



College of Development Studies

The effect of Rural – Urban migration on informal economy sector (In Addis Ababa: the case of Yeka sub city).

***A Thesis submitted to College of Development Studies in Partial Fulfillment of the Requirements for the Degree of Master of Art in Development Studies
(Specialized in Regional and Local development studies)***

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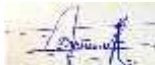
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Abstract

The urban informal economy sector plays a vital role in generating employment, income generation, and skill development. The contribution and the size of the informal economy sector vary from country to country. It is the main source of livelihood for the people of many cities today. The objective of this study is to investigate the effect of Rural-Urban migration on the informal economy sectors. The study was conducted in Addis Ababa city by taking Yeka sub-city as a case study. The reason Yeka sub-city has been selected was that massive informal operators are concentrated. The study has used both qualitative and quantitative research methods. Both primary and secondary data have been employed and the primary data was collected through observation, survey, and key informant interview. The secondary data was gathered from published and unpublished documents obtained from institutions in order to generate additional information for the study. The researcher has taken 331 samples of street venders for survey questionnaire. In-depth interview was also conducted with selected government officials. The study found out that there is a significant relationship between rural-urban migration and growth of informal economy activities. The study also reveals that informal sectors operators leave their origin in search of job opportunities and better life. In the study area the informal economic activities is growing from time to time and also it is influencing widely the economic, social, and institutional phenomena. Formal businesses are often complaining about unfair competition from their peers in the informal sector. Furthermore, informal economic activities are affecting the mobility of people and the transportation system. As recommendation the regional government should work hard in creating job opportunities and economic development. Rural economic development is crucial element to prevent unnecessary rural- urban migration and informal economy growth in the urban area. The city administration should give emphasis for informal operators by providing loans and encouraging them to establish formal shops by giving training, and skills.

Acronyms

CSA: Central Statistic Authority

GDP: Gross Domestic Product

FES: Formal Economy Sector

IE: Informal Economy

IES: Informal Economy Sector

ILO: International Labor Organization

IMF: International Monetary Fund

RUM: Rural-Urban Migration

SPSS: Statistical Package for Social Science

UN: United Nations

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Chapter One

Introduction

1.1 Background of the Study

Informal economic activities are complex phenomenon influenced by wide range of economic, social, institutional, and cultural factors. UN-Habitat (2018) and Becker (2004), argue that the informal economy is an economy that is unregulated, unrecorded, unguarded, and unrecognized by the municipal authorities which have the authority to collect tax. ILO (1972), the term ‘informal economy’ was coined by the ILO in 1972. Defines Informal economy as “a way of doing things” characterized by various factors such as “small scale, low resource base and entry barriers, family ownership, and labor-intensive methods of production and adapted technology”.

The informal economy is composed of both self-employment (i.e., small and/or unregistered) and wage employment in informal jobs (i.e., without secure contracts, worker benefits, or social protection) (Chen, 2007). The author argues that most of the informal operators come from marginalized groups based on gender, ethnic origin, migrant status, and other factors. The informal economy is the only source of livelihood for them (ILO, 2009). The informal economy is the main source of employment and income for the disadvantaged group; it is an effective instrument to reduce poverty and social exclusion (UN-Habitat, 2006). It varies across countries and its share of the GDP varies among countries (Benjamin *et al.*, 2014, Schwettmann, 2020, UN-Habitat, 2018; & Belay, 2012).

Chambwera *et al.*, (2011), UN-Habitat, (2018), and Schwettmann, (2020), study show that the informal economy consists of over half of global employment and 90 percent of employment in some of the poorer developing countries. Study shows that self-employment encompasses great share of informal employment than wage employment, in developing countries, it consists of 70, 62, 60, and 59 percent of informal employment in sub-Saharan Africa, North Africa, Latin America, and Asia, respectively (Chen, 2007). In Africa, it is estimated that out of ten rural and urban works nine are engaged in informal economy activities, and due to lack of job opportunities in the formal sector women and young people are forced to participate in informal economic activities to sustain their livelihood and to help their family (ILO, 2009).

Ethiopia is one of the least urbanized countries in the world, even by the standard of Sub-Saharan Africa (Bezu and Holden, 2014). According to CSA estimation in Ethiopia, only 21.3 % of Ethiopia's population lives in urban areas. While the average for Sub-Saharan Africa was 41 % (WB, 2021). The informal economy consists of 38.6 percent of Ethiopia's GDP, 38.4 percent of Sub-Saharan Africa, and 38 percent for all low-income countries, and 23% of world GDP (IMF, 2013 and Pratap, and Quintin, 2006). In Ethiopia, the informal economy highly concentrated in regional cities and Addis Ababa where in Addis Ababa majority of informal actors in the country exist (Gosa, 2018).

Migration has positive economic and social benefits, not only for migrants themselves but also for their families, host, and origin countries. In particular, migration is a powerful poverty reduction tool, with the potential to substantially increase incomes for migrants and their families (Hagen-Zanker *et al.*, 2018). Rural-urban migration has been historically low in Ethiopia. But recent year's rural-urban migration increasing significantly and the phenomena are also the same in all parts of Ethiopia (In 2005, migration from rural-urban areas accounted for 2 % of all migration flows, in 2013 the seven percent higher than 2005). Due to the lack of access to agricultural land in rural areas, this will force the people to migrate into an urban center. It is difficult to get farming land because of increasing land scarcity (Bezu and Holden, 2014). The main reason for the growth of the informal economy is that the limited capacity of agriculture to absorb surplus labor, high rates of population growth, and increasing numbers of job seekers (Becker, 2004).

1.2 Statement of the Problem

The existing academic pieces of literature define the word informal economic activities in various ways, such as Informal sector, Black market, Hidden sector, Irregular sector, Non-Westernized sector, Shadow economy, Underground economy, unrecorded economic activities, urban subsistence sector (Ethiopia Etsubdinke, *n.d.*). It includes basic activities such as childcare, any unpaid family work, street vendors, gardeners, shoe cleaners, parking watchmen, etc. In developing countries, significant numbers of people participating in informal economic activities due to this reason formal businesses operator complain the unfair competition that exists from the informal economic operators.

The study argues that Informal economic activities are categorized by unsafe, unprotected, and unhealthy working conditions, low levels of skills and productivity, lack of finance and access to information, lack of technology and training, and long working hours and irregular income (Schwettmann 2020 & UN-Habitat, 2006). It operators in three core challenges: lack of knowledge and skills to manage businesses profitably, lack of financial access to business credit, and limited power and ability to strike good deals with suppliers and buyers of their products (UN-Habitat, 2018).

Rukmana (2007) argues that rural-urban migration due to the urban agglomeration effect in search of job opportunity is the main factor for the growth of the urban informal economic activities. Similarly, different studies argue that Rural-urban migration has close connections and a positive correlation with the development and growth of urban informal sectors (Skeldon, 2002; Suharto, 2002; Shafi, 1998; & Chakraborty, 2014). Studies done by (Abdulloev *et al.*, 2011 & Huang *et al.*, 2020), show there is a significant correlation between urban informal activities and rural-urban migration. The studies conclude that rural-urban migration and informal economy sectors influence one another.

Additionally, Mansour-Ille (2018), argues that the main factor for RUM is a search for a job opportunity in the formal sector but due to its scarcity they end up in the informal sector; they engage in the informal sector to earn income for their livelihood. Becker (2004), concluded in his article “The Informal Economy. Fact-finding study” that the reasons for the growth of informal economic activities in the urban areas is rural to urban migration in combination with the people's needs for low-cost products and services and the stagnation of the economic activities. ILO (2018), evidence shows that most of the rural-urban migrants who are participating in the informal economy are entering the informal economic activities as means for their livelihood, not by choice.

In Addis Ababa city the informal economic activities are growing from time to time and also it is influencing widely the economic, social, and institutional phenomena. Formal businesses are often complaining about unfair competition from their peers in the informal sector. The government is losing a lot of revenues which could have contributed to the provision of infrastructure services. Furthermore, informal economic activities are affecting the mobility of people and the transportation system. The city administration is trying to enforce the law by

organizing the code enforcement office and by employing code enforcer, but the informal economy is increasing. This study aims at investigating whether there is a relationship between rural-urban migration and informal economic activities in Addis Ababa by taking the Yeka sub-city as a case where massive informal operators are concentrated.

1.3 Objective of the Study

1.3.1 General Objective

The general objective of the research is to investigate the effect of Rural-Urban migration on the informal economy sectors in Addis Ababa by taking the Yeka sub-city as a case study.

1.3.2 Specific Objectives are;

- To explore the context the urban informal sector operates in the study area.
- To find out the origin of the informal sector operators in the study area.
- To investigate the factors that contributes to the growth of the informal economy sector in the study area.
- To discover motivating factor behind rural-urban migration in the study area.
- To explore the socio-economic consequences of rural-urban migration in the study area.

1.4 Key Research Questions

1. Where is the origin of the informal sector operators in the study area?
2. What are the factors that contribute to the growth of the informal economic sector in the study area?
3. What is the context of the area where street vending is carried out?
4. What are the main motivating factors behind rural-urban migration in the study area?
5. What are the socio-economic consequences of rural-urban migration in the study area?

1.5 Significance of the Study

The findings of this study may give an insight into understanding the relationship between rural-urban migration and informal economic activities. The study also could give a clear understanding of the context of the informal economic activities and contributing factors for the growth of informal economic activities in the study area. The concerned bodies may use the research findings to give solutions for managing the informal sector activities in their area.

1.6 Scope of the Study

This study is limited to street vendors in Addis Ababa, Yeka Sub-city Administration. The study aims to investigate the relationship between rural-urban migration and informal economic activities. The scope of the study is limited to unregistered street vendors or informal sector operators in Addis Ababa city, Yeka sub-city Administration. The informal economic activities include any unpaid family work, street vendors, gardeners, shoe cleaners, parking watchmen and etc. because of time, and limited resources; the researcher focuses only on street vendors in the study area.

The study gives emphasis to the origin of the informal sector operators, the factors that contribute to the growth of the informal economy, the context the urban informal sector operates, and the main motivating factors behind rural-urban migration in the study area.

1.7 Limitation of the Study

There was some limitation in the process of undertaking this study. Due to the Covid-19 situation, the respondents were reluctant to participate in this study. Time and financial resources are the other limitations experienced in undertaking this study.

Chapter Two

Review of Related Literature

This chapter discusses the literature review, which includes the Definitions and concepts on informal economy, Characteristics of the informal economy, The main drivers of the informal economy, Theories of the informal economy, Importance of informal economy in the economic development, Informal economy in Ethiopia, Definitions and concepts of Migration, Causes of Rural-urban Migration, Theories of Rural-Urban Migration, Rural-Urban Migration in Ethiopia and Street trade.

2.1. Informal Economy

The concept of the “Informal Sector” (lately, “Informal Economy”) is first launched by the ILO (International Labor Organization) in 1972. The Kenyan employment mission of ILO in 1972 is the pioneering work of the ILO’s in Africa regarding the informal sector. ILO employment mission for Africa was the first comprehensive mission report prepared in ILO history. This report clearly mentions the first time the word called “Informal sector” in the report entitled “Employment, incomes and equality” (ILO, 2009).

According to many academic works of literature the informal sector defines in relation to employment and production that takes place in unrecognized, unregistered, or small enterprises. The informal economy sector is seen as temporary or short-lasting when the concept of the informal economy sector introduced in the 1970s by ILO (UN-Habitat, 2018). It is the main source of livelihood for the people of many cities today. It created job opportunities for many, in some cities the majority of urban workers participating in this sector, provide flexible services to many urban dwellers, and contribute a significant portion to urban economic growth (UN-Habitat, 2016).

2.1.1. Definitions and Concepts on Informal Economy

According to Feige (2005), the main characteristics of the informal economy sectors shields economic activities that do not tax for the concerned government authorities, and also the operators of informal economy are left out of the benefits and rights included in-laws and administrative rules such as financial credit, commercial licensing, property right, labor contracts

and social systems. In general is unrecorded, or unregulated by public authorities. ILO (2009), and Becker (2004), argue that informal economic activities are the activities that are unprotected, unrecognized, or unregulated by municipal authorities. The informal economy sector operators do not pay tax to municipal authorities. ILO (2011), argues that the informal economy includes unregistered and unregulated are small businesses enterprise who engaged in the production and sales of goods or services. ILO believes that the informal economy operates at a grass root level of the economy; there is little or no division of labor and uses capital as a factor of production on a small scale.

The informal economy sometimes called a traditional sector it includes petty traders, shoeshine, small producers, and a range of casual jobs” could not be fully absorbed into the formal or ‘modern’ economy (UN-Habitat, 2006). The informal economy sector is focused on the existence of unregistered and unincorporated businesses and also employment relations outside the existing legal regulations. It is categorized by semi-legal production or employment arrangements; it produces, and trades in, legal goods and services (UN-Habitat, 2006).

In general terms, the informal economy sector is unregulated and unregistered and one part of the economic activity which produces goods and services for sale to the society at large. The term “informal economy” accordingly refers to the economic activities which are not included in law or in practice or insufficiently covered by formal economy arrangements (Becker, 2004). Its workforce is included primarily of construction workers, domestic workers, home-based producers, street vendors, transport workers, waste pickers, and informal employees, some of whom work in sweatshops or other hazardous work environments (UN-Habitat, 2006).

2.1.2. Characteristics of Informal economy

The author argues that small-scale production and service activities, individually owned, family-owned, uses labor-intensive, and use simple technology to deliver products and services are the main characteristics of the informal sector (Todaro & Stephen, 2003). Similarly, ILO argues that Informal economy characterized as easy of entry to the business, dependence on indigenous resources, family-owned, operated by the owner with few or no employees, small scale of operation, use of labor incentive and adaptive technology, need low skills acquired, have little or no access to organized markets, lack of credit institutions, and competitive markets (ILO, 2009).

The urban informal economy includes micro-scale production and distribution of goods and services, the self-owned business engaged in various economic activities, and people working in commerce, transport, and other service-related areas. According to the author, informal economy operators are also participating in metalworking, food and wood processing, textiles, and garments, including shoeshine (Willems, 2006). The author argues that urban informal sector operators vary based on their size, degree of informality, activities, gender participation, economic status, and education status. The informal economy is required specific and targeted policy strategies towards successful intervention (Belay, 2012).

Becker (2004), argues that the informal economy is principally characterized by:

- Low entry requirements in terms of capital and professional qualifications.
- A small scale of operations.
- Skills often acquired outside of formal education.
- Labor-intensive methods of production and adapted technology.

2.1.3. The Main Drivers of the Informal Economy

The main driving force of the informal economy sector varies from one country to another country that affected by cultural phenomena, political system, and economic development. Schwettmann (2020), believes that the economic situation (economic depression), the legal situation, regulatory and policy frameworks are the root causes of informal economy activities. There are also micro-level determinants such as a lack of educational opportunity, discrimination, living condition, lack of access to economic resources, lack of access to financial resources, and lack of access to markets.

2.1.3.1 Tax and Social Security Contribution Burdens

In almost all studies, it has been found out, that the tax and social security contribution burdens are one of the main causes for the existence of the informal economy. Tax affects the economic system in which labor operates and also it increases the labor supply of informal operators in unregulated economic activity, the economic misrepresentation of the overall tax system is a major concern (Schneider, 2006). But even major tax reforms with major tax rate deductions will not lead to a substantial decrease in the informal economy. Such reforms will only be able to

stabilize the size of the informal economy and avoid a further increase. The social networks, the high profit from in the informal economy activities and, associated investments in real and human capital strongly affects the transferring of the informal economy operators to the formal economy sector (Ibid).

2.1.3.2 Over-Regulation

The increase of the intensity of regulations one of the factors which motivate or demotivate people who are engaged in/to engages in the informal economy activity (often measured in the numbers of laws and regulations, like license requirements). The intensity of regulation also affects the individuals engaged in the official economy by reduces the freedom (of choice) (Schneider, 2006). Regulation leads to a significant increase in labor costs for the official or formal economy. As authors argue that over regulations is one of the factors that force people to participate in the shadow economy by providing incentives such as low wages for employees, tax avoidance for people to work in the informal economy. The labor cost in the formal sector is high due to regulation (Schneider 2006 & Belay, 2012). Historically, informal activities have been seen as responses to structural problems and excessive regulation in the formal economy (Anyidoho & Steel, 2016).

Friedman *et al.* (2000), arrive at a similar conclusion. He argues that regulation is meaningfully correlated with the growth of the informal economy and the relationship between regulation and informal economy is very clear: he concluded that more regulation is correlated with a larger informal economy. Chen (2007) argues that excessive regulations will create barriers to working formally. Still, over-regulation may increase the cost for both formal and informal operating. Similarly, Becker (2004) believes that excessive government regulations, corruption, excessive tax burden, lack of palace, lack of start-up capital, and land ownership are the main motivational factors that force people to remain in the informal sector. The literature argues that countries with poor regulation and low capacity to enforce laws will motivate the informal economy sector to play a significant role in the economy (Belay, 2012).

2.1.3.3 Economic restructuring and Economic crisis

The informal economy's growth or decline has essentially been linked to the growth or decrease of the formal economy. In some countries in Asia, the informal economy has in effect declined

during the economic boom and increased during the economic recession (Becker, 2004). Economic restructuring and crisis have resulted in an increased unemployment rate in the formal economy and also increase the informal businesses, and a decline of formal labor market participation forced the people to change their way to the informal labor market. Due to the economic crisis, the formal economy sector has no ability to create the job opportunities in required quantities has also hard-pressed many into the informal economy sector (Osei-Boateng and Ampratwum, 2011). The cause of the expansion of the urban informal sector, in many developing countries; some of them are economic decline, and expansion of trade and globalization (Belay, 2012).

2.1.3.4 Rural-Urban migration

Informal economy sector job and migration are substitutions: a job in the formal sector difficult for migrants due to this reason migrants forced to employ in the informal economy sectors. The destination for migrants is the informal economy sector, besides the good jobs, the migrant is hoping to get (Abdulloev, 2011). For many migrants drawn to urban centers, job opportunities in the formal sector are scarce, particularly in low- and middle-income countries. Instead, the informal sector dominates and provides the main means of earning an income (Mansour-Ille, 2018). Similarly, Becker (2004) argues that the informal economy has been boosted by rural to urban migration in conjunction with the demand for low-cost goods and services from those employed in the formal and informal economies.

The author argues that the urban informal economy includes all activities that are unregulated, unregistered, and small-scale in nature. The significant numbers of workers entering the urban informal economy activities are recently migrated from the rural areas and the author believes that the reason due to the lack of job opportunities in the formal economy sectors. The rural-urban migrant's main reason for engaging in the informal economy sector is to earn income to sustain their livelihood (McCatty, 2004). Rural-urban migration one of the main causes for the expansion of the urban informal sector, in many developing countries; other factors such as economic decline, expansion of trade, and globalization can be mentioned as additional factors (Belay, 2012).

2.1.3.5 Poverty

Urban poverty is multi-dimensional a condition that includes low income, inadequate housing, lack of access to essential services, and exclusion from other benefits of urban society and economic development. To escape income poverty, the urban poor need adequately paid employment and appropriate knowledge, skills, and good health (UN-Habitat, 2018). Informality is frequently connected with poverty. There is debate exist on the relationship between poverty and informality. Significant numbers of scholars argue that there is a connection between poverty and informality. They believe that poverty forced people to participate in the informal economy sector. Additionally, they argue that engaging in the informal economy sector also means poverty as jobs are of worse quality and working environments are poor. By contrast, others scholars view informality as a transitory stage for those workers with the ambition to move higher up the ladder financially at a later stage (*Ibid*).

Carr and Chen (2001), argue that there is a connection between working in the informal economy sector and being poor. The average income of people who are working in the formal economy sector is higher than those who are working in the informal economy sector. Therefore, the majority of people who are engaging in informal economy activities comparing with people who are engaged in the formal economy sector are poor.

2.1.3.6 Trade and Globalization

The literature available evidence argues that globalization of the economy tends to strengthen the connection between poverty, informality, and gender. Globalization created new opportunities for those people who are engaged in the informal economy sector in the form of new jobs for wagedworkers or new markets for the self-employed (Carr & Chen, 2001). John (2000), also argues that postmodernity and postmodern economy system created a favorable condition to open and growth of informal economy activities. With the global transformation from a modern economy to the post-modern economic system, the informal sector is transferred from inefficient to a source of growth and flexibility. He argues globalization as a factor of informal sector increment.

Carr and Chen (2001), argue that global trade and investment are one of the factors which increase informality. Globalization is one of the factors which affect the informal economy

sector. Increasing transnational connection positively affect the commodity chain. The openness of international trade increased the volume of import goods thus it contributed significantly to the growth of informal economy activities (Linares, & Roever, *n.d*). The cause of the expansion of the urban informal sector, in many developing countries; some of them are economic decline, and expansion of trade and globalization (Belay, 2012).

2.1.4. Theories of Informal Economy

The Dualists: this theory argues that the informal economy does not have a direct relationship with the formal economy, the formal economy provides income or a safety net for the poor (ILO 1972). As many pieces of literature argue that the informal economy sector includes the poor and unemployed segment of the society. The failure of the formal economy to absorb all people in the formal economy activities due to this reason the informal economy sector survived. The dualist theory believes that there are no direct links between the formal and informal economy, and argue that with the growth of the economy informal workers will be automatically absorbed into the formal sector (Willems, 2006). This dualistic model highlights the distinction between self-employment and wage labor. Dualists focus on the self-employed, structuralists focus on informal wage workers.

The Structuralists: the informal economy is secondary to the formal economy. In order to reduce costs, privileged capitalists want to subsidiary petty producers and traders (Castells and Portes 1989). This model on the other hand views the informal sector as subordinate to the formal sector. They emphasize that corporations in the formal sector often seek to erode employment relations in order to reduce their labor and input costs. They mainly focus on vested interests in the formal economy that promote informal arrangements (Willems, 2006). Dualists focus on the self-employed, structuralists focus on informal wage workers.

The Legalists: this theory argues the rational reason behind the informal economic activities is due to the over-regulation of the government bureaucracies done by micro-entrepreneurs. They argue that the informal economy sector challenging to complete the bureaucratic procedures connected with the registration of their businesses, and taxation. They argue that the bureaucratic procedures of the government favor large business organizations instead of small business activities. In their view, the legal framework believes that the cause of the existence of the

informal economy sector is the government bureaucratic procedures that ignore the small business activities but gives high emphasis for the large business and gives legal protection for them. These factors tend to create discouragements in the informal business (Willems, 2006).

2.1.5. Importance of informal Economy in the Economic Development

The informal economy is a vital source of employment, income for the poor, the seedbed of local entrepreneurship, and an effective instrument to combat poverty and social exclusion. The informal economy accounts for a foremost share of the growth domestic product (economic output) in most developing countries (UN-Habitat, 2006). The study shows that more than half of the global and close to 90 % of the sub-Saharan African labor force is engaged in the informal economy (Schwettmann, 2020). Informal enterprises play a crucial role in developing economies, as they provide a livelihood to billions of poor people and make significant contributions to the urban and national economy (UN-Habitat, 2018).

The informal economy sectors are the main source of employment and income for those people who cannot get job opportunities in the formal economy sector due to a lack of skill and experience. The urban informal economy sector plays a significant role in the economic growth of developing countries. The study shows that in developing countries, more than 70 % labor force is in the informal sector and a significant portion of the operators are shared by street vending (Chen & Carr, 2001). Benjamin *et al.*, (2014) argue that the informal economy sector is the main source of employment, income, and poverty reduction for marginalized people. According to Gosa (2018), many studies have indicated that the significance of the informal economy sector in solving various social and economic problems of the urban poor in general and in reduction of unemployment, providing low price goods for buyers and services, and new job creation for people who are unemployed in particular.

2.1.6 Informal Economy in Ethiopia

In Ethiopia, the majority of people are living in the rural area of the country, with only 21% of its population living in urban areas. The rate of urbanization in Ethiopia is faster about 4.8 % in World Bank 2019 estimation (Abebaw, 2019). The Ethiopian urban economy is largely influenced by the growth of the informal economy sector. According to the Central Statistical Agency of Ethiopia (CSA) statistical report on the national labor force survey, 50.6 percent of the

total national urban labor force of the country is employed by the informal sector (CSA, 1999). After four years, this figure grew close to 60% (CSA, 2003). Although subsequent CSA survey shows that this figure is dropped to 38.5 percent in 2005 (CSA, 2006) (CSA, 2013 cited in Chalachew, 2018).

In Ethiopia, the informal economy sector has become a priority issue of concern in the government, particularly in the Addis Ababa city administration. In Addis Ababa, the majority of informal operators exist. Asmamaw (*n.d*), suggests that the government should apply incentives to assist informal economy sector operators to organize and to prepare themselves to engage in the formal economy activities which will help the informal operators to be effective and efficient and also it facilitate to enhance performance and better partnership with the formal business operators.

Ethiopian cities play an increasingly important role in economic development, both in creating skilled labor and in providing a better quality of life. The researcher concluded that the informal economy sector is significantly growing in most parts of the city (Fransen & Van Dijk, 2008). As a result of its increasing contribution, the Ethiopian government has given recognition to the importance of the sector as a significant employment provider, but there are still harassments against some informal sector operators such as street vendors (Chalachew, 2018).

The study was done by Fransen and Van Dijk (2008) on informality in Addis Ababa. In this study, there are two forms of informality that are exclusionary and voluntary informality. According to this study, exclusionary informality is the informality that arises due to exclusion of institutions that force informal operators to become involuntarily informal. The study argues that informal economy operators engaged in informal business to sustain their lives and need policy interventions to reduce poverty. Voluntary informality is liked a deliberate action that stays in the informal sector mainly to escape from government bureaucracies and other regulations. The informal operators are engaged in informality by choice.

2.2. Migration

Migration is a movement of people from one area to another. It is a global phenomenon existed for centuries, with people's movements both within nations' boundaries and internationally across borders. It occurs at varying rates from country to country. Many people in developing countries

consider migration an option for improving their livelihoods. Migration has a significant feature of livelihoods in developing countries to pursue better living standards.

2.2.1. Definitions and Concepts of Migration

Migration is the movement of people from one terrestrial location to another place, for permanent settlement or temporary settlement. The area where people are departure is known as the source region whereas the area to which people are incoming is known as the destination region. Enu, (2015), Migration is categorized into internal migration and external migration. Internal migration is the free movement of the people from one area to another within the country for any reason while external migration is the moving of the active individuals from one country to another.

There are different forms of internal migration such as rural-urban, urban-rural, rural-rural, and urban-urban. Rural-urban migration (RUM) is the movement of people from the rural to the urban center. The rural-urban migration affects the demographic, economic, socio-cultural, and environmental aspects of migration which is diverse and deep (Assefa & Yismaw, 2018).

2.2.2. Causes of Rural-urban Migration

Different kinds of literature argue that people choose to migrate because of different reasons such as civil unrest, conflict and war, ethnic conflicts, and violations of human rights are certainly among the causes of migration, according to the author the main cause of migrants decide to leave their community due to economic and socio-cultural reasons. Population pressure and deterioration of the natural environment are also the reason for the migration (Assefa & Yismaw, 2018). According to Erulkar *et al.* (2006), the primary causes of the youths to migrate from rural to urban areas in Ethiopia is in search of good educational opportunities and the second reason is for the employment opportunities and thirdly to escape early marriage. The job opportunities are limited to the informal sectors such as domestic work, coffee shop assistants, street vendors, shoeshine, and etc. Rural-urban migrates are forced to engage in the informal economy sectors to survive their life.

Drivers of Rural-Urban migration include:

- Lack of employment and business opportunities.
- Poverty
- Lack of access to education
- Urban informal economy
- Small agricultural plots and low productivity
- Forced and Early marriage

2.2.3. Theories of Rural-Urban Migration

Various disciplinary and multi-disciplinary approaches have been trying to analyze and provide a fundamental understanding of the phenomenon of migration. There are multitudes of theories, which are concerned with the causes of rural-urban migration.

Harris-Todaro Model of Migration

According to the Todaro model, the main motivational factor for migration is generally an economic reason, to change their life condition, which an individual decides rationally even with the existence of urban unemployment. The Todaro model argues that people's decision to migrate is based on expected incomes rather than actual earnings (McCatty, 2004). Hayat (2000) argues that the reason for rural-urban migration is that the agricultural sector is not able to accommodate the working force which is rapidly growing in the rural areas. Lack of accommodation in the agriculture sector in the rural areas has resulted from a higher rate of rural-urban migration; particularly most of them are lack skill and education which resulted from failure to work in the formal economy sector. Due to this reason rural-urban migrates are forced to engage in informal economic activity which found to be immediate and to serve their livelihood.

The Harris–Todaro model is an economic model developed in 1970 and explains the issues related to the cause of rural-urban migration. This topic is the center point for development economics and welfare economics disciplines. The main assumption of the model is that rural-urban migrants decide based on economic rationality. Migrates expect income difference between rural and urban areas (expect urban income exceeds expected rural income) rather than just wage differentials. This point toward that rural-urban migration in a context of high urban

unemployment can be economically rational if income difference in expected urban income surpasses expected rural income.

The Lewis Dual Sector model

Economic growth refers to the increased productive capacity of the country, which results in an increase in productive output and national income. Rural to urban migration has played an important role in the growth and has resulted in the structural change of an economy. Principally, the essence of the dual model links back to the development of urban areas, and the migration process. This model argues that the subsistence agricultural sector is typically characterized by low wages, an abundance of labor, and low productivity through a labor-intensive production process.

Table – 3.1: An overview of the migration models

<i>Characteristic Development models</i>	<i>Function of the informal sector</i>	<i>Function of rural to urban migration</i>	<i>Effects of governmental Intervention on consumer welfare</i>
Two sector, Lewis model (1954)	The informal sector implicitly provides low productivity jobs to the residual labor force (= the underemployed).	It provides an unlimited supply of surplus rural labor, which can be efficiently utilized in the manufacturing sector. The production capacity of the economy expands.	Policies that stimulate Industrialization in combination with migration enlarges the production capacity and consumer welfare.
Two sector, Todaro model (1970)	The informal sector implicitly provides low productivity jobs to the residual labor force (the underemployed).	The Harris-Todaro migration, which equilibrates expected wage differentials. Migration reduces agricultural output and increases urban unemployment, thereby shrinking the production capacity.	Policies that restrict migration directly and or through limited wage-subsidies increase consumer welfare.

Source: Adopted from Belay File Garoma (2012)

2.2.4 Rural-Urban Migration in Ethiopia

Rural-urban migration is one of the basic factors for the population growth of Ethiopian urban centers. The country's rate of rural-urban migration has been showing a linear increase from time to time particularly since the beginning of the second half of the twentieth century (Bundervoet, 2018). Consequently, urban population growth, in the absence of corresponding economic growth, has already become a great problem for Ethiopia (Buze & Holden 2014).

Ethiopia is widely associated with poverty and famine. Ethiopia's economy is based on agricultural products and it accounts for 54 percent of the gross domestic product (GDP), employs about 80 percent of the population, and accounts for about 90 percent of the exports (Buze and Holden 2014). In Ethiopia migration historically characterized by complex flows due to a combination of root causes. These root causes have included poverty, drought, political repression, famine, lack of job opportunities, and lack of education opportunities. It is evident that extreme poverty and poor governance have been and continue to be key driving forces for Ethiopian migration (Fransen & Kuschminder, 2009). Addis has been the main destination, with close to 40 percent of all rural migrants moving to the capital (Bundervoet, 2018).

2.3 Street Trader

Street trade is an early economic activity found in virtually every major city around the world. It refers to the marketable exchange of goods and services that takes place in broadly defined public spaces, such as streets, parks, plazas, or any open-air public or privately owned places (Linares & Roevers, *n.d*). Doibale *et al*, (2019) similarly argue that street vending as an occupation has existed for hundreds of years, and is considered a cornerstone of many cities' historical and cultural heritage. A street trade is broadly defined as a person who trades goods for the consumers without having a permanent built-up structure and license from the local authority to participate in trading activities (Bhowmik, 2005).

The street trades working place is the streets or public/private spaces or, they are mobile from place to place by carrying their wares on pushcarts or in baskets on their heads (*ibid*). Street trade provides a unique insight into urban life across cities (Linares & Roevers, *n.d*). According to Nirathron (2006), most street trader belongs to low-income groups; studies have found that traders in the different area have different levels of incomes. Their level of income different

some of them are at a survival level, others have some amount of capital, and the others think for further expansion.

The author argues that street trading is a unique story of African cities. It gained international recognition as a vital component of domestic reproduction, political stability, and the urban economy, since the 1970s, by national governments and international agencies (Morange, 2015). The street trade varies widely by the type of goods sell, timing, place, and spatial practice. Products sold range from everyday products, for example, newspapers, produce prepared food, to specialty products like handicrafts, appliances, smartphone chargers (Linares & Roevers, *n.d.*). Street trade has remained an integral part of everyday life for urban residents around the globe. In many towns of the developing world, open-air markets still constitute the main channel of distribution for agricultural produce (*Ibid*).

According to the author, there are two major types of vending units in the street: the mobile vending unit and the permanent (stationed) vending unit. The mobile vending unit is the vendor does not have a fixed place but moves from one location to another. The fixed vending unit is permanently located to sell products. The major advantage of being mobile is accessibility to the consumers (Nirathron, 2006). Lack of communication and trading skills, capital, and working premises are the factors for migrants to engage in informal economic activities such as vending, shoe shining, domestic worker, daily laborer, and other informal activities. He argues that through time, some migrants become successful and join the formal economy sector while most of them are staying in the informal sector due to many reasons (Belay, 2012).

According to McGee (1973), Street vendors divided into three main types based on locations;

- Vendors sell in places where people assemble, such as markets and bus terminals.
- Vendors who sell on the street. This type of vendor creates problems on the free movement of the transportation system and the movement of people by creating congestion.
- Vendors who sell in a bazaar. A bazaar is equivalent to the seasonal or periodic market such as New Year, Christmas, etc. A vendor has sell products and services in public or private land and private commercial buildings. According to the author, a bazaar a place where people come for entertainment as well as to selling and to buy products.

Street vending took on greater significance not only as an important economic activity but also as an essential socio-political issue in urban practice (Bell and Loukaitou-sideris, 2014). Street trade accounts for a higher share of economic activity in Africa than in other regions. Women also account for a larger share of employment in trade than men, and, in many countries, they wield substantial local political power (Linares & Roevers, *n.d.*).

2.4. Empirical Literature Review

Several studies have been conducted across different countries of the world on the effect of Rural-Urban migration on the informal economy sectors. In the study conducted by Mansour-Ille (2018), the findings indicated that rural-urban migration's main motivation factor is searching for job opportunities due to the formal sector are scarce job opportunity, they force to engage in the informal sector, particularly in low- and middle-income countries. The informal sector dominates and provides the main means of earning an income. Similarly study done by Abdulloev (2011), on “Migration as a Substitute for Informal Activities: Evidence from Tajikistan” concluded that that informal economic activities and rural-urban migration are complementary: rural-urban have difficulty finding employment in the formal sector, so many of them end up informal economic activities. Consistency, the study was done by Xin Meng (2001), concluded that the migrants from rural-urban are highly attracted by the informal economy sector in comparing with formal economy sectors due to the informal economy sector need little skill and capital to participate.

Additionally, the study by Huang *et al.*, (2020), reveals that the causes for the growth of the urban informal economy sector in China are mainly linked with the economic development, unemployment, rural-to-urban migration, and globalization of urban economies. This indicates that rural-urban migration is the factor for the growth of the urban informal economy. Another interesting finding of Chakraborty (2014), the study on Migration and the urban informal sector shows that the extent of rural-urban migration is observed to have a direct association with the spreading of the urban informal sector. The greater scopes for informal activities at the urban centers induce the people to migrate from rural-urban areas. In fact, the urban informal sector acts as a major pull factor for rural-urban migration in India. As regards the choice of jobs in the urban sector, it is found that compare to construction jobs, a migrant worker will always choose for service sector jobs that are mainly informal in nature. So, the urban informal sector plays an

important role in absorbing a sizable proportion of urban migrants. It is now one of the major destinations for rural-urban migrants.

The study by Masanja (*n.d*), argues that employment absorption in the informal sector between men and women migrants resulted from gender roles. Regarding the time framework, female migrants will get employment earlier than males (mainly in the informal sector) this is because of the female willingness to receive lower wages. Another study conducted by Sheehana and Riosmena (2013) on the title Migration, Business Formation, and the Informal Economy in Urban Mexico reveals that migration is strongly linked with informal economic activities, particularly in economically active areas, especially in an urban setting. Benjamin *et al.*, (2014) finding show that rural-urban migration is one of the most important determinants of the rise of the informal labor force in the developing world. In another study conducted by Timalisina (2007) the finding shows that rural-urban migration is a factor for increasing population pressure in the informal sectors in the study area.

2.5. Conceptual Framework

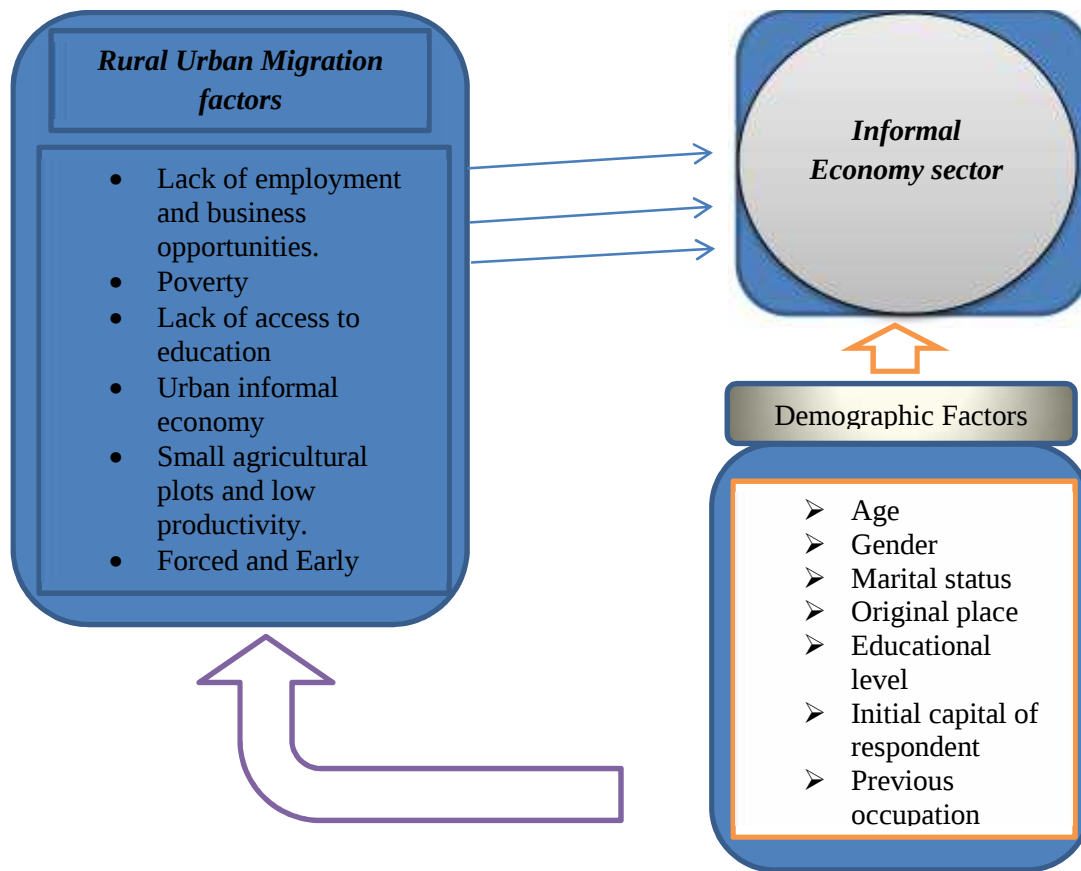


Figure 2.1: Source: developed by the researcher based on theories and empirical literatures (2020).

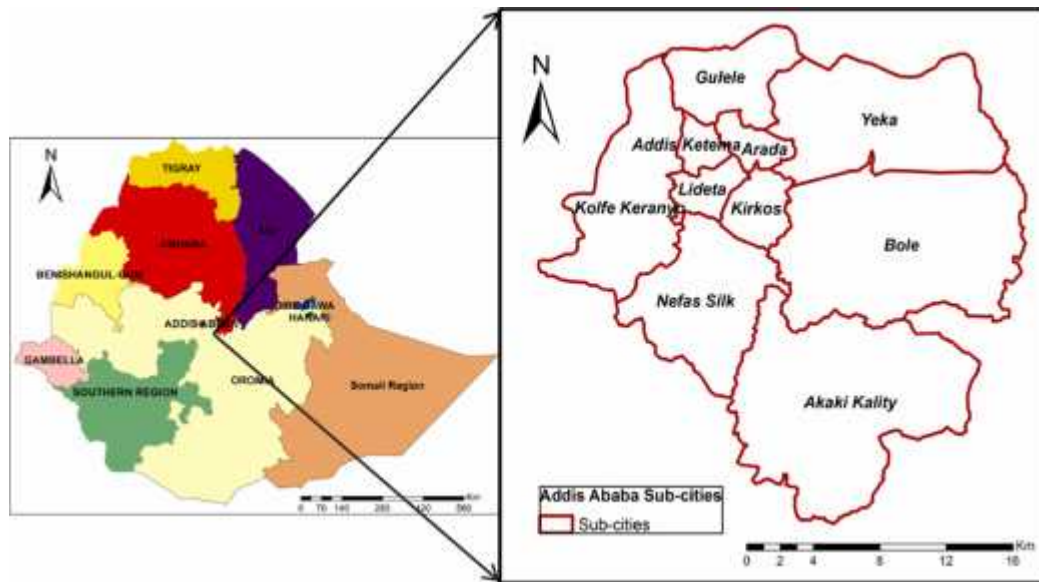
Chapter Three

Methodology

This chapter discusses the methods and procedures, which are employed in undertaking the study. It describes the study area, research design, participants, participant selection techniques, method of data collection (observation, survey, and key informant interview), and method of data analysis procedures.

3.1 Study Area

Addis Ababa is the capital and also the largest city in Ethiopia. According to the 2020 city proclamation, Addis Ababa is subdivided into 11 sub-cities. Yeka Sub-city is one of the 11 sub-cities of Addis Ababa which is located in the North-Eastern part of the capital with a geographical coordinate of 900 010 30.730N and 3800 46027.550E. The total area of the sub-city is 85.98 km square. According to CSA estimate (2018), the total population of the sub-city is over 368,418 people.



Map 3.1: Geographical Area of Yeka Sub-city

3.2 Research Method

In this study, two research methods are employed namely qualitative and quantitative research approaches. The researcher was used concurrent mixed research. According to Kothari (2004),

the quantitative approach involves the generation of data in quantitative form, which can be subjected to rigorous quantitative analysis in a formal and rigid fashion whereas the qualitative approach to research is concerned with subjective assessment of attitudes, opinions, and behavior. The study employed this method to examine the effect of rural-urban migration on urban informal economy, because it is a technique or approach that helps to explore, present, describe and investigate the casual associations and trends within data using percentages, frequencies, and numerical analysis. The qualitative method seeks to understand social phenomenon rather than statistical description and prediction. It gives an in-depth understanding of the context of the informal economy in the study area. The study has employed both qualitative and quantitative methods to get strong and conclusive results.

3.3 Research Design

Research design is a notion of ideas to frame the study. The purpose of this study is to investigate the effect of rural-urban migration on the informal economy sector. The study has employed both descriptive and explanatory research design. Descriptive used to systematically describe the situation. Explanatory used in order to identify the extent and nature of cause and effect relationships between variables by taking sample respondents from the research area.

3.4 Data Type and Source

Primary and secondary sources of data are employed in this study, and the primary data is collected through observation, survey questions, and key informant interviews. The foremost advantage of collecting such data is that it is collected with the researcher's purpose in mind. In conclusion, the respondents' response, which was collected through questionnaires and key informant interview, is used as a primary source of data. Secondary data was gathered from published and unpublished documents obtained from institutions so as to generate additional information on the study subject.

3.5 Data Collection Instrument

- ***Direct observation***

Observation is one of the data collection instruments qualitative research methods. It is a scientific tool and method of data collection for the researcher. Thus, this study has used a non-

participant observation technique in order to get first-hand information about the informal economic activities in the study area. The researcher is visited on the around over the phenomenon what is going on there. During the visit, the researcher was asked them about their origin, what types of street trading exist, what type of location they prefer, how they are coping while the police oppose them, and how they deal with the code enforcer etc.

- ***Survey Questionnaire***

The survey is one of the powerful data-gathering instruments in the quantitative research method. This study has employed structured close-ended questionnaires to investigate the relationship between urban-rural migration and informal economic activities. It was presented to informal operators doing business in the study area. The questionnaire was prepared in English and translated to Amharic for smooth interaction between the data collector and respondents. The survey questionnaire had two sections the first is respondent data (socio-demographic characteristics of respondents) & questionnaires regarding informal economic activities (street trading).

- ***Key Informant Interview***

The questionnaire survey instrument is aimed at producing quantitative data. To triangulate, enhance, and enrich the results of the survey, Key informant interviews were conducted. Key informants' interview is one of the dominant data-gathering instruments in qualitative research method. Expert and knowledgeable persons on specific issues are considered as the key informants. Key informant includes government officials, expertise, code enforcer, and local police. The researcher was used standardized open-ended interview questionnaires for key informants.

3.6 Sampling Technique and Sample Size

Researchers need the respondents in a reasonable number to finish the study in the given time frame and also get reliable information. Thus, researchers require sampling: sampling is the method of selecting a number of study units from a well-defined study population. Frequently research focuses on a large population that, for practical reasons, it is only possible to include some of its members in the inquiry. This study has used both probability and non-probability

sampling methods. The probability sampling method is employed to select informal economy sector operators and the non-probability sampling method is used to select government officials and experts. In this study, a simple random sampling technique was used to select sample respondents from the study area. The sample size for this study was determined using the simplified formula of Cochran (1977) developed to calculate sample sizes. Accordingly, the formula is:

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

Where;

- n = is the sample size
- N = is the number of population
- e^2 = is the desired level of precision or margin of error

According to Yeka sub city administration (2019), the total number of informal economy operators (Street traders) is 1923. Therefore, the sample size for this study using the above formula will be:

$$n = \frac{1923}{(1 + 1923(0.05)^2)}$$

$$n = \frac{1923}{(1 + 1923(0.0025))}$$

$$n = 331 \text{ respondents}$$

According to the Yeka sub-city administration (2019), Yeka sub-city Trade and Industry Office has 15 informal economy monitoring, support, and transition case team members; the researcher has used a purposive non-random sampling method to select 10 for key informant interviews in order to get detailed information on the informal economy. The researcher was used code enforcer officers, monitoring and supervision officials, and local police as the key informants.

3.7 Reliability and Validity

3.7.1 Reliability

Reliability speaks to the consistency or stability of the measurements. This quality criterion of the research refers to the consistency of a measure of a concept. This quality criteria deals with the question whether the results of a study are repeatable. Cronbach's alpha is used in this study to assess the internal consistency (reliability of the instrument (questionnaire)).

3.7.2 Validity

The main aim of social scientific research, particularly within the positivist tradition, is the establishment and demonstration of the reliability and validity of research findings. Data obtained through measurements that are not valid are worthless data. Measurement has validity to the extent that it measures what the researcher wants it to measure and not something else. According to Kothari (1990), validity is the most critical element in the scientific study which indicates the degree to which an instrument measures. The quality of scientific research is checking by the validity and reliability of results with ethical considerations. In this respect, the researcher was taken care of maintaining the validity and reliability of the research even by selecting views and arguments that support personal views and provides sufficient supporting evidence and reasons for the final conclusion. Moreover, the researcher will attempt to achieve high validity and reliability by ensuring that the views and opinions advanced by the respondents were accurate.

3.8 Methods of Data Analysis

The collected data was analyzed and interpreted quantitatively and qualitatively. The quantitative methods data was analyzed through different statistical techniques and descriptive statistics (frequency, and percentage, using tables). Hence, this data is analyzed by applying SPSS version 20 descriptive statistics analysis. SPSS is the most preferable and frequently used program by many researchers whose method of data analysis is SPSS models. The qualitative data from observation and the key informant interviews was contextually analyzed and it was triangulated. The summarized data was displayed in diagrams or tables to look for possible relations between variables.

3.9 Ethical Consideration

Mugenda (2008) underlines that participation in scientific research should be involuntary bases and the respondent are always have a right to withdraw from the study if they want to leave the study and the researcher must accept the right to leave. The researcher has obligation to clarify the general objective and concern of the study to all participants in the study. No participant was forced to take part in the study, thus the principle of voluntarism practiced all through the data collection process of the study. In addition to the introduction part of the questionnaire which clearly describes the objective of the study the researcher informed respondents on the confidentiality of their responses and that the information would be used for academic purposes.

Chapter Four

Data Analysis, Presentation, Interpretation, and Discussion

This research has attempted to investigate the effect of rural-urban migration on the informal economic sector in Addis Ababa, the case of the Yeka sub-city. Following this general research objective, there are also specific objectives and research questions presented. Thus, the study attempted to address those research objectives and questions by analyzing the data collected from 331 respondents.

4. Data Analysis and Interpretation

4.1 Presentation and Analysis of data collected from the informal operators

4.1.1 Respondent Data

This part of the data analysis used to describe majorly demographic variables such as sex, age, marital status, and education level of the informal operators. Some of the descriptive statistics (frequency, and percent) have been used to explain demographic variables and their relationship with rural-urban migration in the informal economy sector.

<i>Table- 4.1: Summary of Respondents demographic data</i>			
Respondent Data	Category	Frequency	Percentage
Sex	Male	293	88.5
	Female	38	11.5
	Total	331	100
Age	14-25	158	47.7
	26-35	144	43.5
	36-50	28	8.5
	>50	1	0.3
	Total	331	100
Marital status	Single	234	70.7
	Married	87	26.3
	Divorce	7	2.1

Do you have? children	Widowed	3	0.9
	Total	331	100
	Yes	64	65.9
	No	33	34.1
	Total	97	100
How many?	1-2	40	62.5
	3-4	20	37.5
	Total	60	19.4
Education level	Illiterate	18	5.4
	Primary (1-8)	142	42.9
	Secondary (9-12)	150	45.3
	Diploma	21	6.3
	Degree and Above	0	0
	Total	331	100

Source: Survey (2021)

As shown in Table 4.1, out of the total respondents about 293 (88.5%) were males and the remaining 38 (11.5 %) were females; meaning the majority of street vendors in the Addis Ababa Yeka sub-city are males. Of the total participants, 158 (47.7 %) of street vendors are between 14-25 year old, 144 (43.5 %) are between 26-35 year old, 28 (8.5 %) are age between 36-50 years and 1 (0.3 %) are >50 years old. Hence, it can be argued that the majority of street vendors are of young age. This infers that the majority of street vendors are young. This could be associated with the fact that as the business is not reliable they don't need to take more risk by having a more dependent family.

Regarding marital status, out of the total respondents about 234 (70.7 %) were single, 87 (26.3 %) were married, 7 (2.1%) were divorced, and 3 (0.9 %) were widowed. The majority of street vendors in the Addis Ababa Yeka sub-city were single. In my view, this could be associated with the fact that as the business is not reliable they don't need to take more risk by having a more dependent family.

Education has a direct relationship with the success of the business because through business operators exposure new information and opportunities which help them in the production and distribution of goods and services. The above (Table 4.1) reveals that the majority of informal economy operators in the urban informal sector are literate Only 18 (5.4 %) were illiterate, 142 (42.9 %) were 1-8 grade, 150 (45.8 %) were 9-12, 21 (6.3 %) were diploma holders, 0 (0 %) have a degree and above. This implies that informal street trade operator's educational level is literate (1-12 grades) which constitutes more than 94% of the total population. In my view, this may be associated with financial problems to continue further education and lack of industry or manufacturing sector to accommodate them, or severity of the living condition they did not continue their education.

4.1.2 Informal operators and street trade

The researcher asked selected street operators regarding issues related to where they came from? Where there original place? Why did they leave their origin? What was their main occupation before coming to this Addis? Why they choose Addis Ababa? and others. The results are presented below.

Table - 4.2: Summary of Respondents, Where you come from Addis Ababa?				
		Frequency	Percent	Valid Percent
Valid	Yes	37	11.2	11.2
	No	294	88.8	88.8
	Total	331	100.0	100.0

Source: Survey (2021)

The data in (Table 4.2) shows that the majority of respondents are migrants. Out of the total respondents about 37 (11.2%) of the total operators are natives (born in Addis). The remaining 294 (88.8%) of the respondents are migrants. This indicates that the majority of Addis Ababa street trader's operators come from parts of Ethiopia other than Addis Ababa city. In my view lack of job opportunity, population density, lack of educational opportunity, and harsh living conditions in the rural area are the reason for rural-urban migration, and also the informal sector is the better option for the migrates to sustain their life. Hayat (2000) argues that the reason for

rural-urban migration is that the labor force which resulted from rapid population growth is not accommodated in the agricultural sector in the rural areas.

Table - 4.3: Summary of Respondents, Where are you from?				
		Frequency	Percent	Valid Percent
Valid	Addis Ababa	37	11.2	11.2
	Southern	222	67.1	67.1
	Amhara	45	13.6	13.6
	Oromia	14	4.2	4.2
	Sidama	8	2.4	2.4
	Other	5	1.5	1.5
	Total	331	100.0	100.0

Source: Survey (2021)

Table 4.3 above shows respondents from where region they come from? Out of the total respondents about 222 (67.1 %) of the respondents were from Southern regional state, 45 (13.6 %) from Amhara regional state, 14 (4.2 %) from Oromia regional state, 8 (2.4 %) from Sidama regional state, and 5 (1.5 %) of the response from other parts of the country. This indicates that the majority of street trader's birthplace is the southern regional state of Ethiopia. This could be linked with the fact that there is a high population density (concentration), shortage of land, and lack of job opportunities are the push factors for the migrants. This finding revealed that there is a direct relationship between rural-urban migration and informal economic activities. Similarly, Chakraborty (2014), Huang, *et al.*, (2020), and Timalisina (2007), the findings revealed that urban informal economic activities are one of the motivational factors for the growth of rural-urban migration.

Table - 4.4: Summary of Respondents, how long they have been in Addis Ababa?				
		Frequency	Percent	Valid Percent
Valid	1-2	102	30.8	34.7
	3-4	129	39.0	43.9
	5-7	46	13.9	15.6
	>7	17	5.1	5.8
	Total	294	88.8	100.0
	Addis Ababa	37	11.2	
	Total	331	100.0	

Source: Survey (2021)

As table 4.4 above revealed that respondents, how long they have been in Addis Ababa? Out of the total respondents about 102 (30.8 %) of the respondents were living 1-2 years, 129 (39.0 %) of the respondents were living 3-4 years, 46 (13.9 %) of the respondents were living 5-7 years, whereas 17 (5.1 %) of the respondents were living above 7 years. This data indicates that the majority of street traders come to Addis Ababa in recent years. More than 230 (69 %) of the street traders have come to Addis Ababa within 4 years. In my view it shows that since the past 5 years rural-urban migration is on the rise this could most likely be linked with the increase in the rural population which results in the shortage of land for farming and harsh living conditions.

Table - 4.5: Summary of Respondents, why did they leave their origin?				
		Frequency	Percent	Valid Percent
Valid	Addis Ababa	37	11.2	11.2
	In search of job	131	39.6	39.6
	Lack of farmland	28	8.5	8.5
	Lack of educational opportunities	70	21.1	21.1
	Harsh living condition	65	19.6	19.6
	Total	331	100.0	100.0

Source: Survey (2021)

As table 4.5 above revealed that out of all respondents, the reason for migration? Out of the total respondents about 131 (39.6 %) of the respondents were in search of a job, 28 (8.5 %) of the response were due to lack of farmland, 70 (21.1 %) of the response were due to lack of education opportunity, whereas 65 (19.6 %) of the response were migrated due to harsh living condition in the rural area. The finding reveals that people who engaged in informal economic activities migrated to Addis Ababa in search of job opportunities, lack of educational opportunities, and poverty. It shows that they are forced to leave their original place in search of job opportunities and for the search of a good life but due to lack of formal job opportunities they are forced to engage in informal economic activities The findings are consistent with Bhowmik, S. (2005), Benjamin, et al., (2014) and Mansour-Ille (2018), argues that lack of job opportunities, in search of a better life, poverty and lack of educational opportunities are the main factors to leave their original place.

Table - 4.6: Summary of Respondents, why they choose Addis Ababa?				
		Frequency	Percent	Valid Percent
Valid	Addis Ababa	37	11.2	11.2
	Hoping to find a job	172	52.0	52.0
	Family reunion	10	3.0	3.0
	Peer pressure	41	12.4	12.4
	Other	71	21.5	21.5
	Total	331	100.0	100.0

Source: Survey (2021)

The above table 4.6 shows the respondent's reason for choosing Addis Ababa. Out of the total respondents about 172 (52 %) of the response were hoping to find a job, 10 (3 %) of the response were choose due to the existence of brother and some family, 41 (12.4 %) of the response were due to peer pressure, whereas 71 (21.5 %) of the response were answered due to other reason. This indicates that the majority of street traders reason to choose Addis Ababa hoping to find a job. In my view, it shows that this could most likely be linked with the existence of job opportunities in Addis Ababa because Addis Ababa is the capital and the center of the economy for the country. Many businesses are operating in Addis Ababa which is why migrants choose Addis Ababa. The finding reveals that people who engaged in informal economic activities reason for choosing Addis Ababa in hoping to find a better job opportunity. The finding is consistent with Hayat (2000) and McCatty (2004) argue that the reason migrants choosing the urban center is that the existence of job opportunities, and in search of a better life in the cities and the inability of agriculture economy sector to accommodate the youth in the rural area.

Table - 4.7: Summary of Respondents, what was their main occupation before coming to Addis?				
		Frequency	Percent	Valid Percent
Valid	Addis Ababa	37	11.2	11.2
	Student	106	32.0	32.0
	Farmer	1	0.3	0.3
	Merchant	19	5.7	5.7
	Daily laborer	52	15.7	15.7
	No work	116	35.0	35.0
	Total	331	100.0	100.0

Source: Survey (2021)

As table 4.7 above revealed the main occupation before coming to this Addis Ababa. Out of all respondents respondent's 106 (32.0 %) of the respondents were students, 1 (0.3 %) of the respondents were farmers, 19 (5.7 %) of the response were merchants, 52 (15.7 %) of the response were daily laborer, and 116 (35.0 %) of the respondents did not have any work. This indicates that most of the respondents had no work followed by students. This finding shows that most of them are forced to engage in the informal sector to fulfill their basic wants and in search of a better life.

Table - 4.8: Summary of Respondents, what is their first job in Addis Ababa?				
		Frequency	Percent	Valid Percent
Valid	Addis Ababa	37	11.2	11.2
	Housemaid	27	8.2	8.2
	Street trade	96	29.0	29.0
	Daily laborer	119	36.0	36.0
	Construction worker	52	15.7	15.7
	Total	331	100.0	100.0

Source: Survey (2021)

As depicted in table 4.8 above respondent first job in Addis Ababa accordingly among total respondents 27 (8.2 %) answered that housemaid, 96 (29.0 %) of the respondents were street trader, 119 (36.0 %) of the respondents were daily laborer and 52 (15.7 %) of the respondents were construction workers. This finding indicates that the majority of street trader's first job in Addis Ababa was housemaid, daily laborer, and construction worker, this consists 60 % of the respondents. In my view, it shows that most of the street traders currently working are the first job is not street trader this could most likely be linked with the nature of urban life because most of them have come from the rural area it takes time to adapt to the nature of the urban life so that the simple way for them is entering areas such as housemaid, construction workers, and daily laborer. After they adopt the urban system they engaged in the informal sectors.

Table - 4.9: If your work is not street trader first how you compare the present job with previous work?				
		Frequency	Percent	Valid Percent
Valid		133	40.2	40.2
	Very good	115	34.7	34.7
	Good	57	17.2	17.2
	Similar	26	7.9	7.9
	Total	331	100.0	100.0

Source: Survey (2021)

As depicted table 4.9 above shows that compare with the present with the previous work in Addis Ababa, accordingly among total respondents 115 (34.7 %) answered that very happy, 57 (17.2 %) of the respondents were good, 26 (7.9 %) of the respondents were similar with the previous. This indicates that the majority of street traders answered comparing with the previous job they are very happy in engaging in the street trader. In my view, it shows that this could most likely be linked with getting relatively better money than previously, and also they pass any decision without any intervention independently (self-esteem).

Table - 4.10: Summary of Respondents, how long have you been working as a street trader?				
		Frequency	Percent	Valid Percent
Valid		37	11.2	11.2
	1-2	104	31.4	31.4
	3-4	168	50.8	50.8
	5-6	22	6.6	6.6
	Total	331	100.0	100.0

Source: Survey (2021)

The above table 4.10 shows that respondents were asked how long they have been working as a street trader, accordingly among total respondents 104 (31.4 %) answered that stayed 1-2 years, 168 (50.8 %) of the respondents have stayed 3-4 years, 22 (6.6 %) of the respondents have stayed 5-6 years. This indicates that the majority of street traders were worked as street traders for 3-4 years and followed by respondents were working for 1-2 years. The study argues that the significant numbers of workers entering the urban informal economy activities are recently

migrated from the rural areas (McCatty, 2004). In my view, it shows that due to the bad living condition in a rural area, population pressure, urbanization and the economic growth (especially in Addis Ababa) in recent years are the main factors which contribute rural-urban migration.

Table - 4.11: Summary of Respondents, source of capital to start-up street trading				
		Frequency	Percent	Valid Percent
Valid		37	11.2	11.2
	Personal saving	115	34.7	34.7
	Borrowing from family, friends or relative	112	33.8	33.8
	Assistance from family, friends or relatives	54	16.3	16.3
	Other	13	3.9	3.9
	Total	331	100.0	100.0

Source: Survey (2021)

As table 4.11 above revealed that respondents were asked about sources of capital they get to start up street trading, accordingly among total respondents 115 (34.7 %) answered were own save, 112 (33.8 %) borrowing from family, friends, or relatives, 54 (16.3 %) capital source assistance from family, friends or relatives, and the remaining 13 (3.9 %) capital source from others. This indicates that one of the majority sources of capital to start street traders were personal saving and followed by borrowing from family, friends, or relatives. In my view, it shows that most of the informal operators are working in different areas before entering the street trader activities. They were used their personal saving which is collected from the previous job as a starting capital to being a street trader.

Table - 4.12: Summary of Respondents, what were the serious difficulties faced when they operate street trading?				
		Frequency	Percent	Valid Percent
Valid		37	11.2	11.2
	Lack of capital /Seed money	89	26.9	26.9
	Inadequate communication	103	31.1	31.1
	Police harassment	94	28.4	28.4
	Other	8	2.4	2.4
	Total	331	100.0	100.0

Source: Survey (2021)

The above table 4.12 shows that respondents were asked about serious difficulties faced when they operate street trading, accordingly among total respondents 89 (26.9 %) answered lack of start-up capital/seed money, 103 (31.1 %) responses were inadequate skill, 94 (28.4 %) response were police harassment, and the remaining 8 (2.4 %) others. This indicates that one of the majorities of serious difficulties faced when they operate street trading was inadequate communication skills and followed by a lack of start-up capital/ seed money for expansion. In my view, it shows that this could most likely be linked with most of the operators come from poor families they do not have any kinds of additional capital to transit to formal business. The formal business needs relatively capital. Most of them face communication difficulties this most likely with language barriers because they came from rural areas. They do not know well the urban culture.

4.2 Analysis of data of the interview

Key informants' interview is one of the dominant data-gathering instruments in the qualitative research method. Key informant includes government officials, expertise, code enforcer, and local police, which have knowledge on the study subject area. The main objective of interviewing this group was to get information on the relationship between rural-urban migration and informal economic activities in the study area. This study has used 10 key informant interviewers from different areas that had deep knowledge. The researcher has interviewed ten (10) government officials out of fourteen (14) were interviewed which are consist 71.5 %. Three of them were experts and officers, five of them were code enforcer and the remaining two were expertise. The researcher was not able to make contact with the four (4) (28.5 %) due to various reasons. Among the respondents, 5 (50 %) of them are first-degree holders and the remaining 5 (50 %) are diploma holders. Regarding work experience, all respondents had more than 4 years of experience.

Regarding, the situation of informal trade in the study area all respondents agree that informal street trading is increasing from time to time due to various reasons. Especially, in the megenagna area, shola gebeya, and sadist kilo are highly concentrated. According to the local official's confirmation that nowadays the informal trade is affecting the day to day activities of the people in the surrounding. Public streets, transportation corners, pedestrian waking, and

public infrastructures highly affected by informal trade. Additionally, formal trade operators are complaining to the government about unfair competition. Other officials told me that

“Street trading in Addis Ababa has a long history at the beginning street trade started with selling second-hand goods at weekly bases at a specific time. But through time street trading is increased at an alarming rate. Nowadays informal street trader is selling new products with huge amount especially china product”.

Regarding the origin (come from) of the street traders, according to the survey finding the origin of informal economy operators are originated from outside Addis Ababa especially from the southern regional state. The officials confirm that most of the informal economy (street vendor activities) is operated by youths who come from southern Ethiopia. Additionally, local officials argue that youths from the Amhara region also part of the street vendor activities. Other officials also added that most of the informal operators bring their relatives to Addis Ababa to engage in informal activities. Most of them are they known each other and they come from the same villages. Similarly, other law enforcement official response to a question:

“I am working as a law enforcement officer since 2016. I see that most of the street vendors come from the south region. I do not know why the reason is but I heard that due to poverty and a harsh living environment. Some of them have brought their brothers and sister to Addis Ababa.”

Regarding the reason for the increase of street traders, all respondents suspect that the reason for the increasing the informal street trade caused by rural-urban migration. Migrates from the rural areas of Ethiopia highly participated in informal street trading activities. The majority rural-urban migrants are low-skilled labor force towards cities plays a significant role in the increase of informal economy operators. In response to a question, code enforcer says:

“Most of them are recent come from the different region, especially from the south region. Many of them are young and at working age. The reason I guess that poverty and in the search for jobs. As the code enforcer, I am doing my job but I have sympathy for them especially for the women and mother.”

Regarding the impact on the sub-city, all respondents argue that the informal economic activities are affecting the physical, economic, social, and institutional phenomena in the study area. One of the main problems is that officials pointed out the closing of roads and public places, damaging of the public infrastructure, and blocking of public transport. Different kinds of garbage have been spread on the physical environment of the area. According to the officer, especially during the festivals, street traders increase to more at that time there will be more blocking. The street especially, shola gebeya, megenagna and sadist kilo total become full of street markets. It becomes very difficult to walk around those localities. Other also added in response to a question, official says:

“Regarding the impact of the street trading, street trading has an impact on the public infrastructure, transportation corridor, walking street all are occupied by street trader due to this reason car accident are happening, people who are walking on the street are forced to walk in the main road, regarding the public infrastructure damage most of the street trader thrown their garbage on the street, and public transport is facing difficulties to operate in the transportation corridors.”

The other main problem resulting from increasing street trading is the economy and it leads to unfair competition with the formal economic operators. According to the officials,

“The informal economic activities (street traders) do not pay tax for local authority and the local authority has the responsibility to collect income tax from any business activity. Due to the increase of the informal economic activity the local authority losing a lot of revenues and also the formal economy operators are not willing to pay tax as a result of unfair competition from the informal operators”

Increasing street traders (vending) activities in the study area have also become causes of social problems. Social problems relating to crimes, theft, stealing, and crime are linked with increasing street trading activities. According to code enforcer officials,

“In the study area most of the people are victims of crime activities this is the result of the informal street traders. The conflict between code enforcer and street traders will also increase. The street is very limited due to the increase of street activities people are forced to travel as this time people will suffer a lot”

The sub-city authority says that “Street vendor’s activity is causing political, social and economic problems to the sub-city which are very complex and difficult to solve. It is difficult to solve with existing mechanisms. It is good to share other countries experiences how the country mitigate the situation”

Regarding managing the situation, the key informant interviewees argue that due to the increasing rural-urban migration the informal economy sector growing in the study area. The situation is becoming worst, especially in the Megenagna area. The informal economy activities are affecting the social, physical, and economic situation of the people. The city administration employed code enforcer to manage the informal economy activities in the street, due to the increase of the informal activities the law enforcement bodies facing challenges. The law enforcement bodies and officially working hard to manage the situation due to the nature of the situation the management of the are challenged. Especially, in Megenagna and shola areas the office allocated the law enforcement bodies due to the concentration of informal economy activities.

4.3 Discussion

The findings from the survey and interview questions revealed that most of the informal economy activity (street traders) operators are originated outside Addis Ababa. The finding from the survey shows that more than 88 % of them are migrants. Key informants also argue that informal economy activity operated by people who come from outside Addis Ababa city. This finding is in agreement with McCatty (2004), in his study the significant numbers of workers entering the urban informal economy activities are recently migrated from the rural area. Migrants are forced to leave their origin due to a lack of job opportunities in rural areas. The study argues that their main reason to engage in the informal sector is to earn income and to sustain their daily lives. Similarly, Benjamin *et al.*, (2014) also confirmed that rural-urban migration is one of the most important determinants of the rise of the informal labor force in the developing world. Another interesting finding of Chakraborty (2014), the study on Migration and the urban informal sector shows that the extent of rural-urban migration is observed to have a direct association with the spreading of the urban informal sector. The greater scopes for informal activities at the urban centers induce the people to migrate from rural-urban areas. Similarly Huang *et al.*, (2020), also confirmed that that the growth of the urban informal

economy sector in China is linked with economic development, unemployment, rural-to-urban migration, and globalization of urban economies. Rural-urban migration is highly affects informal economy growth in the urban setting.

Regarding the reason for leaving their origin, the findings of the study concluded that the reason for the informal operators leaving the origin is in search of a job, lack of educational opportunities, and harsh living conditions (poverty) in the rural areas. Similarly, a study was done by Carr and Chen (2001) and UN-Habitat (2018), and Bell and Loukaitou-Sideris, 2014, who argue that the reason for the informant operators leaving their origin is due to poverty. Poverty is the main factor for the informal operators to leave and to engage in the informal economy sector. Additionally, Erulkar *et al.*, (2006), argue that the primary causes of the youths leaving their original areas in Ethiopia are due to a lack of good educational opportunities in the rural area. Bhowmik, S. (2005) and Benjamin *et al.*, (2014) also confirmed that lack of job opportunities in rural areas has forced people to leave their villages in search of a better life in the cities. Lack of job opportunities in the rural area is one of the factors the people to leave their original place and to participate in the informal economy. Similarly, Mansour-Ille (2018), argues that the main factors for rural-urban migration are to search job opportunities in the formal sector due to scarce job opportunity in the rural area, due to the lack of formal sector job opportunities in the urban for the migrates they participate in the informal sector to earn income for their livelihood.

The study finding confirms that the main motivating factor behind rural-urban migration is the informal economy sector activity. A study conducted by Timalisina (2007), similarly argues that rural-urban migration is a factor for increasing population pressure in the informal sectors in the study area. Similarly, other empirical evidence by Huang *et al.*, (2020), confirmed that that the growth of the urban informal economy sector in China is linked with economic development, unemployment, rural-to-urban migration, and globalization of urban economies. Rural-urban migration is high affects informal economy growth in the urban setting. The findings are consistent with those shown by Doibale *et al.*, (2019), the majority of the people migrated or planning to migrate from rural to urban areas for earning their livelihood, the greater variety of educational and recreational facilities, larger and more specialized healthcare facilities. The development of the informal sector attracts additional migrants to urban areas (Getahun, 2015)

Chapter Five

Summary, Conclusion, and Recommendation

This chapter is the final chapter which contains summary of the findings, conclusion, recommendations, and limitations and direction for future research.

5.1 Summary of key findings

- The findings indicate that the street trader in the study area, the majority come from the southern regional state. Significant numbers of informal economy operators also leave their original place due to poor living conditions (poverty). The living situation in the rural are very bad and also there is a lack of basic service such as educational opportunities.
- Regarding the reason for leaving their origin, the findings of the study concluded that the reason for the informal operators leaving the origin is in search of a job, lack of educational opportunities, and harsh living conditions (poverty) in the rural areas.
- The finding confirms that the main factors for rural-urban migration are to search job opportunities in the formal sector due to scarce job opportunity in the rural area. The lack of formal sector job opportunities in the urban for the migrates they participate in the informal sector to earn income for their livelihood.
- The study finding confirms that the main motivating factor behind rural-urban migration is the informal economy sector activity.
- The findings indicate that the main reason street vendors have come to Addis Ababa is hoping to get a better job opportunity. Due to this reason, most of the informal operators chose Addis Ababa as their destination.
- The findings indicate that most of the informal operators (street vendors) are approached Addis Ababa since 2017. The phenomena of street vendors increased at a significant rate recently.

5.2 Conclusion

Based on the previous findings of the study, the following summaries are drawn:

- Most young aged rural-urban migrates are engaged in the informal economy sector, because of low economic activity in rural areas and lack of government's emphasis on rural youth in rural parts of Ethiopia. This also may bring a number of socio-economic problems such as unemployment, lack of education opportunities, and low economic development. Street vendors prefer to join this sector due to the low entry barrier and provide products at relatively low prices to customers when compared with formal sectors. Street vendors are escaped from government tax. Customers also shifting to get products from street vendors since price reduced. These also decrease the formal sector sales. As consequence informal sectors become increasing.
- The majority comes from the southern regional state and the main reasons to leave their original place are in search of work and due to lack of educational opportunities. Significant numbers of informal economy operators also leave their original place due to poor living conditions (poverty). The living situation in the rural are very bad and also there is a lack of basic service such as educational opportunities. The street trader chose to come to urban areas to help themselves and also help their families living in the rural areas.
- The main destination for street vendors is Addis Ababa. The reason is hoping to get a better job opportunity. Addis Ababa the largest economic center in Ethiopia, most of the business transaction of the country operates. Due to this reason, most of the informal operators chose Addis Ababa as their destination.
- The informal sector is an opportunity to fight poverty provided it is well managed in cities like Addis Ababa where poverty is a huge challenge.

5.3 Recommendation

The researcher would like to forward the following recommendations based on the research conclusions.

- Rural-urban migration is one of the vital factors for the increasing of urban informal sector activities (Street traders). The majority of the informal sector operators are coming

in search of job opportunities therefore the regional governments where the migrants coming from should work hard in creating job opportunities and economic development. Rural economic development is a crucial element in preventing unnecessary rural-urban migration and informal economy growth in the urban area.

- The shifting from the informal economy into the formal should be facilitated. By providing loans and encouraging them to establish formal shops by giving training, skills can be taken into consideration.
- The conflict between law enforcement and street traders is a day-to-day phenomenon. It is very necessary to have solutions. The law enforcement bodies should work hard considering the human rights issues and use of force. One way of solving the problems of increasing street vending activities can be by providing vendors with a specific location for trading. It can be done with the help of local clubs giving them responsibility for controlling and managing the surrounding environs such other locations can also be identified and provided for trading that can protect the livelihoods right of the vendors and manage the city environment.
- Urban planning and economic development strategies should clearly recognize street vendors' plays a significant role in generating economic activity, creating job opportunities, and bringing retail goods to consumers.

5.4. Limitations and Direction for Future Research

This study focused on in Addis Ababa the case of Yeka sub city due to massive informal operators are existence.

This study only focus on Yeka sub city it is good to include all sub city to get better result which indicate the context of informal economy in the city. This calls for further research to investigate the possible relationship between rural-urban migration and informal economy activities in Addis Ababa. Additionally it is good to study to evaluation the city development framework in relation with informal economy activity.

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Appendixes

Addis Ababa University

College of Development Studies

Appendix I

Questionnaire for Street Trader

This questionnaire is designed to investigate “The effect of Rural – Urban migration on informal economy sector (In Addis Ababa: the case of Yeka sub city).” The researcher kindly reminds the respondents that the response given will be used only as an input for the research work. Please do not ignore any of the questions; your responses are essential in getting accurate information for the topic under study. Thank you for taking time to answer the questions. Please encircle the appropriate alternative.

Section 1: Respondent Data

1. Sex: A) Male B) Female
2. Age: A) 14-25 B) 26-35 C) 36-50 D) >51
3. Marital Status: A) Single B) Married C) Divorced D) Widowed
4. Do you have children? A) Yes B) No
5. How many? _____
6. Educational level: A) Illiterate B) Primary (1_8) C) Secondary (9_12)
 D) College Diploma E) 1st Degree and above

Section 2: Regarding informal economy (Street Trader)

1. Where are you from? From Addis?
 A) Yes B) No
2. If not from Addis Ababa, from which region?
 A) SNNRS: _____ B) Amhara: _____ C) Oromia: _____

D) Sidama: _____ E) _____

3. How long have you been in Addis Ababa?

A) 1-2 years B) 3-4 years C) 5-7 years D) more than 7 years

4. Why did you leave your origin?

A) In search of job B) Lack of farmland C) Lack of Educational opportunities

D) Harshness of rural life E) other _____

5. Why do you choose Addis Ababa?

A) A better job opportunity B) Family reunion C) Peer pressure

D) _____

6. What was your main occupation before coming to this place?

A) Student B) farmer C) merchant

D) Daily laborer E) no work F) other _____

7. If the choice b, c, and d, how do you relate/compare your present occupation with previous business?

A) Happy B) Neutral C) not happy

8. How do you compare your income before and after this business?

9. What is your first occupation in Addis Ababa? A) House maid B) Street trader

C) Daily laborer D) Construction worker E) other

10. If your work is not street trader first how you compare with previous work?

A) Very good B) good C) Similar D) not good

11. How long have you been participating in street trader? _____

12. Are you happy being street trader? A) Yes B) No

13. Are you regularly visiting your home village?

A) Yes B) No and if No, why not?.....

14. If "Yes" why do you visit?

A) Only to see my family B) to support my family
C) Holiday D) _____

15. If "No" why?

A) Do not have money B) I do not have family C) the family expect money
D) peer pressure E) other _____

16. How long have you been working in this job (Street trader)?

A) 1-2 years B) 3-4 years C) 5-6 years D) more than 7 years

17. Do you like being street trader?

A) Yes B) No

18. If "Yes" why?

A) I make good money B) I help my family C) I pay for education
D) _____

19. If "No" why?

A) I did not make good money B) law enforcement

C) No working place D) other: _____

20. What was the source of start-up capital for your current/business activity?

A) Personal Saving B) Borrowing from family, friends or relative
C) Assistance from family, friends or relatives
D) Can they borrow from micro finance? E) _____

21. What were the serious difficulties you faced when you started your current work/business? Multiple answers are possible.

A) Lack of start-up capital/Seed money B) Inadequate skill
C) Police harassment D) Other _____

22. Do you have employees in your current work/business?

A) Yes

B) No

24. If "Yes", how many workers? A) 1-2 B) 3-4 C) 5-6 D) More than 6

25. Do you want to change your work/business activity?

A) Yes

B) No

24. If "Yes" why? A) I did not make good money B) law enforcement

C) No working place

D) other: _____

Thank You.

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Appendix II

Interview guide for Government Officials

The purpose of this interview is only academic and will not be used for any other purposes. Each respondent is assured that any response provided will not be publicized in the future. All the information will be treated anonymously and confidentially so that it cannot be traced back to the respondent.

A) Personal Data of Respondent

1. Name _____
2. Educational level: _____
3. General work experience: _____
4. Current Position: _____

B) Question related to Informal economy (Street trader)

1. How do you assess the informal trade situation in your sub city?
2. Do you have any information about the origin of the street vendors?
3. Why is the number of street trader increasing?
4. How is the increasing number of street vendors impacting on the development of the sub city?
5. What are the factors that contribute for the growth of informal economy sector in your area?
6. How are you dealing with the situation? /how are you managing it?
7. What challenges do you encounter in dealing with the issues of street trader?
8. Do you have any suggestions regarding improving to the situation?

