



# **Street vending and Local Authorities in Addis Ababa city: Challenges and the way forward**

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## **List of acronyms**

ANC	African National Congeries
CBD	Central Business District
CSA	Central Statistical Authority
EP	Environmental Problem
FC	Financial Constraint
GDP	Growth Domestic Product
IEMS	International Education and Migration Service
ILO	International Labor Organization
LC	Level of challenge
NGO	Nongovernmental organization
NASVI	National Association of Street Vendors of India
SPSS	Statistical Package for Social Science
SME	Small and Micro Enterprises
PWE	Problem of Work Environment
PSS	Problem of Social Security
UN	United Nation

## **Abstract**

The study was aimed to analyze the factor that challenges the street vendors as well the Addis Ababa city authorities face to manage street vendors and keep the city in order. 140 street vendors were chosen from five selected sub cities. Since no registered street vendors, the sample size of the selected street vendors from the sub cities were taken based on proportionate of legal registered traders. In This study, four major challenging factors faced by street vendors during the operation of their task were identified to be financial constraints, problems of work environment, problems of social security and environmental problem. Interestingly, according to this study, street vendors create an enabling environment to improve one's livelihoods and to support the family. In addition, they were found to offer low priced commodities for the poorer segment of the society. Nevertheless, street vending was also found to create traffic congestions and hinder free movement of the pedestrians. Besides they were attributed to weaken city's economy because vendors do not pay trading tax. But, there are still conflict between authorities and vendors over licensing, taxation and encroachment of public places and pavements. In spite of its crucial role for providing employment and livelihoods to both urban and rural poor, its economic importance was rarely recognized either in national poverty reduction strategies or in city governance initiatives. Therefore, appropriately addressing the practical reality of the work process and the role of vendors in the urban economy, and effectively protect vendors' basic rights to livelihood and property. providing free-space, regulating the street vendors by issuing license, providing training and credit, developing small-scale agro-industries in rural areas, including permanent markets and working places in the master plan of a city were recommended.

Key Words: Street vendors, City Authorities, Challenging factors

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# Chapter One

## 1. Introduction

### 1.1. Background of the study

Urbanization is a population shift from rural to urban areas, "the gradual increase in the proportion of people living in urban areas", and the ways in which each society adapts to the change. It predominantly results in the physical growth of urban areas, be it horizontal or vertical. The United Nations projected that half of the world's population would live in urban areas at the end of 2008. It is predicted that by 2050 about 64% of the developing world and 86% of the developed world will be urbanized (CSA, 1999).

Migration and population growth are the major causes for growth in the labor force in urban area. Hundreds of thousands of young people join the labor force every year, putting pressure on the economy to create jobs that should absorb the additional labor force which led to unemployment (Ethiopian Economic Association, 2007). Recent experience, of least developed countries reveal that the rates of rural-urban migration continues to exceed the rate of urban job creation and this surpasses greatly the capacity of both industrial and urban social service effectively to absorb this labor force. This rural-urban migration is mainly a response to concentration of development effort in big cities. In addition, Lack of gainful employment coupled with poverty in rural areas has pushed people out of their villages in search of a better existence in the cities. These migrants do not possess the skills or the education to enable them to find better paid and secure employment in the formal sector. And they have to settle for work in the informal sector. More over the jobless persons residing in the urban centers also join the business in the informal sector. They lost their jobs because of closures, down-sizing or mergers in the industries they worked in and they or their family members had to seek low-paid work in the informal sector in order to survive (Bhowmik, 2008).

Street vendors have an important role in the informal economy by making a significant contribution. Due to the initiation capacity of the modern organized sector to provide employment for the rapidly expanding labor force, a large number of persons try to create or find income opportunities. Over 25% of the workers globally operate in the informal sector. Due to constant influx of people from the rural areas, the informal economic activities mobilize 30% to 80% of the workforce especially in the urban regions of the developing countries. The shortage of productive employment growth which takes place at a far lower rate compared to the growth in the labor force leads to the emergence of the informal sector is largely attributed to divergence between the growth in urban population with limited income to meet the needs of housing, food and clothing of themselves and their families generates a significant demand for a variety of products and services which can be supplied by informal sector vendors (Sekar, 2014).

The problems faced in Addis Ababa city between the local authorities and street vendors are found in cities all over the world especially in developing countries. Street vending is one of the major activities in the informal economy and it is known to be an old practice that has always had a presence in the composition of cities. However, street vending in Addis Ababa is illegal and considered as a public nuisance. Street vendors have also been increasing in numbers. Even though statistics are hard to get, the increase in street vending can be seen on the streets being more populated than was the case in the 90s. In response to the street vending problem, the Addis Ababa city government has been putting up formal market infrastructure across the country so that street vendors can trade in an orderly, safer and good environment. This was against the background of the various problems that the country has been facing with regards to street vending. Some of these problems include; stealing\_ customers from the formal economy, nonpayment of taxes, causing road traffic congestion and sanitation related diseases, crime (pick-pocketing) and walking in the city center is absolute misery for shoppers and pedestrians. However, despite government putting up formal market infrastructure, street vendors keep trading from the streets.

Thus, the study argues that the informal sector has a specific function in the economy and that it is not inferior, it is not invisible, it is not stealing customers away from the formal economy, it is not a third class economy and it is not submerged in the formal economy but it is a specific

segment of the consumers \_market, it is visible and operates in the open, it is just another sector which government happens not to like. It is a sector which has found a situation in the market, a function that government has failed to recognize and appreciate.

However, the local government failed to achieve their objective because they did not create enough market places whereas the existing ones became overcrowded and were short of services such as water supply and sanitation, electricity and refuse removal as promised at the onset of the removal operation thus traders went back on the streets. Nevertheless, the problem of street vending has continued.

Local Authorities view the move of street vendors to occupy all the spaces meant for other uses as distorting the urban plans, they are meant to protect. In most situations they use their legal mandate to ensure the urban spaces are used according to plan. They give notices of the streets, the vendors are not supposed to operate in. Failure to heed these orders leads to forced eviction, confiscation of merchandise and arrest.

In view of high unemployment in Addis Ababa, street vendors are determined to use urban spaces to earn income while local authorities have a legal mandate to ensure that the urban spaces are used for planned purpose to maintain the image of clean and modern town. The two groups, street vendors and local authorities have their justifications for the use of urban spaces. The battle between these groups is not going to end easily ,it even gets worse as the two groups seems not ready to give in for the other on how the urban space should be used.

## 1.2. Statement of the Problem

The urban space public war, fought between street vendors and municipal administrators has been occurred in many rapid urbanizing countries. In the most scenarios the undocumented street vendors first approaches urban public spaces that they did not own, rent, or otherwise have permission to use. They claimed rights to use the space by occupation. As the city grows and modernizes, however, when a new road, park, residential complex, or major inevitably comes, but conflict may increases. Charged with the responsibility of re-imagining and upgrading the urban environment, city administrators in many developing countries treat street vendors as a symptom of poverty and under development and attempt to solve this problem by evicting or relocating them to new designated (Wang, 2004).

Efforts made, so far, address street vending by way of providing small vending shops and allowing Sunday street markets had little to contribute to narrowing the problem. However, street vending has rather expanded in volume and continued as irritation for the city residents and a threat to legal traders. In a general context street vending is widely understood as an unavoidable 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 labour force that has been increasing in each passing day as a result of increased rural-urban migration (Assfa, 2014).

The city administration needs to do something to solve the problem. With the growing concerns about the safety, security, health and hygiene street vendors have become a concern to be seriously looked at previous interventions made by the city government to solve the problem focused mostly on chasing street vendors away and clearing the streets of street vendors on week days and allowing them on weekends in specific places. How far has such measure contributed to addressing the problem, is debatable.

In Addis Ababa, most of the urban poor get easy access of goods from those vendors. However, the vendors occupy the footpath leaving no space to the pedestrians. This has become a public concern because it creates problem for vehicular and pedestrians movement, and has polluted the

environment of the surrounding. One of the main problems of street vending activities is that it creates difficulty for the traffic to move more smoothly during peak hours. They occupy public places and roads, which can also create social problems like pick pocketing, criminal and theft. This situation has created several problems in management, development and has destroyed the beauty of the city. Therefore, much more needs to be understood in Addis Ababa about the role of the informal sector - to what extent street vending provides a means of livelihoods to the urban poor, to what extent urban local bodies' apparent harassment affects livelihoods of the urban poor, and - to what extent street vending is a problem or a resource in Addis Ababa city. It is thus needed to look at the issue through the eyes of development experts, which is my interest. In this stance, the study provides understanding of why street vending is increasing and how migrants' street vendors are earning livelihoods in the urban area of Addis Ababa City and challenges faced by both street vendors and city authorities.

### **1.3. Objective of the study**

#### **1.3.1. General Objective of the study**

The general objective of this study is to assess the never ending war and challenging factors against street vendors and Addis Ababa city administration.

#### **1.3.2. Specific Objectives of the Study**

Based on the General objective of the study the specific objective of the study were

- 1) To identify the major factors that leading to street vending
- 2) To identify the major challenges that street vendors facing while operating their business
- 3) To identify the major challenges facing the Addis Ababa city administration in controlling street vending.
- 4) To propose options that may solve the problems of street vending.

#### **1.4. Research questions**

In light of the above problem statement and objectives, the study will attempt to answer the following questions.

- 1) What are the main reasons that forced citizen to be street vendor?
- 2) What are the constraints that face street vendors while operating their business?
- 3) What are the constraints that face Addis Ababa city Authority while managing street vendors?
- 4) What measures should be taken by concerned government actors and bodies to facilitate and/or Control Street vending?

#### **1.5. Significance of the study**

The study is attempted to address the challenging factors that faced by street vendors and Addis Ababa city administration to keep the city in order. The result of the study will provide a better understanding and awareness to policy makers, to design an effective and efficient strategy for the improvement of the livelihood of the street vendors and ease the burden of city administration to control the street vendors as well as to keep the city in order. It may also have some contribution to the formulation of appropriate polices for preventing, reducing and controlling the problem of street vendors. These polices will help the concerned bodies to focus on the root causes of street vending rather than giving attention to the observed problems. In addition to this, the policies will facilitate to have further studies on the problem since there is little relevant and comprehensive data on the problem of street vending.

#### **1.6. Scope of the study**

This study was delimited to the never ending war and challenging factors against street vendors and city administration of Addis. Within the domain of street vendors who are selected sub cities which is chosen for the reason that which are more street vendors than other sub cities that are not selected. Besides, given the limited time that was available to do the field work, it was

necessary to focus on selected sub cities and in Addis Ababa not in other districts which is more rural-urban migration takes place. Since street vending is illegal, it was difficult to do field work as some vendors were not willing to talk.

Moreover, due to the nature of respondents carrying out the research was time consuming because the traders had to attend to their customers and hiding from law enforcement officers as well as taking to the interviewer.

## **1.7. Organization of the study**

The study is divided into five chapters. Its contents organized as follows: Chapter one provides a general background, statement of the research problems, objectives, research questions, significance of the study, scope of the study, Chapter two consist general review of the literature under the considering of both theoretical and empirical literatures which are related to street vending. Chapter three deals with method of the study related to the challenges and prospects of street vending as well as city administration in Addis Ababa. Chapter four presents the research findings along with their explanatory analysis and discussions. Finally, Chapter five told about summary of major findings, conclusion and policy implications.

# Chapter Two

## 2. Literature Review

Under this chapter, review of literatures on street vending, factors responsible for street vending, positive and negative implications of street vending and additionally some empirical studies of street vending in Ethiopia and other developing countries are going to be discussed. These theories and empirical findings are important to conceptualize the study and used as supportive ideas in line with the discussion of the findings in this study.

### 2.1. Formal and Informal Urban Sectors

The existence of an organized, unregulated and mostly legal but unregistered informal sector was recognized in the early 1970s following observations in several developing countries that massive additions to the urban labor force failed to show up in formal modern sector unemployment statics. The bulk of new entrants to the urban labor force seemed to create their own employment or to work for small scale family owned enterprises. The self-employed were emerged in a remarkable array of activities, ranging from hawking, street vending, letter writing, knives harping and junk collecting to selling fire woods, prostitution, drug peddling, etc (Todaro and Stephen,2003).

Moreover, the study of Todaro and Stephen (2003) result revealed that the share of the urban labor force engaged in informal sector activities is growing and now ranges from 30% to 70%; the average begin around 50%.With unprecedented rate of growth of the urban population in developing countries expected to continue and with the increasing failure of the rural and urban formal expected to continue and with the increasing failure of the rural and urban formal sectors to absorb additions to the labor force, more attention is being devoted to the rule of the informal sectors in serving as a piracies for the growing unemployment problem.

The informal sector or informal economy refers to activities and income that are partially or fully outside government regulation, taxation, and observation. The main attraction of the undeclared

economy is financial. The activity allows employers, paid employees, and the self-employed to increase their take-home earnings or reduce their costs by escaping taxation and social contributions. It is means of employment who cannot find a job in the formal sector. But a loss in budget revenues by reducing taxes (World Bank, 2016).

The definitions of informal sector differ according to various schools of thought. So, it is a bit difficult to get a specific definition. For instance as Hart, (1973 as cited in Ethiopia Etsubdink, 2005) widely definition informal sector imply unregulated economic enterprises. According to The international statistical definition informal sector is all unregistered enterprises below a certain size, including: Micro-enterprises owned by informal employers who hire one or more employees on a continuing basis; and Own-account operations owned by individuals who may employ contributing family workers and employees on an occasional basis (ILO, 2002) .

ILO also defined that the way of the activity characterized by easy to entry mean that not need much training, education and capital, depend on local resources; family ownership of enterprises, small scale of operation, labor intensive, skills acquired outside the formal school system, and not officially regulated and competitive markets.

The basic nature of the informal sector units can be summarized have little or no division between labor and capital, self-employed activities with the help of unpaid family members or a few hired workers with low wage than formal sector and without guarantees mean wage level and working condition is unprotected, consists of small scale, at a low level of organization and technology with the primary objective of as means of employment rather growing organization (ILO, 1993 and 1998, as cited in Seifu,2000).

## **2.2. Characteristics of informal sector**

The informal sector is characterized by a large number of small-scale production and service activities that are individually or family owned, uses labor-intensive and simple technology (Todaro and Stephen, 2003). It is also easy of entry, reliance on indigenous resources, and family ownership of enterprises or activity operated by the owner with few or no employees. In addition it is small scale of operation, labor incentive and adaptive technology, skills acquired outside the

normal school system, have little or no access to organized markets, to credit institutions, unregulated and competitive markets (ILO, 1972 as cited in Etsubdink, 2014).

To start with operation in the informal sector, depending on its scale of operation, doesn't require formal education, procedures and other requirements. According to ILO Studies covering 21 African countries show that only a quarter of enterprise in the informal sector acquires their skills from formal school and training centers (ILO, 1985).

According to CSA urban informal sector survey of 2003 the characteristics of informal sector based on employment that the people engaged in the informal sector and enterprise that the activities in the informal sector. Characteristics of the people engaged in the informal sector absence of official protection and recognition, non-coverage by minimum wage legislation and social security system, predominance of own account and self-employment work, absence of trade union organization, low income and wages, little job security, no fringe benefits from institutional sources.

### **2.3. Street Vending**

Street vending is one of the most visible activities in the informal economy and it is found everywhere in the world, both in developed and developing countries. It has been defined in many different ways by various authors. However, a common theme among definitions is the location of trade. It may include trading without a permit, trading outside formally designated trading locations and non-payment of municipal/national taxes or self-allocation of shelter for trading (Lyons and Snoxell, 2005 cited in kalikuwa, 2011).

Bhowmik (2005) defined street vendors as self-employed workers in the informal economy who are either stationary or mobile. He also added a street vendor is a person trading from the street who offers goods for sale to the public without having a permanent built-up structure from which to sell.

Bromley (2000) identifies the location of trade as streets and other related public axes such as alleyways, avenues and boulevards; and Mitullah (2004 cited in Kalikuwa 2011) describes street

trade as an activity which takes place outside enclosed premises or covered workspace on street pavements, sidewalks, but also at bus stops and in other public places.

On the other hand, Cross (1998) uses legal infringements as the defining principle. He terms street vending as the production and exchange of legal goods and services that involved the lack of appropriate business permits, violation of zoning codes, failure to report tax liability, non-compliance with labor regulations governing contracts, work conditions, and/or legal guarantees in relations with suppliers and clients.

Street vendors are known to play a very important role in the urban economy by providing employment, income and other items to the public. They sell different kinds of goods such as second hand clothes, vegetables, fruits, food stuffs, plastic goods, and various household necessities which are manufactured in small scale or home based industries. In many countries the urban poor prefer to buy clothes and accessories from street vendors because the goods that they sell are usually cheaper and affordable than those found in formal retail shops (Saha, 2009).

## **2.4. Theoretical part of the study**

### **2.4.1. Causes of street vending**

According to Bhowmik, people join street vending to have a source of income. Street vending is also employed as means of avoiding depending on others for economic purposes. Street vendors use their personal saving as start-up capital to begin street vending. Lack of gainful employment coupled with poverty in rural areas has pushed people out of their villages in search of a better existence in the cities. These migrants do not possess the skills or the education to enable them to find better paid, secure employment in the formal sector and they have to settle for work in the informal sector. In industrial countries the informal sector will appear due to lose of jobs because of closures, down-sizing or mergers in the industries they worked in and the employers or their family members had to seek low-paid work in the informal sector in order to survive. The first category namely low skilled rural migrants exist in all countries of Asia but they are more prevalent in the poorer countries such as India, Bangladesh, Nepal, Cambodia and Vietnam. These countries did not have a strong industrial base and in the past too. The urban workforce was engaged mainly in the informal sector. The second category, namely, workers

who were earlier in the formal sector, exists in countries such as Philippines, South Korea, Thailand, Malaysia, Indonesia and India. The closure of several industries due to a variety of reasons outsourcing of work to the informal sector, mergers of some of the corporations, downsizing of the production units, etc. has resulted in large scale unemployment in these countries (Bhowmik, 2005).

The driving forces of informal sector are different from one country to another that affected by culture, politics and economic backgrounds (Sibhat, 2005), informal sector theories are based on the relationship between formal and informal sector and also are different in countries or industries. Most of the factors are stated as following:

#### **2.4.1.1. Lack of Growth**

The dualist school belief that the informal sector is include of marginal activities but not related to the formal sector that provide income for the poor and a safety net in times of crisis (ILO, 1972; Sethuraman, 1976; Tokman, 1978 cited in Chen,2012). The pushing factor of informal activities is due to a slow rate of economic growth and/or a faster rate of population growth industrial. Basically, formal sector cannot create job opportunity for surplus labor. According to the dualist school causes of informal sector is lack of growth (Chen, 2012).

Omar Argued that developmental theory says labor shifts from agricultural to manufacturing industry, however, underdeveloped countries, like North America, Asia and Africa, the growth of industry is not sufficient to give employment opportunity for all unemployed and then informal sector such as trade and casual work as bridge of labor shift one sector to another and as a secondary source of income. Marginality exist in capitalist economy that is difference between industrial reserve army and marginal population lades to insufficient demand labor as a result labor join to informal sector to survive with low income or as self-employed (Omar, 2006).

#### **2.4.1.2. The nature of capitalist development**

The structuralism school notion that the informal sector consider as subordinated for formal sector and also forms of production are connected and interdependent. And workers that serve to reduce input and labor costs and then increase the competitiveness of large capitalist firms. So,

structuralism believes that the cause of informality in production relation is the nature of capitalist development (Moser, 1978; Castells and Portes, 1989). Monopolistic practice has own roll to increase informal operators that use street vendors to increase sales (Omar, 2006).

#### **2.4.1.3. Government rules and regulations**

The cause of increment of informal sector is tax burden, as anybody knows neoclassical economic model if marginal tax increase, substitution effect that people choices leisure than work as same as people substitute informal sector by reducing working time from formal sector (Belev, 2013). The legalist school is also notion that the informal sector considered as the reaction of micro-entrepreneurs (Soto, 1989).

#### **2.4.1.4. Choice of illegal operation**

The ill-legalist school subscribes to the notion that informal sector driving by entrepreneurs purposely want to avoided costs of formally operating that regulations fee, taxation water and electricity cost. So that the school belief that the causes of informality are entrepreneurs chooses operate illegally (Maloney, 2004 cited in Chen, 2012). Therefore, this tends to create more high-skill service sector jobs than lower-skill manufacturing jobs. In such contexts, those without the skills to compete for high-tech formal jobs find work or continue to work in the informal economy. The small business and micro-business sectors are create more jobs than the formal sector.

#### **2.4.1.5. Economic restructuring and Economic crisis**

Economic crises lead to increased unemployment through loss of jobs in the formal economy and to increased employment in the informal economy. Greater number of people who lost their job turned to vending as a possible source of income and in respond to inflation. That's why when enterprises are downsized or shut down, due to economic restructuring and economic crisis the workers who are laid-off and cannot find alternative formal jobs often end up working in the informal economy (Chen, 2012).

#### **2.4.1.6. Globalization**

John C.(2000) argue that current change in global economy is associated post modernity and postmodernism is more open to informal sector to function in the economy as incubators for 13 new businesses. When the global transformation from modern economy to post-modern economic system, informal sector also transfer from as inefficient to as source of growth and flexibility. The conditions of globalization favor and information links large companies and the competitive pressure encourages employment contract flexibilization by sub-contracting, workers to piece-rate or casual arrangements became shift formal wage workers to informal employment arrangements without minimum wages, assured work or benefits (ILO, 2002).

Martha Alter Chen and Marilyn Carr (2001) argue that Global trade and investment are one of the causes to increase informality to increase their global competitiveness, investors are moving to countries that have low labor costs for production and distribution through global commodity chains. Globalization also tends to privilege large companies who can capture new markets quickly and easily to the disadvantage of small and micro entrepreneurs who face difficulties gaining knowledge of emerging markets. In sum, globalization puts pressure on low-skilled workers and petty producers by weakening their bargaining power and subjecting them to increasing competition. John Mwaniki also describes globalization as factor of informal sector increment. He argued that globalization is driven by information technology and free flow of capital around the world. Africa is disadvantaged due to low levels of technological investments and capital accumulation this leads to poverty by decrease term of trade and GDP. By this impact the dependency levels are high as a result several people are shift to the informal sector to earn a living.

#### **2.4.1.7. Rural to urban migration**

Todaro (1981) argues many factors are 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 be greater than that of the number of jobs generated by the formal sector.

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 (Espidola, 2005)

Likewise, 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 in informal activity which found to be the immediate and livelihood.

#### **2.4.1.8. Trade Liberalization and Poverty**

Trade liberalization is often associated with booming urban informal sector. The existences of poor people in most urban corners as well as rural villages of developing countries also justify the existence of the sector. Because the informal sector is a sector of the poor, by the poor, for the poor, selling survival goods to cater the needs of poor population. Most of this people spend their income on food items 70 to 80 % with an increase in urban poverty and demand for survival goods, the informal sector continues to expand (Hayat, 2000).

#### **2.4.1.9. Social and other factors**

Compared to other low-wage urban jobs like daily laborer, housemaid, etc. most choose it part to its freedom from extra burden from their employer, to its simple operation and irregular and flexible working hour so as to fulfill social obligations and home works, etc. (Webster and Fidler, 1996). Excessive and inefficient Government regulation, it is costly barriers and stifled formal economic activities and failure to institute adequate legal and institutional control

mechanisms. It is enforced to weakness of the Government in the informal sector operation (Maliyamkono and Bagachwa, 1986; Cited in Sisay, 2005).

Why people motivate to participate in to informal sector is easier opportunity and/or necessity driven as dualistic point of viewed. It can considers necessity strategy but also choose to participate in the informal economy, because, they need freedom of operating their own business; they have flexibility in determining hours or days of operation; they can use and develop their creativity (Williams, 2009).

While in the beginning some economists held that economic growth will naturally reduce and finally eliminate the informal sector, based on historical evidence of developed countries, this “trickle down” view of progress has been replaced. The main-stream view now is that the informal sector in the developing world deserves direct intervention, if only that the natural process of reduction takes too much time. In the new economic perspectives informal sector is viewed positively, as an outlet for human creativity, as a courageous manifestation of an economy in a survival mode. Workers participation in the sector is now seen as heroes, surviving against of the odds. They are men, women and children simply trying to feed their families to the best of their abilities (Todaro, 2005).

Despite of so many problems street vending provides a sense of self employment to the vendors and a large number of city dwellers from different spheres of life such as students, tourists, rickshaw drivers, cart pullers, and other. Obviously, such workers rely on street vendors for their day to day needs. Street vending has been seen as an option for the poor; their legal and social status and business prospects differ domestically as well as regionally (Girma, 2009).

Most of street vendors in Ethiopia had other livelihood activities, previously. Women were domestic servants and men were daily laborers. They were compelled to leave their former jobs because of lack of good relationships with their managers. In addition, they joined street vending because they were doing heavy tasks that were compounded with lack of freedom; and they have motive of economic independence, responsibility of supporting family with different needs and lack of support from anybody to help them engage in organized sector. Absence of opportunity

of formal jobs, illiteracy and lack of skills are also contributed for their engagement in informal sector (Girma, 2009).

#### **2.4.2. Contributions of street vending**

Street vending is an important source of income and employment and most street vendors undertake vending due to lack of other sources of income and employment. That means street vending act as a supplement of formal employment sector of a country. Mithullah (2003) said that vending provides an opportunity which minimizes the impact of social exclusion for many urban residents. Despite the important role of street vending, the activity is less understood, less recognized and unaccounted for in national economic statistics. This has resulted in lack of enabling policies, regulations and organization of the sector. 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. 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. The Uganda case study points out that the women participate in street vending as a way out of a predicament. Women have moved from being subsistence and commercial farmers to engaging in trade and informal employment. In most cases they vend when their husbands cannot sustain the family or to supplement the husbands income. The Kenya case study argues that the formation of women's groups gives women some form of recognition and freedom in an otherwise male dominated society (Hasan and Alam, 2004).

Most street vendors provide the main source of income for their households, bringing food to their families and paying school fees for their children. These informal workers have strong linkages to the formal economy. Over half the International Education and Migration Service (IEMS) sample said they source the goods they sell from formal enterprises. Many customers work in formal jobs. Many vendors try to keep the streets clean and safe for their customers and

provide them with friendly personal service. Street vendors create jobs, not only for themselves but for porters, security guards, transport operators, storage providers, and others. Many generate revenue for cities through payments for licenses and permits, fees and fines, and certain kinds of taxes. This was true of two thirds of street vendors in the IEMS sample. Street trade also adds vibrancy to urban life and in many places is considered a cornerstone of historical and cultural heritage. Yet street vendors face many challenges, are often overlooked as economic agents and unlike other businesses, are hindered rather than helped by municipal policies and practices (Sally, 2014).

In spite of opposition from various quarters, the informal sector enjoys the support of a wide variety of groups. Economists agree that, it is a way to develop prosperity and job provision. Environmentalists see it as means for the possible retrieval of waste materials such as bottles, used batteries, plastic and papers. Free market supporters see it as the only true opportunity for re-establishment of an open, deregulated free market system. Community developers and essential goods and sociologists look at it as manifestation of community values and the provision of necessary products and services for lower income groups, in the rural areas. The government sees it as a method of decreasing state support in the form of unemployment benefits and formal enterprises see it as a source of subcontracting and skills (Kroon, 2006; cited in Abdul.M, 2015).

### **2.4.3. Challenges of street vending**

Despite its importance in reducing unemployment and generating income of the urban poor, street vending face varies challenges. Cohen, *et al*, (2000; cited in Girma, 2009) found that like all informal workers, informal street vendors lack legal status, representation, and voice. With a few notable exceptions, they earn low incomes, usually close to the poverty level. Furthermore, they experience several problems specific to their trade.

Difficulty in finding secure spaces to sell, Harassment, demands for bribes, evictions from selling places, arrest and confiscation of goods by authorities, who often see street vendors as a nuisance or obstruction to other commerce and traffic, Lack of services and infrastructure, such as water, electricity, waste removal, latrines, shelter, storage space, and financial services High

risk for diseases transmitted by vermin, lead poisoning and respiratory problems from vehicle fumes, and musculoskeletal problems associated with static posture and other ergonomic hazards. It has been deemed problematic for reasons such as nuisance and congestion, undercutting formal businesses and as signifiers of underdevelopment. The cat and mouse interaction of the state and street vendors is a century's old phenomenon, with vendors stigmatized as lazy or underhanded and infringing on public space (Karides, n.d.as cited in Girma, 2009).

In addition to the above mentioned challenges street vendors face the greatest challenge facing informal traders, have to do with operating and not give a space to trade. Most of the spaces trader's uses are regarded as illegal since they have not been set aside for trade. In cases where they are allowed to operate, the spaces are considered temporary and eviction occurs at the will of urban authorities. There are various conflicts relating to their sites of operation. Major conflicts often rise when the vendors are required to move in order to give way for a planned development. This brings them into direct confrontation with urban authorities and land developers. Most of the spaces, the traders occupy, have no tenure and are not allocated and sanctioned by urban authorities. At the same time, the traders are also in conflict with formal shop owners and landlord who contend that the traders infringe on their business and or premises (Kirby and Watson, 2006).

The space that has been occupied by informal traders is open and it has a risk of the harsh environmental. Most of goods of the informal traders such as fruits, vegetables and clothes are affected by the harsh environmental conditions, as results they loss the earning. They trade illegally due to lack of recognition and licenses. The traders identify trading sites on their own facing the urban authorities to evict them (Kirby and Watson, 2006).

Moreover, Kirby and Watson (2006) maintain that in the cases of eviction, the traders are often provided with an option outside the Central Business District (CBD) where there are hardly any customers. This option is based on an exclusion framework which reserves the CBD to large scale traders and businesses which urban authorities argue pay taxes as opposed to the street vendors and informal traders. This framework is misguided as research has shown that when both daily fees and bribes to urban authorities are taken into consideration, the urban authorities

collect much more than the lump sum paid by formal businesses for licenses. However, the informal traders make less profit and are not able to make lump sum payments. Lack of permit to the trade and licenses, it exposes the trader to harassment and punitive measures, including confiscation of goods. During harassment, traders lose their commodities, with some closing their business after losing their capital goods. Research from a number of African cities reveals that having a license does not guarantee safety and recognition by urban authorities. In most cases, vendors are not issued with any identification showing that they have a legitimate right to sell their goods in urban streets. This exposes them to harassment, including confiscation of goods, assault and demand for bribes.

Apart from the right to trading space, informal traders are also disadvantaged in the area of security, transport and municipal service. A secure working environment is a pre-requisite for any type of business. Security is a major concern for many people engaged in economic activities on streets. Municipal authorities have been the major source of insecurity for these traders. The authorities harass, beat and confiscate goods of street vendors without any warning. This does not only threaten the security of vendors but also their customers. The environment is not secured as results the customers lost, the tourists are afraid to visit the area, due to poor performance of the business. The income is reduced and generally interferes with trading. The insecurity in the streets is sometimes used as an excuse for evicting street traders. All over African cities, the informal traders are viewed by traffic police as criminals (Rwigema and Venter, 2008).

In addition, most informal traders find it very difficult to transport their goods from the place that they live to the nearby market place. This is because the transport systems does not have service in the area where informal traders staying, and in cases where they do, the vendors can hardly afford the service. In some cases, there are restrictions on what an individual can take on the bus, minibuses or train. This forces informal traders to use human carriers to transport their goods. This is complicated further by lack of storage facilities, which makes the traders, carry back to their homes unsold commodities (Rwigema and Venter, 2008).

According to the Mc Cleland (2006) findings, some services such as water and sanitation are also not available to vendors and consumer. Apart from a few cities in South Africa, informal traders

operate without access to water and sanitation. A few of them rely on service from the neighboring formal markets, hotels and bars; while the majority of vendors rely on unsafe water sources, unsanitary methods of refuse disposal and use of open spaces as sanitary facilities. Some of them obtain service from their homes or nearby residential areas. Cleaning services provided by authorities are neither enough coverage areas of street and informal traders nor do the urban authorities facilitate the provision of services by traders and other stakeholders. In cases where traders are allowed to trade, the authority cleans their sites of operation by hiring people to collect and dispose garbage.

Throughout the world the informal traders have difficulties to operate in the market place. Because, they are under pressure from rich countries, the barriers to international trade in goods and financial services and investment flows have been lowered to the advantages of capital over labor and of large firm over small and micro firms. The harsh trade and policy processes largely make it hard to earn wage and own account producers in the informal economy, and yet they are majority poor who are focus of current policies and development processes. The neglect of the micro and small traders has to be reversed if Africa countries are to change existing poverty trends (Mc Cleland, 2006). According to Verma, Jiloka and Kushwah (2006), the lack of knowledge of advanced technology, the vendors cannot widen their market. Hence, it becomes necessary for the society and Government to find remedies for the problems of informal and women entrepreneurship. Batra (2004) also argues that the informal traders face numerous problems in promotion of units and during production, marketing, distribution, procurement of raw-material and availing the incentives offered by the state Government.

Politics and policies pose challenge against informal trade. South African policies banned informal business activities, the sector that needs political and policy support and facilitation. Restriction against informal trade was very prevalent during apartheid era. The absence of policies that can appropriately support the sector in past and present may expose the sector to high taxation rates, increase income instability and limit trading partnership (Skinner, 1999; as cited in Degu, 2015).

#### **2.4.4. Challenges Caused by street vendors**

Most people have not a clear image about street vendors and pedestrians are annoyed by their encroachment of sidewalks. At some places it is difficult to walk straight. People then will have to pass the narrow aisles between seller stalls walking sideways. When the sidewalks are too crowded people are forced to step onto the road to walk which is a very dangerous exercise. Drivers and other road users dislike them for their road encroachment. Store-owners hate the street vendors for their illegal use of the shops' front sidewalks, which the street vendors then modify to suit their own needs. This modification often involves semi-permanent roof to protect their wares from the sun and rain, usually in the form of blue/industrial plastic tents, which obstructs sun light from shining on the stores and hampers the flow of fresh air. All this robs the sidewalk of its convenience and deters walking traffic into the stores, hence reducing the stores' business. Furthermore, in a minority of cases where the street vendors are selling similar goods to the shops, then the shops' business are directly threatened. They view street vendors as direct and unfair competitors, since street vendors steal their customers out in front, before the customers enter the market. In fact, street vendors oppose other counterparts, rejecting government attempts to relocate them unless other street vendors were also relocated simultaneously. Otherwise they would lose business (Harlan, 2008).

Regular sweeping operations breed antagonism among the street vendors. This is reasonable in light of property seizure and/or destruction. Sometimes street vendors organized themselves to repel the sweeps and some sweeps were cancelled due to the violent resistance. However, the municipal government would come back later with stronger force and the street vendors were swept off the streets and sidewalks, for the time being. They always returned and the Admin Police would have to mount another sweep. It is safe to assume that this harassment policy to deal with street vendors is counterproductive, not to say inhuman. They are not the only victim in the sweeping process. The Admin Police personnel suffered also. They were ordered to perform a task that is against human decency, that is harassing street vendors who are not really criminals. They knew that the street vendors were only trying to survive. They realize that the street vendors were simply attempting to feed their families. The accumulated effects of constant sweeping operations, more so if many ended in violin will either breed brutality among the Admin Police personnel or make them feel alienated. Thus, over time it looks as if this harassment tactics is a no win or lose-lose policy (Harlan, 2008).

#### 2.4.5. Local governance

Local governance plays a key role in the economy. It is important to note that, local government is one of the major actors in the governance concept; because, it is responsible for providing goods and services to its citizens at the local level (Kalikuwa, 2011).

Local governance refers to the activities that the public carry out at different levels of government jurisdictions below the center (Bhuiyan, 2010), and is described as structures and processes of societal decision making at the local level (Helmsing, 2002). Local governance encompasses the direct and indirect roles of formal institutions of local government and government hierarchies, as well as the roles of informal norms, networks, community organizations, and neighborhood associations in pursuing collective action by defining the framework for citizen-citizen and citizen-state interactions, collective decision making and delivery of local public services (Shah, 2006).

The essence of governance is its focus on governing mechanisms where it is not possible to recourse to the authority and sanctions of government (John, 2001). In addition, the governance concept points to the development of a structure which cannot be imposed by outsiders but is the result of the interaction of a multiplicity of governing each other and influencing actors (Stoker, 1998; as cited in Sheila, 2007).

However, many local governments do not consider the informal economy like street vendors as an important factor in the economy. Generally, work within the informal economy is usually not recognized or protected under legal and regulatory frameworks. As informal 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 as cited in Brown 2006). Street vending is mainly affected by policy and practice of both national and local governments. According to Brown (2006) actions of local governments can be a major hindrance to the development of a secure environment for street trading. He further adds that the roles of local governments and their relations with traders depend on their structure and responsibilities such as the urban financial system and the regulatory environment that they enforce. For instance, decentralization of local

governments has not been particularly helpful to street trading. However, in most developing countries, urban authorities and elites have long complained that street vending is a major problem in their cities (Bromley, 2000). For this reason, the local government has responsibility of making sure that they get rid of street vendors. They also have responsibilities to limit congestion, road accidents, crime, protect consumers against fraud and public health hazards. It is essential too that they collect taxes to be able to finance public services and that they try to bring the whole population within the system of law enforcement, taxation and government support. Generally, local governments have a task to promote economic opportunity, encouraging entrepreneurship, competition and the widespread availability of goods and services (Bromley, 2000; as cited in Kalikuwa, 2011).

Another governance issue is concerned with urban public space. The economic liberalization policies of the 19/80<sup>th</sup> and 90<sup>th</sup> that led to a lot of unemployment causing an increasing number of urban residents to move into the informal sector and engaging in various economic activities especially street vending, competition for urban public space grew (Brown, 2006).

Street vendors concentrated on city spaces where volume of people was high, particularly the central business district in shopping streets, office locations and bus stations. However, many of these locations constitute conflict zones or restricted areas and elite city locations where it is illegal to sell on those streets (Bromley 2000, Leduka 2002 as cited in Kalikuwa (2011).

In addition, Morales and Cross (2007; as cited in Kalikuwa, 2011) stated that where street markets are discouraged or repressed, vendors must often invade (illegally or informally) the space in which to gain access to their clients. This process often puts them in conflict with other local stakeholders who are usually more powerful local businesses and franchises of multi-nationals; but, middleclass and upper-class elites who see streets stalls as an infringement of their right to use public space. Street vendors and local government contest the appropriate use of space by physical presence and in terms of how local government defines the appropriate use of urban public space.

## **2.5. Empirical studies**

A case study on street vending in six African countries made by Mitullah (2003) showed the following result:

According to Mitullah (2003) The majority of street vendors in African countries are women, own account workers, married and support large families, and most traders live close to their work place and the have got primary and below levels of education although there is also a large number of men and children and male traders have more professional training as compared to women, most street vendors undertake vending due to lack of other sources of income and employment.

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).

The case study done in Uganda also showed that the importance of the informal economy throughout Uganda's turbulent civil strife. The informal sector is nearly the largest employ in Uganda which accounts 13 per cent of the labor force as compared to 5.3 per cent in the formal sector.

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.

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

with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and to improve the quality of their lives. South Africa also has laws and policies aimed at protecting the rights of women and raising their status in the country. They include the requirement that one third of all the African National Congress (ANC) Parliamentarians must be women, establishment of a Commission on gender equity in 1996, setting up an office on the status of women to ensure gender equity (NSDP, 1995).

The progress made in South Africa, differs across South African cities. For instance Durban has best environment for street vendor operations. It has a Department of Informal Trade and Small Business Opportunities. The Council has also designed. Basically, the situation in the cities of Kenya, Uganda, Zimbabwe, Ghana and Cote D'Ivoire are almost the same. However, the policies and regulations are not appropriate for street vendors; while, the street vendors are hardly consulted in the development of the by-laws and planning vending sites in respective urban areas. Additionally, except for Kenya and Uganda, street vendors are not aware of the by-laws applicable to their operations (Mitullah, 2003).

In Kenya, majority of street vendors indicated that the policies were inappropriate, while only a few indicated that they were appropriate. When they argue why the policies are inappropriate; it is expensive daily charges, poor and insecure working locations, unsuitable hours of business, poor locations for business, constant harassment, confiscation and loss of goods by urban authorities and poor enforcement approaches by urban authorities (Mitullah, 2003).

The studies done by Mitullah, 2003 show that, although the urban authorities collect revenue from vendors, street vendors hardly participate in important issues such as planning and management of urban development. There is poor communication between the urban authorities and street vendors and their associations. There is hardly any dialogue and relationships are largely determined by favoritism, nepotism and corrupt practices. Thus, the vendors have no influence on any policies developed for managing their operations, while the urban authorities hardly provide services nor are they accountable to vendors. This has affected potential joint action and impaired relationships between vendors and urban authorities. This is partly due to a

lack of joint action by the different weak vendors associations. Their weakness has partly contributed to the imposition of decisions by urban authorities on their operations. In order for street vendors and their associations to influence policy, they need to be organized with well-established effective channels of communication with urban authorities (Mituhah, 2003).

### **2.5.1. India**

According to the Ministry of Housing and Urban Poverty Alleviation report, done in India, indicated that there are 10 million street vendors; Mumbai accounts 250,000; Delhi 200,000, Kolkata more than 150,000 and Ahmedabad 100,000. Most of them are immigrants or laid-off workers. On the average each of them may spend 10–12 hours a day, but they remain impoverished. Inappropriate license ceiling in most cities, like Mumbai which has 14,000 licenses, means more vendors hawk their goods illegally, which also makes them prone to the bribery and extortion culture under local police and municipal authorities, besides harassment, heavy fines, sudden evictions. In Kolkata, the profession was a cognizable and non-billable offense (Lok Sabha, 2012).

Over the years the street vendors have organized themselves into trade unions and associations, plus numerous NGOs have started working for them. In fact, the National Association of Street Vendors of India (NASVI) based in Delhi, is a federation of 715 street vendor organizations, trade unions and non-governmental organizations. Street Vendors (Protection of Livelihood and Regulation of Street Vending) Bill, 2012 is a proposed Indian legislation aimed to regulate street vendors in public areas and protect their rights. It was introduced in the Lok Sabha (Lower House of the Parliament of India) on September 6, 2012 by the Union Minister of Housing and Urban Poverty Alleviation (Lok Sabha, 2012).

### **2.5.2. Street vending in Ethiopia**

A 2002 study by the Association of Ethiopian Microfinance Institutions estimated that the informal sector in Addis Ababa to be 51 percent of the productive economy (UN, 2006). While the informal economy in Ethiopia is considerably large, for every ten registered firms there are almost four non-registered firms (Enterprise Survey, 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 (EBDSN, 2014). 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, 2004; cited in Girma, 2009).

According to Melekot (2006) it has become evident that rapid growth of Addis Ababa is providing both opportunities and risks. One particular aspect emerging as a downside of the growing urbanization process is the proliferation of informal trade, most notably, street vending which has been expanding unabated for the past two decades despite many attempts made by the city government to address the problem. Efforts made so far address street vending by way of providing small vending shops and allowing Sunday Street markets had little to contribute to

abating the problem. But, street vending has rather expanded in volume and continued as a nuisance for the city residents and threat to legal traders. 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. There is, 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).

Street vending also poses a health threat as many are engaged in vending food items on the streets. Since street foods are produced by those with limited knowledge about food safety with little care. In that regard, most users have a good chance to be victim of health risks. There is growing concern about fruit and vegetables as a source of infectious food-borne disease. A further risk may occur from the use of foods and raw materials that contain chemical contaminants like drugs.

Micro and Small Enterprise Development Programme has been given due attention by the government since 2004/2005. The programme has been largely successful. However, when it comes to street vendors there has been little done to organize them in micro and small scale enterprises. Besides rural urban migration exacerbated the street vending problem Street vending is all about trading without paying tax and the nuisance it creates on the streets has its

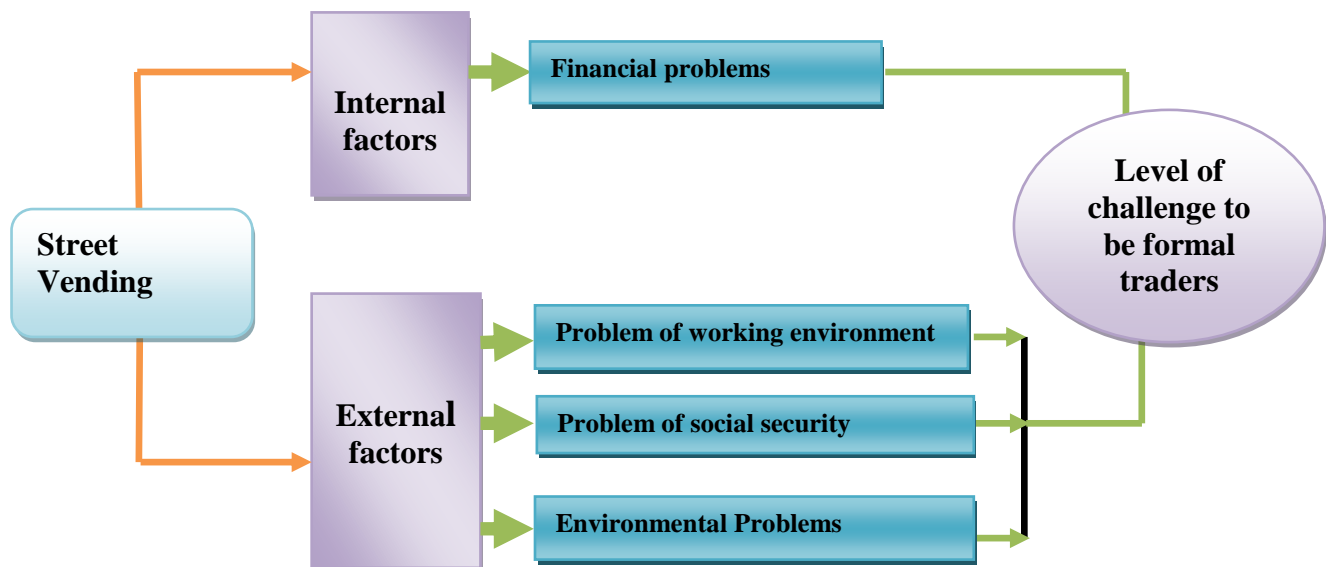
own negative impacts. To help those who want to assist their family from street vending, the Addis Ababa Trade and Industry Bureau facilitated Sunday Market. According to Askale, the bureau will create open spaces which are far from traffic congestion and Sunday Market areas to accommodate street vendors and those residents who depend on these markets. According to Askale, the preparation of the policy is helpful for the development and validation of systems as well as for improving the safety and quality of street vending that are technically, economically and socially viable. Asked what is the administration planning to do to solve the problem, Askale Tekele, Trade Registration and Licensing Process Head with the City Trade and Industry Bureau said the Bureau is planning to organize a meeting with stakeholders to discuss on a new policy drafted to address the problem. According to Askale, the consultation would focus on the implementation of the Policy. According to her, it is the first concerted effort by the Addis Ababa City Trade and Industry Bureau to address the problem while at the same time taking into account the street vendors demands in the urban planning process. The rural-urban migration particularly to the capital has been increasing year after year. And that in turn has aggravated the problem of street vending. Hence the Bureau's move to address the problem by legalizing the street vendors based on the new the policy is appreciable, if not delayed. According to Askale Takele, Process Owner of Trade Inspection and Regulation with City Trade and Industry Bureau the city administration has already finalized the formulation of the policy and will table it for discussion in the coming few days. The policy, according to Askale, will help to bring an end to the chaotic scene that has been common for years in the streets of the city. The policy has been designed by constituting inputs from all stake holders that include the business community, street vendors themselves, and residents of the metropolis as well as law enforcement bodies. Askale noted that the majority of street vendors in Addis operate as retailers and are often viewed negatively by the public and associated with traffic accidents, in some areas with crime.

Yet Askale said that street vending is the biggest suppliers of consumable goods to many residents of Addis Ababa particularly when it comes to goods produced by the urban agriculture sector. Some segments of the street vendors get their commodities from those engaged in urban agriculture and supply them to low income consumers.

## 2.6. Conceptual framework of the study

Figure 2.1 provides a framework to analyze the level of challenges faced by street vendors to be formal traders; street vending is a part of an informal sector creating employment and developmental opportunities together with its negative influence on the formal sector runners and the urban environment as well the city authority. Among the numerous challenging factors towards street vending, financial problems are identified as the major one and external factor of street vending. Moreover, there is direct association between the different degrees (extent) of financial problems and street vending challenges. And as part of legally unrecognized sector, street vending faces three major external factors which are identified as negative impacts for smooth running and growth of the sector. In summary, as illustration of the relationship between the level of challenges of this internal and external factors with street vending is given as conceptual frame work model of the study in a diagram bellow.

Fig 2.1 Conceptual frame work of Challenges of street venders during they operate their work



Source: own developed model.

# Chapter Three

## 3. Methodology

This chapter discusses about the method of this research which is related with the given title. The chapter begins with research area description, research design and focus on study population, sampling, sources of data collection and data analysis, which are important to achieve the intended objectives.

### 3.1. Research Area Description

The study had been conducted in the city of Addis Ababa, the capital city of Ethiopia. Addis Ababa is located on central part of Ethiopia, It covers 203.5m<sup>2</sup> area and surrounded by Oromiya regional administration. The city has a total population of 3,385 million according to the 2008 population census with annual growth rate of 3.8%. Of these, 1,683,780 were males while 1,700,788 were females. According to the survey study of urban employment unemployment reveals that in Addis Ababa, from the total population of Addis Ababa (3,048,631) the number of economically dependent population was estimated to 37.4%. It also administratively divided in to 10 sub cities. They are: Arada, Bole, Lideta, Addis Ketema, Kirkose, Gulele, Yeka, Nifase-Silke/Lafto, Akaki-Kality and Kolfe-Keraniyo sub cities. Those subsidies also broadly divided into 116 Wordas (CSA, 2012).

### 3.2. Research Design

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In order to assess the conflict and challenging factors against street vendors and the local authority of Addis Ababa, among various research methodologies in order to achieve the intended objectives of the study, descriptive research design was adopted. Furthermore, the duration of data collection and other activities take place within a limited time. Based on this, among various research methodologies in order to achieve the intended objectives of the study, descriptive research design was adopted.

### 3.3. Source of population

The population of the study was street vendors in Addis Ababa city. However, the target population of the study was all street vendors those are lived in the four sub-cities. They are: Arada, Kirkos, Kolfe Keranyo and Lideta sub cites. In addition, all concerned government officials, formal business operators, and pedestrians were taken as a target group.

#### 3.3.1. Inclusion Criteria

All street vendors who operate their business in five selected and more populous sub cities which are Arada, Kirkos, Kolfe Keranyo and Lideta sub cities.

#### 3.3.2. Exclusion criteria

The street vendors which are not operate their business in the specified sub cities exclude from the analysis of the study.

### 3.4. Sample size Determination

According to Ministry of Trade approximately 80000 street vendors found in Addis Ababa city in 2006 e.c. Based on this information the sample size of the study has been determined by using a simplified formula provided by Yamane (1967) with a consideration of 95% confidence level and 0.05 of margin of error.

$$n = \frac{N}{1 + N(e)^2}$$

Where; n = is the sample size

N = is the number of population (households)

e<sup>2</sup> = is the desired level of precision or margin of error

Thus, based on the above formula, the estimated sample size can be

$$n=80000/1+80000*.0025$$

$$n=398$$

### 3.5. Sample Design

A total of 80,000 street vendors were found in Addis Ababa city. Among this, sample size 398 of street vendors found in the 10 sub cities of Addis Ababa. Out of them 140 street vendors were chosen from five selected sub cities of Addis Ababa. For this selection criterion the researcher choose more populated business sub cities. Since no registered street vendors in Addis Ababa sub cities the sample size of the selected sub cities are taken based on proportionate of legally registered traders

Table 3.1: Distribution of Sample size in the target area

S no	Sub city	Sample by %	
1	Kolfe Keranyo	2.8%*398	30
2	Bole	3.3%*398	33
3	Arada	2%*398	20
4	Yeka	2.05%*398	21
5	Addis Ketema	36%398	36
	Total		140

Source: Ministry of Tread, 2012

There are 140 street vendors were selected from five sub cities in Addis Ababa city that are usually populous with vendors and these are Arada sub city, Yeka sub city, Kolfe Keranyo sub city Bole sub city and Addis Ketema Sub city. From each sub city 30, 33, 20, 21 and 36 respondents respectively were selected. The researcher approached any street vendor in these sub cities, however, some were willing to talk while others were not so the researcher administered the questionnaire to those that were willing and picked both men and women. For the 15 formal business operators, the researcher spoke from the shops have no problems accessing this group of traders. Hence, the criteria for choice were those willing to talk. In the sample the researcher tried to mix traders that were selling different products to widen the research scope and it was the research purpose to get more or less as many men as women.

### 3.6. Source of data

Two types of data source were used in this research as primary and secondary. Primary data were conducted 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.

### **3.6.1. Questionnaire**

The researcher prepared and distributed a structured questionnaire to obtain the required quantitative data from the selected sample of street vendors. The basic reason why this method is chosen due to the topic and targeted group, i.e., street vendors have no permanent address to mail or telephone interview and have no accesses to use social network and difficult circumstance for group discussion. The questioners designed based on the national original language of Amharic. Then it translated into English

### **3.6.2. Interview**

Qualitative data was collected using key informants. It was tape recorded. Basically, the Key informant was designed to gather data and interviewed directly from knowledgeable people the information of which cannot be obtained with other methods like interview questioner. For the interviews, the researcher use semi-structured questions that helped to gather data to authenticate the research. The Key informant basically was conducted with officials from the market and local authority.

### **3.6.3. Personal Observation**

This method allowed the researcher to gather information through direct observation in order to supplement and strengthen the collected data through questionnaires and interviews.

Such observations were done while the vendors are at work on the street. With personal observation, the researcher was chance to observe some situations that respondent might not think important.

### **3.7. Data Processing and Analysis Method**

After data were collected, data processing was carried out. The raw data was converted into suitable form for analysis and interpretation. This was achieved through sequences of activities including editing, coding, entry, and tabulation. The objectives were to check the completeness, internal consistency and appropriateness of the answers to each of the questions. Statistical analysis was carried out using Statistical Package for Social Science (SPSS).

Descriptive statistics such as frequency distribution, measures of central tendency and measures of dispersions such as mean and standard deviation together with percentage, frequency were used as a method of data analysis. This method of data analysis is important to analyze the quantitative data.

Qualitative data was analyzed based on the transcripts of taped interviews, from Amharic language to English, classified and interpreted in a narrative form.

### **3.8. Ethical consideration**

Ethical clearance had been obtained from Addis Ababa University Ethical Review Board. Moreover, the purpose and the objectives of the study were explained to the respective respondents. Written Informed consent was obtained from respondents who would participate in the study. Each respondent had been informed about the objective of the study that it is contribute necessary information for policy maker and other concerned body. Anyone who is not willing to participate in the study was not forced to participate. They are also informed that all data obtained from them would kept confidentially by using code instead of any personal identifier and is meant only for the purpose of study as well as they were informed that the result of this study will be submitted to concerned body's for further planning and intervention in the future.

## Chapter Four

### 4. Data Analysis and Discussion

#### 4.1. Respondent profile

The profile of this study indicated that 140 study participants were involved to identify the conflict and challenging factors against street venders and local authorities in the case of Addis Ababa; out of them the predominant in street vending, 72 (51.4 %), participants are males. However, the remaining 68 (48.6 %) respondents those are involved in this research are females. Moreover, the study reveals that the majority of the study participants, 132 (94.3%), age is lay between 19 and 63, i.e., they are in the productive age category. But the rest 8 (5.7%) respondents engaged in this illegal activity within their early educational age. In other word, most of the street venders those involved in this study are socially active.

As shown in Table 4.1 the marital status of respondents in the study area indicated that 76(54.3%) of them are single, whereas, 55(39.3%) are married. The rest 9(6.4%) respondents are divorced.

Regarding the place of origin concern the majority of the respondents, 66(47.1%), are come from outside Addis Ababa which is from rural region of the country. Likewise, 15 (10.7%) of the study participants come from other regional urban towns. In other word they are migrants enforced to displace from their original place due to the lack of jobs and other better opportunities. However, the job market in Addis Ababa was saturated and most of the traders ended up joining the informal economy mainly in street vending activities. These findings are consistent with the dualist theory which states that the persistence of informal activities is due to the fact that not enough formal job opportunities have been produced to take in surplus labor, due to a slow rate of economic development and a faster rate of urbanization (Tokman, 1978).

Coming to educational profile, out of the total participants, around 60 (45.7%) vendors are completed their primarily (1-8) school education, whereas, 32 (22.9%) respondents have got their secondary school, and the remaining 18 (10.0%) respondents have got their college diploma and above. Contrarily, 22 (15.7%) study participants are able to read and write but have not got formal education. However, some of the vendors, 8 (5.7%), unable to read and write (Table 4.1).

Jointly, the findings of this study indicated that high numbers of street vendors, 42 (30 %), are living alone. But, 33 (23.6 %) of these respondents are livening with relatives and friends while respondents those are living with their parents accounted for 28 (20%) and 19.3 % (27) respectively.

In fact, street vending is provided job opportunity to many people who were jobless. For instance, 80 (57.2 %) of the street vendors, involved in this study, never participate in any type of occupation before starting street vending; whereas, 2(1.4%) respondents are pensioned. In contrast, about 46 (32.9 %) of the respondents informed that they had a job previously before they join in street vending. From the interview what the researcher has to get most of the respondents relies prefers to leave their previous job because of work burden, lack of freedom, lesser salary. Similarly, 12 (8.6 %) of the street vendors had self-owned formal sector activity.

Capital is one of important factor for every activity. Therefore this study tries to figure out whether the respondents get a startup capital from themselves or not. As a result 76(54.3%) respondents responded that they get their initial from themselves, but, 38(27.1%) respondents get from their parents. Likewise, 20 (14.3%) respondents informed that they get the capital from friends. The reaming 6 (4.8%) respondents borrowed from government. So the study reveals the fact that many street vendors starting their business by their own money.

From those results we can conclude that education, vocational training, and business experience are not statically significant. This is probably because for poor people who are characterized by limited skills and low education levels, street vending is the only way out that helps them to earn a living. Street vending is not discriminating people and every migrant to the city can join it

without any educational or training background unlike the formal sector. Women do have double responsibility in taking care of household duties and managing street businesses.

It is challenging to orient the traders to assume such role on sustainable basis especially when the relationship between local governments and street traders has been conflictual and where the former is not obliged to negotiate with the latter in good spirit. Solidarity economy as a form of economy is dependent upon mobilization of the people. Therefore, the state would have to fall back on civil society to mobilize and orient the street traders. A majority of the street vendors were from poor backgrounds. This group's participation in street vending sector reflected the high unemployment levels in Addis Ababa. The informal sector has become the only source of income for the unemployed because of relatively low capital requirements. Traditionally street vending was associated with women particularly house wives but had become open to both sexes in all age groups. This demonstrated that an increasing number of Addis Ababa city depended on the informal sector for their livelihoods and survival. .

Table 4.1: General background of the participants

	Variables	Number of participants (n=140)		
		Freq	Percentage (%)	
1	Sex	Male	72	51.4
		Female	68	48.6
2	Age of the respondent (in terms of years)	≤18	8	5.7
		19-63	132	94.3
		≥64	0	0.0
3	Marital status of respondent	Single	76	54.3
		Married	55	39.3
		Divorced	9	6.4
4	Academic qualification	Unable to read and write	8	5.7
		Able to read and write but not formally educated	22	15.7
		Primarily (1-8) school	60	45.7
			32	22.9
		Collage and above	18	10.0
5	Place of resident before the respondents joined street vending	In the main city (Addis Ababa)	59	42.1
		Rural region of the country	66	47.1
		Urban region of the country	15	10.7
6	With whom the respondent are living with	Parents	28	20.0
		Relatives	33	23.6
		Friends	27	19.3
		Alone	42	30.0
		With other relatives	10	7.1
7	Respondents previous work	Student	32	22.9
		Employed	46	32.9
		Unemployed	48	34.3
		Pension	2	1.4
		Self-owned formal sector activity	12	8.6
8	Source of starting capital	Own money	76	54.3
		From parents	38	27.1
		From friends	20	14.3
		From government	6	4.3

Source: Own data

## 4.2. Causes of street vending

Most street vendors do this job for survival because they cannot find formal jobs due to government policies of downsizing the civil service and privatization of major companies. This has made the formal job market in Addis Ababa to become smaller and unable to supply for most of its population. These findings are in conformity with the statement by Kirshner (2010) that, the forces of global integration put downward pressure on salaries and, in addition to deregulation, liberalization and privatization, resulted in the erosion of incomes, social services and benefits, leaving many workers with no option but to create their own jobs in the informal economy in order to survive. It can be argued that most traders in the sample engage in informal trading as their only alternative source of income because they cannot find formal employment.

There are so many reasons forced people to be street vendors in light of this the study identified that no opportunity for formal job and means of earning money is the greatest cause for street vending. Because, among the entire respondents 87 (62.1%) of them agreed strongly this factor is crucial. Moreover, 33(23.6%) respondents also agree with a large extent and 14 (10%) agreed with moderate extent. However, 5(3.6%) respondents disagree with this factor, i.e., even if this is a factor, according to their opinion it is not the greatest factor. The government official depth interview result also indicated that the main reason for being street vendor is lack of job opportunity in the formal sector. Due to stiff competition with the formal market and the highest level of migration from rural to Addis Ababa city the demand of labor force decreased time to time. Thus, the field of working environment diminished especially for less qualified societies.

Unemployment is the main reason for street vending 89(63.6%); 35 (25%) others also support the argument of the above respondents opinion. However, 6(4.3%) study participants agreed with moderately.

The study also tries to see the respondents' response about being self-reliant enforced the people to be street vendors or not. As a result, 82 (62.1%) respondents convinced that is true, similarly, 18 (12.9%) participants accept the idea too. But, 22 (15.7%) study participants neither agreed nor

disagreed about this idea. So we can conclude unemployment enforcing people to be street vending.

Uneducated or lack of formal education is also the main factor for being street vender. 64 (45.0%) of the respondents share their experience and said they agree strongly with this. Similarly, 34 (24.3%) of the respondents agreed uneducated societies do not get an opportunity to get a better job so as to survive those people enforced to do illegal works like street vending. Contrarily, 13 (9.3%) respondents arguing those opponents idea likewise 12 (8.6%) do the same.

As per the majority of the respondents response, sometimes the family income may not satisfactory, so, someone have to support the families or because of the families do not have any income sources he or she is supposing to support their families; in that regard, peoples enforced to be street vender said 86 (61.4%) and 82 (58.5%) respondents respectively.

Family disruption and separation can also be the case of for street vending 28 (20.0%) respondents; likewise, 17 (12.1%) study participants to large extent accept those respondents opinion. However, the majority of the respondents, 41 (29.3%), arguing that this can never be the cause, similarly 30 (21.4%) respondents do (Table 4.2).

In this study no opportunity for formal job and earning money, unemployment and to be self-reliant and are the main reasons being street vending with a mean value of 4.43, 4.41 and 4.24 respectively. So the government has focus on create employment opportunities for the citizen to alleviate or to control street vending related problems of the country.

Table 4.2: Respondent opinion why people like them enforced to be street vender

The reason why people enforced to be street vender	Strongly disagree	Disagree	Moderately Agree	Agree	Strongly Agree	Mean	St. deviation
To be self-reliant	5 (3.6%)	8 (5.7%)	22 (15.7%)	18 (12.9%)	87 (62.1%)	4.24	1.13
Separation of families	41 (29.3%)	30 (21.4%)	24 (17.1%)	17 (12.1%)	28 (20.0%)	2.72	1.50
To support the family/ies	8 (8.0%)	10 (7.1%)	40 (28.6%)	44 (31.4%)	38 (27.1%)	3.67	1.12
Due to lack of supporter	7 (5.0%)	22 (15.7%)	25 (17.9%)	37 (26.4%)	49 (35.0%)	3.71	1.24
Previous employment condition is unsatisfactory	37 (26.4%)	26 (18.6%)	10 (7.1%)	23 (16.4%)	44 (31.4%)	3.08	1.24
No opportunity for formal job and earning money	1 (0.7%)	5 (3.6%)	14 (10.0%)	33 (23.6%)	87 (62.1%)	4.43	0.87
Unemployment	6 (4.3%)	4 (2.9%)	6 (4.3%)	35 (25.0%)	89 (63.6%)	4.41	1.01
Being uneducated	12 (8.6%)	13 (9.3%)	18 (12.9%)	34 (24.3%)	63 (45.0%)	3.88	1.31

Source: Own data

### 4.3. Challenging factors faced by street vendors during the operation of their task

In most cities, street vending is regarded as an illegal activity. There are municipal and police laws that impose restrictions on the street trading. Urban authorities do not take vending as a profession. They impose restrictions on the use of urban space for street vending. This brings up the conflict between authorities and the vendors and they try to impose each other. Law enforcement officers tries to detain vendors from the public space, while the vendors claim that it is their right to work and earn for livelihoods. In addition, local shop owners and inhabitants see vendors as an enemy. On the one hand, local shop owners take vendors as unfair competitors while on the other hand, local inhabitants see street vendors as an agent of urban environmental deterioration.

Regarding the constraints, open questions were asked to all the respondents to find out major problems. Since most of the respondents were also working on the street, the responses were

similar with the individual respondents. So, here constraints faced by the respondents have been incorporated and analyzed in an integrated way. To analyzing the problems faced by the respondents, it can be concluded that vendors are facing different problems with different extent and in this study categorized in to three:

#### **4.3.1. Financial constraints**

Regarding the credit access, the majority, 75 (53.6%), of the study unites to a very large extent agreed up on the excising of lack of credit enforced to be street vender. Similarly 25 (17.9%) respondents agreed to a large extent about the above issues. However, 7 (5.0%) study participants oppose the above respondents' opinion, as their belief even if credit access is a crucial factor, rather there are others which capable to obliged to make street vender.

As per the below table with regards to financial constraint, asked whether the business is un-profitability or not. As a result 23 (16.4%) respondents confirmed that their job doesn't profitable. Similarly, 30 (21.4%) participant share the above participant opinion. But, 35 (25.0%) study participants oppose the above opponent idea.

High price of commodity is the least financial constraint suggested by the respondents. About 54 (38.6%) of the participants argued that this factor is not that much more triggered to being street vending; 10 (7.1%) others respondents support this opponents idea more. In contrast 27 (19.3%) respondent argued that the coast of commodity inflation is the tempted problem for people like them. Similarly 17 (12.1%) study participants strongly agreed with those respondents opinion (Table 4.3).

From those results, respondents which have got mean value of 4.54 and 4.35 which is lack of capital and lack of credit respectively are the main challenges faced by street vendors with the category of financial constraint.

**Table 4.3 Factors affecting the operation of street vending job**

The indicated factors how affect the operation of street vendors job	Strongly disagree	Disagree	moderately Agree	Agreed	Strongly agree	Mean	St. deviation
Lack of capital	2 (1.4%)	0 (0.0%)	17 (12.1%)	22 (15.7%)	99 (70.7)	4.54	0.82
Lack of credit	3 (2.1%)	4 (2.9%)	17 (12.1%)	33 (23.6)	83 (59.3%)	4.35	0.95
High price of commodities	10 (7.1%)	54 (38.6%)	32 (22.9%)	27 (19.3%)	17 (12.1%)	2.91	1.16
Un-profitability of the business	10 (7.1%)	25 (17.9%)	52 (37.1%)	30 (21.4%)	23 (16.4%)	3.22	1.14

Source: Own data

Looking at the data on the problems street vendors face due to working environment constraints, lack of market and working place take the major hand. Street vendors has got a problem of lack of working place with 77(55%) agreed to a very large extent, 34(24.3%) of agreed with a large extent. That is, those street vendors do not have any permanent place to sell their goods. Thus, they cannot retain regular customers In that regard, getting buyer is very difficult said 67 (47.9%) respondent. Moreover, 17 (12.1%), others agreed the presence of marketing problem, whereas, 19 (13.6%) somehow against the above opponents argument, similarly 6 (4.3%) do the same with the high degree. More respondents, 67 (47.9%), agree the notion which said the presence of large competency among markets interrupt their job while significant respondents, 31 (22.1%), remained neutral. As shown (Table 4.4) with mean value 4.23 and 3.86: lack of working place and lack of market are identified as challenging problem of street vendors in accordance with this study and problem of work environment.

### 4.3.2. Problems of work environment

**Table 4.4 Factors affecting the participants work activity**

How the following problems affect the participants work activity:	Strongly disagree	Disagree	moderately Agree	Agreed	Strongly agree	Mean	St. deviation
Lack of working place	3 (2.1%)	10 (7.1%)	16 (11.4%)	34 (24.3 %)	77 (55.0%)	4.23	1.05

Lack of market	6 (4.3%)	19 (13.6%)	31 (22.1%)	17 (12.1%)	67 (47.9%)	3.86	1.27
Too much competition	2 (1.4%)	43 (30.7%)	47 (33.6%)	28 (20.0%)	20 (14.3%)	3.15	1.06

Source: Own data

As far as the problem of social security concerns, the study found that harassment and eviction from selling place by police is common activity as 100 (71.4%) respondents response. But, 14 (10.0%) respondents convinced that the problem is obvious but not as much as the above respondent argument.

Likewise, 56 (40.0%) of the respondents agreed with a large extent about said lack of freedom during operation and feel psychological, 46 (32.9%) of the others reported to be affected to a very large extent. However, few 11 (7.9%), participants disagreed likewise 3 (2.1%) strongly disagreed with the above opponents idea.

In addition, harassment by police and private shop guardians also reported by the respondents. As the result elaborated 33 (23.6%) strongly and 42 (30.0%) partially agreed by the existence of the denoted problem on above. In other way direction 33 (23.6%) of the study participants accept the problem as moderate extent.

The least social security problem reported by the respondent was Theft during and after the eviction. More, 47 (33.6%), respondents informed that even if as such kinds of problem present in their area the occurrence is very low. Similarly, 20 (14.3%) respondents share the above respondents opinion but the level is very low; whereas, 26 (18.6%) study participants strongly agreed with theft during and after the eviction similarly 19 (13.6%) respondents to strongly agreed with this opinion (Table 4.5).

In this study according to respondents response problems of social security during operation theft during and after the eviction and lack of freedom during operation and psychological instability with mean score of 3.95 and 3.94 the major challenging problems of street vendors during their operation.

### 4.3.3. Problems of social security

Table 4.5 Social security problems affecting the street vendors' activities

How the indicated factors affect the street vendors activities	Strongly disagreed	Disagree	moderately Agree	Agreed	Strongly agree	Mean	St. deviation
Harassment by police and private shop guardians	8 (5.7%)	24 (17.1%)	33 (23.6%)	42 (30.0%)	33 (23.6%)	3.49	1.19
Theft during and after the eviction	4 (2.9%)	10 (7.1%)	26 (18.6%)	49 (35.0%)	51 (36.4%)	3.95	1.05
Lack of freedom during operation and psychological instability	3 (2.1%)	11 (7.9%)	24 (17.1%)	56 (40.0%)	46 (32.9%)	3.94	1.01

Source: Own data

Table 4.6 showed about what environmental problems the respondents encountered during their job. As can be seen, the problem is obvious. In that regard the majority, 39 (27.9%), of the respondents convinced that the area that they work unsafe for health. Similarly, 35 (25.0%) of the study participants strongly accept those collies opinion, whereas, 26 (18.6%) of the respondents arguing those opponents opinion. "Even if the work place is unsanitary and hazardous for health, it never that never elusively affect the work that we done" said 39 (27.9%) respondents.

### 4.3.4. Environmental problem

Table 4.6 Environmental factors affecting street vendor's activities

How the indicated factors affect the street vendors activities	Strongly disagreed	Disagree	moderately Agree	Agreed	Strongly agree	Mean	St. deviation
The working place is unsanitary and hazardous	5 (3.6%)	26 (18.6%)	35 (25.0%)	39 (27.9%)	35 (25.0%)	3.52	1.16

Source: Own data

#### 4.4. Relationship between dependent and independent variables

A correlation analysis was used to examine the strength of the relationships between independent variables, Financial Constraint (FC), Problem of Work Environment (PWE), Problem of Social Security (PSS), Environmental Problem (EP); and the dependent variable Level of challenge street vendor's face during operating their job (LC). The table below contains the correlations coefficient analysis for all of the variables.

The results of correlation analysis show that the entire independent variables are correlated with the dependent variable with a 0.01 level significance. That is, social security problem of street vendors comparably with the other factors have developed a strong association.

Environmental factor is also the other great problem which is associated with challenges of street vendors. In fact the key interview informant participants also informed that due to the street vending activity the city highly polluted. One they do not safely remove waste materials the other due to the absence of toilets in most corners of the city they enforced removes their excreta everywhere. Relating with lack of awareness most of the population never care to avoid wastes safely. Jointly, because of the fearing police and city guards those street vendors never chose proper place. Therefore, their life usually riskiest for dirt related health problem. The table below elaborates more about the association between dependent and independent variables (Table 4.7).

Table 4.7: Pearson correlations matrix showing the correlation between tackling factors associated with street vending and level of challenges

Variables	LC	FC	PWE	PSS	G	CF	CI
<b>Level of challenge (LC)</b>	<b>1.00</b>						
<b>Financial constraint (FC)</b>	<b>0.235**</b>	<b>1.00</b>					
<b>Sig (2- td<sup>a</sup>)</b>	<b>0.005</b>						
<b>Pro. Work Env. (PWE)</b>	<b>0.272**</b>	<b>0.212*</b>	<b>1.00</b>				
<b>Sig (2- td<sup>a</sup>)</b>	<b>0.001</b>	<b>0.012</b>					
<b>Pro Social security (PSS)</b>	<b>0.345**</b>	<b>0.091</b>	<b>0.117*</b>	<b>1.00</b>			
<b>Sig (2- td<sup>a</sup>)</b>	<b>0.000</b>	<b>0.285</b>	<b>0.036</b>				
<b>Env. Problem (EP)</b>	<b>0.335**</b>	<b>-0.082</b>	<b>0.062</b>	<b>0.328**</b>	<b>1.00</b>		

Sig (2- tailed)	0.000	0.334	0.465	0.000
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\*\* Correlation is significant at the 0.01 level (2-tailed).

Source: Own data

\* Correlation is significant at the 0.05 level (2-tail

a: Significance (2- tailed)

Furthermore, the study found statistically significant (99 % and 95% CI or at the 0.01 and 0.05 level (2-tailed) strong positive association between the level of challenges that street vendors face and the problems of social security with p-value of 0.00 and with correlation coefficient (r) of 0.787. Similarly, the study also shows statistically significant relationship between the level of challenge that street vendors facing and their financial constraints and also with their problems in working environment having correlation coefficient (r) of 0.458 and 0.465 respectively at the p value of 0.00.

Although not as strong as the above three correlations, the study has also showed a statistically significant association between problems street vendors face in their working environment and their financial constraints with p-value of 0.12 and with correlation coefficient (r) of 0.212. In addition, it was found that the correlations between problems street vendors face in work environment and their problems of social security to be weak (r = 0.177) with p-value of 0.036. And even weaker association was found between street vendor's financial constraints and their problems of social security with correlation coefficient of 0.091 and with the p- value of 0.285.

#### 4.5. Analysis of the relative importance of four levels of challenges

In here the study analyze the relative challenges of the four denoted dimensions which can be indicate the never ending wars and challenges factors against street vendors and local authorities in Addis Ababa city.

The table below provides summary of the rankings of the level of challenges across the four expected dimensions such as financial constraint (FC), Problem of Work Environment (PWE), Problem of Social Security (PSS), and Environmental Problem (EP). In regards to the level of challenge, the most important dimension to which highest weighted score (3.91) was assigned to the financial constraint. In fact most of the street vendors enforced to be street vender due to

financial problem. Even when they operating their job and try to escalating their business, financial constraint dominated them.

Problem of work environment has got a mean score of 3.75. That is above the median threshold level. As the interviewed information implies that due to unsatisfactory job most of the participants enforced to be street venders. Even if this work environment is so hazel, they prefer to do as a street vender. Yet, the problem followed them and when they operating this job this problem followed them.

Likewise, problems of social security drugging the street vender buck to operate their job. According to the above finding they harassed by different bodies. Comparably, this factor takes the third rank with the four given factors. Even if it takes the third priority, the average is above the median threshold which implies the problem is still serious.

The last factor is environmental problem. Mostly, the street venders obliged to do anywhere they supposing to get customers. –Due to that regards they would affected by car accident and other related problems” said the key informant. Not only that they also enforced to do their work any nearby corridors which may most society removed their excreta and so on. These are supposing them to be susceptible for different health problems.

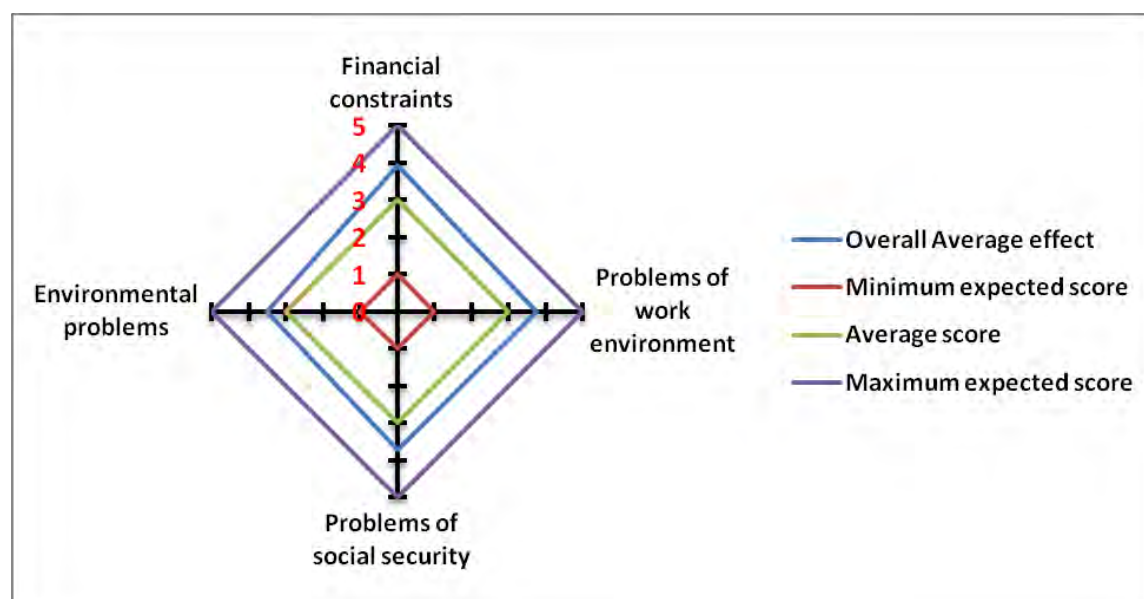
**Table 4.8 the determinant of challenging factors against street venders during operating their task**

<b>Factors</b>	<b>Mean</b>	<b>Mean Rank</b>
Financial constraints	3.91	1
Problems of work environment	3.75	2
Problems of social security	3.71	3
Environmental problems	3.52	4

Source: Own data

All in all, the finding with regard to the degree of favorability score of each prearranged factors towards the level of challenges of street venders, as shown in figure below. It demonstrated that the mean values of the five items under the level of challenges ranges above the median

threshold level (3). In the other term, the average fall above the moderate mean value of 3 on a five point Likert scale. So, much challenges tempted street venders to transform their jobs into legalized form. In general, the likelihood of ending war between street venders and local government is not viable, without the pertinent bodies dried up the root problem from the sources.



**Fig 4.1** Spider net plot of challenge level under the five dimension of problem identifiers

Source: Own data

#### 4.6. Challenges and action taken to control street vending

This study implemented a key informant interview and focus group discussion with government officials, formal business operators and public customers about the challenging factors why they couldn't control street vending activities. As their response

*....street vending was beginning so long time in a narrow way with selling second hand goods at weekly bases at specific time. But through the time the case increased at alarming rate. As their response this is happened due to the mass rural urban migration of low skilled workers towards cities and the worsening economic crisis and lack of employment opportunities in the formal sector....*

The government officials say,

*...it is obvious street vending contributes more regards with unemployment. However, street vending can be the causes of so many problems for the society as well as the country. For instance food and water related health problems may cause from street vending activates because they enforced to prepare unsafe food because they don't have working area. They don't have storage where they save the prepared foods, so, this lead to expire the food early. They also discourage legal tax payers'. Most of the time; they are interacting sidewalks during their operation. It is difficult to walk on most of the municipality streets, so they theft peoples' attention. In that regard peoples are forced on them, step on to the road to walk which is very dangerous. Now a day's, they are a causes of high traffic accident, air and noise pollution and poor sanitation which cause health hazards. The pavements as well as road islands were falling in to disrepair and misuse because of the activity of the vendors. All the following listed cases occur due to street vendors like overcrowding on city pavements as vendors display their merchandise in front of licensed shops and offices, unsafe foods are sold on the streets, illegal and hazardous products, traffic congestion due to spill-over business of street vendors...*

Formal business operators agreed with the government officials' idea and they added s

*...street vendors prefer this operation for tax evection purpose. Street vendors have negative impact for the business operation by stealing their customers. The government should have to control street vendors activity by giving operating area and time to avoid disturbance of formal operators as well as the society.. Public customer prefer to buy goods from street vendors because they sale goods at fair price and available on off work time. So, the legal traders couldn't compute with them. ....*

As the city authority says on key informant

*... Street vendor's activity cause political, social and economic problems which are very complex and extensive. The sectors of the city residents with a high number of citizens who are a source of income, low-income sector opportunities switch transaction value. So to alleviate those problems, shortly options in terms of particularly active street trade traffic shown in the trade system on unwanted spaces, construction of infractions in the city, as is done in other countries to reduce the problem. The previous method which is the hide and seeks is not working and does not give the desired outcome. By sharing other countries experiences which are effective by managing street vendors our country should design a plan....*

The city authority added

*...Illegal street trade, as is commonly done by young people and women engaged in the task of driving, and the problem is only acting experience has been moved to the sustainability of past experiences that is impossible to solve the invention. Street trading is illegal even if the system is required to build the city into a theme of the city's socio-economic problems and fix the way that the organization holding the main roads and the courts with a street-cleaning business....*

So to solve the problem the city authority will take a lot of action like

*....the office tries to organize the street vendors in SMEs. If those are not interested in small and micro enterprise gave a marketing place which is not much traffic conjunction and outside the main road, not recently want for constriction and without building a permanent working place with security and keep cleanness with this keep the main roads clean and free of traffic conjunction...*

Moreover, as the authority suggestion illegal street trade system to settle the cases out of the common plan; in conjunction with relevant executive bodies in the administration and support

expected functions. This system indicating directions, communicating regularly reviewing work; thus, the following stakeholders have been incorporated in the plan:

- Trade and Industry Development Bureau
- Micro and Small Enterprises Development Agency
- Communication Affairs Office
- Bureau of Justice
- Addis Ababa Roads Authority
- Addis Ababa Police Commission
- Addis Ababa Transport Branch Offices /
- Beauty and outsource Airport Development Agency
- Addis Ababa Sanitation Administration Agency
- Ground the city to renew Development Bank Project Office / Home

So by creating awareness to the public as well to street vendors the main streets are not trading centers. Identifying vacant places which is not recently in need for construction and give for street vendors for temporary trading space.

## **Chapter Five**

### **5. Conclusion and Recommendations**

#### **5.1. Conclusion**

This study is designed to assess the never ending war and challenging factors against street vendors and Addis Ababa city administration. In order to gather on the issue the population of the study was street vendors in Addis Ababa city. In addition to this, government officials, formal business operators, and pedestrians were taken as a target group.

Considering the findings of the study, males participated more in vending than females. In fact street vending activity is very tiresome job, so, it may 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.

The study result reveals the majority of the study participants age is in the productive category. In other word, most of the street vendors those involved in this study are socially active. In addition, most of the traders were come from outside Addis Ababa which is rural region of Ethiopia, in the case of jobs seeking.

High numbers of street vendors were migrants. They migrate to make their life safe and sound in urban area but when they migrate to urban area with low educational level. Due to this, they face difficulties in finding jobs in the formal sector,

Factors that led street vending activities were complex and varied. According to the findings, no opportunity for formal job was the main factor that led them to street vending. This is followed unemployment is the main reason for street vending and the need to support their family and

themselves they enforced to be street vender. Social factor such as, separation of their family as well as absence of family support as results of death were also found to be major factors that forced the street vendors to engage in this activity. Unsatisfactory condition of their previous employment was also the other factors cited by the respondents.

This study measures the challenges of street vending during their operation by three factors which is financial constraints, environmental factors and security factors. Among the three identified factors of problems of street vendors, according to this study, lack of working place is the one and the most.

As well according to problem of work environment the problems of street vendors face due to working environment constraints, lack of market and working place take the major hand.

For the problems of social security, the study found that while most of the street vendors lack freedom during operation and feel psychological instable. In addition, harassment and eviction from selling place by police accounts the superior position.

Street vending has some negative impact also on the socio-economic and environmental conditions of the city. According to the study, the activities of street vendors create traffic congestion and jeopardizes the free movement of pedestrians especially children, elderly and people with disabilities. In addition to this, it create favorable environment for crimes. Economically, street vending weakened the city economy and creates unfair market competition due to the reasons like absences of trading tax among the street vendors. Moreover, sometimes it serves as fronting mechanism for the formal business operators to evade taxes and under invoicing. Environmentally, it exacerbates waste disposal problems and creates noise and pollutions.

The study reveals that street vendors identify the locations where they vend on their own without any guideline. The sites taken at random by vendors make the pattern of street vending look haphazard within the urban built environment. This make Local Authorities view street vending as disorganized activity giving bad image to the town.

## 5.2. Recommendations

City authorities should work with street vendors and their organizations to identify regulations that appropriately address the practical reality of the work process and the role of vendors in the urban economy, and effectively protect vendors' basic rights to livelihood and property.

Regulations should not grant discretionary powers to police officers to set fees or fines. Capacity building should be offered to police officers and street vendors so that all parties understand street vendors' rights along with their obligations.

Urban planning and local economic development strategies should explicitly recognize street vendors as works for the role they play in generating economic activity, providing jobs, and bringing retail goods to consumers.

While it may be impossible to accommodate all street vendors in natural market areas, urban planning authorities should study the carrying capacity such areas and the size of the city's street vending population, and accommodate an appropriate number of vendors through licenses or permits that grant authority to work in public space many street vendors are unable to accumulate enough capital. In relation to working place, the issue, which is raised by the street vendors, is that sometimes the government prepared working place for street vendors but officials and formal business operator who have money rather that street vendors takes this working place.

To invest in an off=street stall or to generate regular, sufficient earnings to support monthly rents. A number of systematic factors undermine their ability to purchase stock at scale increase their earnings and save over time, these vendors critically dependent on convenient access to consumers.

Making basic infrastructures such as running water and toilet available to vendors and consumers would help street markets more attractive and hygienic providing electricity and lighting would make the street safer for everyone and support certain vending activities. Avoid confused system of regulation and unregistered street vendors.

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# Appendixes

## Appendix -1

Addis Ababa University

Public Administration and Development Management, school of economics

Addis Ababa University,

Questionnaire for Street Vendors

This questioner is prepared to collect data on the challenges and prospects of street vending in Addis Ababa. The aim of the questionnaire is collect information on the demographic profile of the vendors, working conditions, challenges of the vendors, opportunities the trades have, etc. I would like to promise you that the whole information given by the respondent is used for academic purpose only. Hence, considering the purpose of the questioner respondents are kindly requested to cooperate with the researcher in giving the necessary information. I would like to thanks you for your cooperation.

### Section I: General Information

<b>1.1 Sex of Respondent:</b>	<b>Ans.</b>	<b>1.2 Age of Respondent:</b>	<b>Ans.</b>
<b>1.3 Marital status :</b> 1. Single 2. Married 3. Divorced		<b>1.4 Place of Birth:</b> 1. Adiss Ababa 2. Rural Region 3. Urban Region	
<b>1.5 With whom do you live?</b> <b>1. Parents      2. Relatives</b> 3. Frindes      4. Alone 5. others Specify		<b>1.6 Educational level</b> 1. Unable to read and write 2. Able to read and write but no formal education 3. Primary (1-8)      4. Secondary(9-12) 5. Collage and above	

<b>1.7. what were you doing before starting this business</b>  1. Student                    3.Unemployed  2. Employed                4. Pension  <b>5. Self-owned formal sector activity</b>	<b>1.8. What was the major source of your starting capital?</b> <b>1. Own money</b>
	2. From Parents 3. From Friends 4. From governmental institutions

**Instruction: For each of the listed items below, please check the one response that best indicates the extent of your preference.**

<b>Section II. Factors That Cause street vending</b>						
		To no or a very small extent	To a small extent	To a moderate extent	To a large extent	To a very large extent
		1	2	3	4	5
2.1	To what extent the following reasons why people like you enforced for street vending					
a.	To be self reliant					
b.	Separation of my families					
c.	To support the family/ies					
d.	Due to lack of supporter					
e.	Previous employment condition is unsatisfactory					
f.	No opportunity for formal job and earning money					
g.	Unemployment					
h.	Being uneducated					
<b>Section III: Challenging factors faced by street vending during operation</b>						
		To no or a very small extent	To a small extent	To a moderate extent	To a large extent	To a very large extent
		1	2	3	4	5

3.1	To what extent the following difficulties that faced at the start up of the job affect your career: <b>(Financial constraints)</b>					
a.	Lack of capital					
b.	Lack of credit					
C	No accesses to credit					
d	High price of commodities					
E	Un-profitability of the business					
3.2	To what extent the following problems that affect your current activities: <b>(Problems of work environment)</b>					
A	Lack of market					
B	Lack of working place					
c.	Too much competition					
3.3	To what extent the following problems that affect your current activities: <b>(Problems of social security)</b>					
A	Harassment by police and private shop guardians					
B	Harassment and eviction from selling place by police					
C	Evictions by private shop guards					
D	Lack of freedom during operation and psychological instability					
3.4	To what extent the following problems that affect your current activities: <b>(Environmental problem)</b>					
A	Working place is unsanitary and hazardous					

## Appendix -2

### Interview Guidelines for the government officials

1. What are the factors that led peoples to street vending?

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2. What are the problems that street vendors face while operating their business?

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3. In your own view, what are the socio-economic and environmental problems which may occur due to street vending?

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4. What are the opportunities that street vending contribution to the economy and the urban poor in the city?

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5. In your opinion, what should be done by the governmental organizations for solving the problems faced by the street vendors?

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6. What are the government policies toward street vending?

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7. Do you think the policy is appropriate? How? (Describe in better)

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---

8. Currently what are the measures taken by the government to control street vending?

---

9. If you have any general comments that you would like to add you can forward?

---

---

## Appendix-3

### Interview guidelines for formal business operator

1) Does a street vendor have negative impact on your business?

1. Yes

2. No

2) If your answer for the above question is “Yes”, what are the negative impacts does Street vendors have on your business?

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3) If your answer for the above question, 1, is “Yes”, to solve that negative impact what should be done by the government?

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---

4) What is your opinion regarding the measurement taken by the government against street vendors?

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---

5) In your own view, what are the socio-economic and environmental impacts that street vending have?

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6) What are the difficulties of street vending?

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7) What are the values/advantages of street vending for the economy development?

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8) Who are the major vendors?

1. Men

2. Women

3. Both

9) If you have any general comments you can add?

---

## Appendix-4

### Interview Guide for Public Customers

1) Background information

1. Age:

2. Sex:

3. Education:

4. Occupation:

2) Where is your home area?

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3) And where do you live now?

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4) Do you usually prefer to buy goods with vendors?

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---

5) If your answer for the above question is ~~yes~~,” why do you prefer to buy with them?

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6) Do you think that street vending is important? Why?

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7) Do you feel any discomfort when you travel on a street by the vendors? How?

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8) If you have any more words about street vendors and their activities you can forward?

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