in consistent with the study conducted by Amsale (2017) which states majority of street vendors in Addis Ababa are early migrants having less experience on the current job. According to the key informants most of the street vendors were early
migrants from other areas in search of job and more experienced street vendors were becoming formal participating in the formal sector after they have increased their capital.

Figure 4.13 Experience on current job

4.5 Challenges of Street Vending

4.5.1 Challenges faced by Street vendors

Informal sector particularly street vending can have several challenges and constraints in different cities and towns. Street vendors face numerous challenges during operation. The major challenges and constraints of street vending in Hossana town include Lack of fixed market place, lack of access to credit institutions, eviction by police and so on.
Figure 4.14 Major challenges faced by street vendors in Hossana town.

Source: Field Survey, 2019

Figure 4.14 above indicates that 51% of street vendors pointed out that lack of fixed market place or working premise is major challenge faced by street vendors while 26% of the respondents described that lack of access to credit institutions which can be related with the migration status of respondents since most of the street vendors were migrated from surrounding rural villages thus they have no identification card to get access to credit institutions. About 24% of vendors stated that eviction/harassment by police being the challenge during their operation. The findings reveal that lack of working premise, access to credit institutions and eviction/harassment by police were the major challenges faced by street vendors in the study area. This result is consistent with the finding by Tamrat and Nega (2015) conducted in Jimma town which pointed out that the major challenges of street vending were lack of work place, lack of sufficient capital, lack of credit, harassment by police and high price of commodities.

As stated by informants from formal sector the major challenges of street vending were lack of working premises, harassment by urban authorities and lack of access to credit institutions.
4.5.2 Challenges of Street vending for Municipality

As street vendors are often working at the CBD area where there is high concentration of traffic, this may cause challenges for urban governance. Government officials according to key informant interview revealed that even if street vending is contributing to the livelihood of urban poor, it can cause the challenge for municipalities. Since street vendors don’t pay tax resulting in tax evasion/decline in government revenue; this may lead to governance problem, congestion during urban management/governance and may hinder economic growth of the town in the long run. The summary of key informant interview was discussed as follows:

...Street vending has been expanded in Hossana town due to mass rural-urban migration of less educated and skilled people from surrounding rural villages which is accelerated by the decline in agricultural production in rural areas. Although street vending serve as a livelihood for a rampant number of urban population, it causes congestion, wastes, challenges of governance and etc. Municipality tried to organize street vendors through locating plot/site of business operation but most of the street vendors refused to work on allocated plots; they need CBD area where there is high density and traffic congestion...

According to key informant interview street vendors are blamed for problems created in the sidewalk of the streets and public spaces of the town. In contrary to this Bhomilk Timalsina and Kumar and Singh(2009) revealed that insanitary condition of urban spaces, congestion, chaos, crime and illegal access to urban spaces are some of the issues street vendors are accused of. However, urban spaces are mostly not occupied by street vendors totally. Some of the parked cars and other materials are city’s greatest encroachers of the public spaces and obstacles of the movement of pedestrians (Jonathan, 2006:4)

Therefore, Street vendors were not occupying the urban space totally. According to the field observation most of the street vendors live tolerating and adapting each other and with the urban communities particularly pedestrians and formal sector operators at work place.

4.5.3 Intention to change the business

Street vendors were asked to know their intention to change current business and majority of the respondents revealed that they don’t want to stay on current business. In connection to this, key informant interview states that most of the street vendors were changed their business and became formal sector operators having increased their capital and they won’t stay long time in street vending.
Respondents were asked transition intention to formal sector and about 71% of the respondents stated that they are highly interested to change their business due to the prevalence of challenges. While about 29% of street vendors have no intention to change the business. About 71% of the respondents want to transform into formal sector. From this one can infer that the sector is a stepping stone to transform in to formal sector and the sector helps vendors either to survive or to improve the livelihood income of their own and their family. In addition it helps a lot to develop the business skill or capital they need and they transform the business to the formal sector. The spillover effect will be economic development of the country in one side by generating revenue (tax) from those who transfer in to formal sector and it enhance street vendors livelihood on the other hand. This finding is similar to the one done in Mekele city which states that majority of street vendors in Mekele city want to change the business and do something other than selling on the streets (Kebede, 2011).

According to key informants from formal sector operators due to the presence of challenges while operating most of the street vendors were intended to transform into formal sector.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

In this chapter summary, conclusions and recommendations were discussed. Most of the street vendors were males whose age is between 15-29 years, this implies that the informal sector operators particularly those vending in Hossana town are more of young and found in early and prime working age (economically active). Based on the age of the sample respondents one can deduce that economically active (within productive age) population are engaging in the informal sector particularly street vending and this show that they are highly motivated to be employed, improve their livelihood, survive and to escape from poverty. Majority of street vendors’ educational background was primary school and some secondary schools. Low level of education and being an informal sector operator has direct relationship or high engagement in the informal sector is associated with educational level.

Street vendors are migrated internally from different surrounding rural areas due to several reasons but the major cause was economic problem (search for employment). The study resulted in higher rate rural-urban migration with reason of searching for a job. The analysis shows that street vendors get commodities/merchandise or out puts to resale from formal wholesalers. The majority of sampled respondents’ living standard has improved in good way after they started street vending.

The major driving factors for the expansion of street vending in the study area include: lack of job in the formal sector, decline in agricultural production, rural-urban migration and unemployment respectively. Formal sector’s inability to absorb the growing labor force being the most driving factor. Street vending contributes to the livelihood of urban poor through income generation. Comparatively, majority of the street vendors revealed that they got good improvement in their livelihood after they have joined street vending. Some of the indicators of livelihood improvement include leading independent life, supporting family, generating daily cash, having saving and participating in social life.

Several factors/reasons contribute for the livelihood improvement of street vendors: initial capital, migration status, saving habit and educational level are the major ones.

It also provides a range of products and services that can be used by all classes of consumers, especially by the low income groups. The informal sector has a potential to become a fertile ground
for new entrepreneurs, and absorb the labor force that is left out of the formal economy and the sector contributes a lot in reducing urban crime and violence that could emanate from idle labor and growing number of the poor in the cities. The municipality of the town has targeted plan to transform the informal sector business firms to formal business by facilitating the registration processes, finance and operating premises. But this is not enough since vendors are still facing challenges and they are not interested to work on the allocated plots due to low access to customers.

Despite its contribution to the livelihood of urban poor in Hossana town, street vending has several challenges. The major challenges faced by street vendors include lack of working premise, lack of access to credit and eviction by police/urban authorities. According to key informant’s interview, street vending has some challenges for municipality such as governance problem, tax evasion and congestion.

Based on the field observation and survey conducted on selected streets and public places of the town, it is possible to conclude that majority of the street vendors are located at the CBD where there is high congestion, density and traffic. Spatial distribution of street vendors was identified using GPS so that it helps to know where street vendors are distributed along the town. The clusters with dense street vendors particularly Menhariasefer, Gombora and Meel Amba clusters were purposively identified. This can be used by urban planners and concerned bodies to consider street vendors in inclusive urban planning.

5.2 Conclusion
The overall conclusion of this study is that in spite the contribution of street vending to the livelihood of urban poor and service to the communities in Hossana town, street vendors have several challenges during operation and governance by urban authorities. Informal sector in general and street vending in particular plays a crucial role in urban poverty alleviation through creating jobs and reducing unemployment serving as a means of livelihood for the urban poor. Consequently, many developing countries are recognizing the sector’s importance in their economy and trying to put appropriate policies in place to encourage the sector. In view of its contribution to socio-economic development, an enabling environment has to be created for operators in order to facilitate the transition of the sector to formality. It gives the poor people an opportunity to be aware that they are valuable something and they can effectively take action to sustain themselves and their families. They do their best in order to survive and even sometimes to
accumulate capital asset. Their reliance on their own capacity to do better things should be appreciated and provided with support from the concerned bodies.

Majority of the productive working poor in the town are forced to join and fight poverty from streets due to lack of access formal jobs, sense of independency and lack of other options as a means of income generation. Street vending is largely becoming the most important livelihood option to large amount of rural-urban migrants in Hossana town. It has become the only important livelihood option to large amount of the poor urban dwellers and recent rural-urban migrants in Hossana, Addis Ababa and other major towns and cities.

In general, negligence of the street vendors has resulted in the lack of accurate estimates of the numbers of street traders in various sub-Saharan countries including Ethiopia. As a result of this, there is less understanding of the working conditions and other aspects of street vendors in various African larger cities. This led to undervaluing of the contribution and the role it plays making the life of urban poor safe. This is why the researcher initiated to investigate on this issue.
5.3 Recommendations

Based on the result and conclusion of this study the following issues are recommended:

- Recognizing the contribution of street vendors to the urban poor, urban authorities should have to consider the relevance of the sector and secure the livelihood of the street vendors through inclusive, proactive and participatory planning.

- Despite its contribution to the urban poor street vendors are facing several challenges, therefore municipalities should have to manage, formalize and organize the sector thereby contributing to employment creation and local economic development.

- Shortage of working capital is the major impediment that the operators have indicated in street vending. In this respect, urban planners and policy makers need to design imperative measures to solve this hindrance factor; through providing access to microcredit and/or special credit services. Lack of working premises is the other challenge that the operators are confronted with, which deserves an immediate attention by the government.

- To sum, the operators should be encouraged to join the formal sector by lessening the bureaucracy to get license, minimizing entry cost such as lowering registration or licensing cost, providing tax-holidays for sometimes etc.

- Moreover, the study did not pay attention to all aspects of street vending. It only focused on the contribution of street vending to the livelihood of urban poor in selected streets and public areas of Hossana town, drivers for the expansion of street vending and its challenges. Thus, it is suggested that in order to fully exploit the contribution of the sector and its potential in securing livelihood of the urban poor, its challenges for municipalities, types/forms of street vending; how to formalize the informal sector through inclusive urban planning in urban areas will be left to those interested researchers for further study.

- Government should design policies that promote pro-poor growth and formalization of informal sector, so that the sector will contribute its share to reduce/minimize urban unemployment and level and intensity of poverty
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Dear respondent,

This questionnaire was designed to collect information from Hossana town Street vendors “Informal sector and its Contribution to the Livelihood of Urban poor in Hossana town: The case of Street Vending” as a research subject for the partial fulfillment of the requirements of Masters of Arts in Urban and Regional Development Planning

Your response would have been used only for academic purpose and kept confidential.

Thank you in advance for your co-operation!

Directions:

No need of writing your name; please read each question and items carefully and put a tick (✓) in the appropriate box or encircle your appropriate choice

I. Personal Information

1. Gender: 1) Male □ 2) Female □

2. Age: a)≤14 b)15-29 c)30-44 d)45-59 e)60-64 e)≥65

3. Marital status: married □ single □ divorced □ widower □

4. Place of birth? 1) Hossana town □ 2) Out of Hossana town □

5. If place of birth is outside Hossana, when did you come here? What was your intention/reason when you decide to come here?

__________________________________________________________________________
__________________________________________________________________________

6. How many years you stay (experience) after you join this sector? 1) ≤1year 2) 2-3yrs 3) >4yrs

7. Do you have dependents at home? 1) yes 2) no

8. If your answer for Q7 is ‘yes’ how many dependents do you help in your household?

1-2 □ 3-4 □ 5-6 □ 7-8 □

9. Ethnic Affiliation: Hadiya □ Guraghe □ Wolayta □ Kambata □ Other □

10. Education level: can’t write and read □ Grade 1-6 □ Grade 7-8 □ Grade 9-10 □ Diploma and above □

II. Questions on driving factors for the expansion of street vending

11. What was your job before starting this business? a) student b) employed c) unemployed
d) Pension e) self-owned formal sector activity

12. How you are initiated to operate in street vending? a) openness of the sector b) friends c) profitability d) absence of tax e) specify

13. What are the factors for the expansion of street vending in Hossana town? /Multiple answer is possible/ a) unemployment b) rural-urban migration c) lack of job in the formal sector d) decline in agricultural production e) if other, specify

14. Why do you operate in the informal sector: street vending? /Multiple answer is possible/ a) It is the only source of income/to be self-employed b) To avoid taxation and registration fee c) It is highly profitable d) has not fulfilled minimum requirements for registration to operate in formal sector e) bureaucracy

III. Questions regarding the contribution of street vending and its challenges

15. What are the benefits that you get from street vending? (Rank it) a) receive cash daily b) help family and yourself c) improve your livelihood d) create employment opportunity e) other specify

16. Types of commodities? 1) Clothing 2) non-clothing items

17. What are the benefits that Street vending gives to the people in the town? a) people can get small quantity b) people can buy in small price c) create employment for the urban poor d) may contribute to the economy

18. What are the contributions of street vending to urban poor in Hossana town? (Give Rank) a) income generation b) service provision c) means of livelihood d) self-employment e) service provision f) source of employment g) other specify

19. Do you have other source of income? A) yes B) no

20. How do you scale living standard after you join this job? a) improved b) not improved

21. Do you save the money you get from street vending? a) yes b) no

22. If you answer ‘yes’ for question 21 above, how much birr per month? ___________________

23. What are the challenges faced by street vendors in Hossana town? (Rank them) a) lack of fixed place b) absence of organized market c) lack of access to credit institutions d) eviction by police

24. Why do you locate at this site? a) Near to customer or market b) Near to home c) No other appropriate site d) To escape harassment from Gov’t and private shop guards e) Other

25. What do you suggest to manage the challenges of street vending in Hossana town? a) locate place for vending/premise b) organizing c) formalizing d) giving training e) other specify

26. Do you think that there is a change in your livelihood after joining the business? a) yes b) no

27. What factors affect livelihood improvement of street vendors in Hossana town? a) age b) gender
c) educational level  d) marital status  e) saving status  f) initial capital  g) other specify

28. How do you rate livelihood improvement after you join the sector  
   a) no improvement  
   b) satisfactory improvement  
   c) good improvement  
   d) very good improvement

29. Initial capital when you start this job?  
   a) ≤1500  
   b) 1501-2500  
   c) 2501-3500  
   d) 3501-4500  
   e) ≥5501

30. What is your average profit per month ______________________

31. Do you have linkage to the formal sector operators? a) yes  b) no

32. Do you have intention to change current job? a) yes  b) no

Key Informant Interview

Interview questions for Government Officials

1. What are the possible factors drive people to street vending?

What are the challenges that street vendors face while operating their business?

2. Do you think street vending is a problem for town administration? How?

3. What are the opportunities that street vending has to the economy in general and urban poor in particular?

4. To solve the challenges of street vending, what you suggest for the governmental and non-governmental organizations

5. What is the government policy towards street vending

6. Do you think the policy is appropriate?

7. Currently what are the measures taken by government to facilitate/manage street vending
Appendix B
Interview guidelines for the formal business operators

1. Do you have any relation/linkages with street vendors? Yes □ No □ How?
   ________________________________________________________________
   ________________________________________________________________

2. Does street vending have impact on your business? Yes □ No □ How?
   ________________________________________________________________
   ________________________________________________________________

3. What do you think about the drivers of street vending in Hossana town?
   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________

4. What are contributions of street vending for urban poor in Hossana?
   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________

5. Do street vendors have impact on your business? If so, what are the impacts?
   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________

6. What is your opinion regarding measures taken by the government against street vending?
   ________________________________________________________________
   ________________________________________________________________

7. Do you have any general comments you would like to add about it?
Informed Consent Form

Thank you for your willingness to participate in the study by devoting your time. I’m student in Jimma University Post graduate program in Urban and Regional Development Planning conducting a research on Informal Sector and its Contribution to the Livelihood of Urban Poor in Hossana Town, Southern Ethiopia: with Emphasis to Street Vending as a partial fulfillment for the requirement of Master’s Degree in Urban and Regional Development Planning.

In this study I want to explore your knowledge and experience with regard to issues on the driving factors for the expansion of SV, contribution of SV to the livelihood of urban poor, challenges of street vending and other related concepts.

The knowledge and experiences you shared me will be kept with utmost confidentiality and your personal identity will be remain anonymous and I will use pseudonyms in all research report. The study hoped to have practical significance in reducing the challenges of street vending, recognizing its potentials to the livelihood of urban poor for which your contribution is of great value.

Ethical Principles and Procedures considered:

I guarantee that the following conditions will met that I think consist of my ethical principle and procedures that I follow strictly. However, they are open for modifications based upon decisions between you and me. This informed consent form either discussed orally/signed by both of us based on your interest. You have the right to participate voluntarily and the right to withdraw at any time from research process.

I respect and protect the privacy of your information
Your personal identity will be protected by using aliases/pseudonyms
You have the right to ask questions, obtain a copy of the results to check accuracy of the data
To overcome the problem of note taking I request your permission
To audio tape the interview, if and only if you permit me.

I finally guaranteed you that above ethical principles and procedures are strictly followed during and after data collection.
Appendix D

Photos taken by the researcher
Merchandise sold by vendors
Appendix E

Key Informant Interview sample

Source: Admasu E. (2019)