

**FORMALISATION OF STREET VENDORS' BUSINESSES IN
DAR ES SALAAM CITY, TANZANIA**

Constantine George

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**FORMALISATION OF STREET VENDORS' BUSINESSES IN
DAR ES SALAAM CITY, TANZANIA**

By

Constantine George

**A Thesis Submitted in Fulfilment of the Requirement for the Degree of
Doctor of Philosophy (Development Studies) of the
University of Dar es Salaam**

**University of Dar es Salaam
September, 2022**

CERTIFICATION

The undersigned certify that they have read and hereby recommend for acceptance by the University of Dar es Salaam a thesis titled: ***“Formalisation of Street Vendors’ Businesses in Dar es Salaam City, Tanzania,”*** in fulfilment of the requirements for the degree of Doctor of Philosophy (Development Studies) of the University of Dar es Salaam.

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DEDICATION

To my beloved parents, the late George A. Simba and Beatha Valerian Mushi.

LIST OF ABBREVIATIONS AND ACRONYMS

BARA	Business Activities Registration Act
BEST	Business Environment Strengthening for Tanzania
BRELA	Business Registration and Licensing Agency
CBD	Central Business District
CCM	Chama Cha Mapinduzi
CDO	Community Development Officer
CSR	Corporate Social Responsibility
DANIDA	Danish International Development Agency
DC	District Commissioner
DED	District Executive Director
FGDs	Focus Group Discussions
FINCA	Foundation for International Community Assistance
GDP	Gross Domestic Product
GIZ	German Agency for International Co-operation
ICLS	International Conference of Labour statisticians
IDI	In-depth Interview
ID	Identification Card
IDS	Institute of Development Studies
IFC	International Finance Corporation
ILD	Institute of Liberty and Democracy
ILFS	Integrated Labour Force Survey
ILO	International Labour Organisation
IS	Informal Sector
ISO	International Organisation for Standardisation
JKT	Jeshi la Kujenga Taifa
KAWASSO	Kariakoo Wamachinga Association
LATRA	Land Transport Regulatory Authority
LGA	Local Government Authorities
MEO	Mtaa Executive Officer
MIT	Ministry of Industry and Trade

MKURABITA (PBFP)	Mpango wa Kurasimisha Rasilimali na Biashara za Wanyonge Tanzania The Property and Business Formalization Programme
MoU	Memorandum of Understanding
MSME	Micro, Small, & Medium Enterprises
NASVI	National Association of Street Vendors in India
n. d	No date
NEEC	National Economic Empowerment Council
NGO	Non-Governmental Organisation
NHIF	National Health Insurance Fund
NPUSV	National Policy on Urban Street Vendors
NSSF	National Social Security Fund
PIBA	Pretoria Informal Business Association
PMO	Prime Minister's Office
PPP	Public Private Partnership
RC	Regional Commissioner
RTD	Radio Tanzania - Dar es Salaam
SACCOS	Savings and Credit Co-operative Societies
SALGA	South African Local Government Association
SARE	System of Fast-Opening of Firms
SCP	Sustainable Cities Programme
SDP	Sustainable Dar es Salaam Project
SEWA	Self-Employed Women Association
SHIUMAT	Shirikisho la Umoja wa Wamachinga Tanzania
SME	Small and Medium Enterprises
SSA	Sub-Saharan Africa
SUMATRA	Surface and Marine Transport Regulatory Authority
SV	Street Vendors
TANESCO	Tanzania Electric Supply Company
TANROAD	Tanzania National Roads Agency
TBS	Tanzania Bureau of Standards
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture

TFDA	Tanzania Food and Drugs Authority
TIN	Tax Identification Number
TO	Trade Officer
TPSF	Tanzania Private Sector Foundation
TRA	Tanzania Revenue Authority
TZS	Tanzanian Shillings
UKAWA	Swahili abbreviation for “Coalition of the Defenders of the Citizens’ Constitution”
UKUTA	Swahili abbreviation for “Alliance Against Dictatorship in Tanzania”
UN	United Nations
UNCHS	United Nations Conference on Human Settlements
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
URT	United Republic of Tanzania
USAID	United States Agency for International Development
USD	United States Dollar
UWEP	Urban Women Self-Employment Programme
VIBINDO	Association of Small-Scale Businesses
VICOBA	Village Community Banking
WC	Ward Councillor
WCDO	Ward Community Development Officer
WDC	Ward Development Committee
WEO	Ward Executive Officer
WIEGO	Women in Informal Employment: Globalising and Organising

ABSTRACT

The study explored why the formalisation of street vendor businesses in Dar es Salaam has not materialised regardless of the associated benefits for the street vendors and concerted government efforts. Specifically, it set out to analyse the initiatives available for formalising street vending businesses; examine the extent of the participation of street vendors in the formalisation process; establish the reasons for the success and failure of the formalisation of street vending businesses, and propose viable ways that can be used to formalise street vendors' businesses. The study employed forbearance theory supplemented with informality views (exclusion and exit). It was mainly a qualitative case study design complemented by the quantitative approach. The former used interviews, focus group discussions, observation and documentary review methods, while the latter used questionnaires in the data collection. The key findings from the study have indicated that since the 1980s, the government has undertaken various initiatives to formalise street vending businesses, including simplifying laws and regulations, allocation and construction of business premises, enforcement of regulations and introducing small entrepreneurs' identity cards. The findings further reveal a low level of participation (21%) by street vendors in the formalisation processes, weak street vendors' associations or representations to voice their grievances to the government, and hence, weak lobbying power. Additionally, results show that some achievements or success made towards formalisation were contributed by committed government leaders, involvement and negotiation between the vendors and government and strong Wamachinga leadership and associations in some areas. On the contrary, limited correctly designated vending areas with a high footfall and poor infrastructure and services, formalization entry costs and the costs of remaining formal, non-enforcement and insufficient capacity to enforce the laws impeded formalization process. These issues have been exacerbated by politicians who have used the issue of street vendors for political gain, mostly at election time. The study concludes that street vending is an alternative to job creation and a source of livelihoods for the urban poor and unemployed. However, urban authorities still consider street vending activity as operating outside the existing legal framework and protected by politicians. It is difficult for formalisation to succeed if there is no government commitment to address the challenge of political interference. The study recommends that the concept, processes and opportunities of business formalisation be clear and understood by street vendors and other stakeholders. The study also suggests the provision of incentives through various methods, such as affordable financial services, simplified registration, reduced entry and post formalisation costs, as well as adequate and conducive trading premises. Additionally, there should be disincentive (enforcement of laws and penalties) for those who operate informally. Furthermore, it recommends a participatory approach to developing and implementing a national policy for street vendors and other matters regarding street vendors. This can be done by strengthening the involvement nationwide of street vendors' representatives and other relevant stakeholders. Finally, the study calls for improving the design and implementation of the *Wamachinga* ID strategy by conducting a thorough and participatory assessment of who can pay what, where to operate, and the proper overall management of the process.

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CHAPTER ONE

INTRODUCTION

1.1 General Introduction

WIEGO (2021)¹ defines an informal economy as a diverse array of economic-based activities, enterprises, employment, and people that are neither regulated nor protected by the state. Formerly, the concept referred to self-employment in local, unregulated enterprises. This definition has expanded to include paid work in non-protected positions. According to ILO (2018), more than 60 percent of the world's employed population earns their livelihood in the informal economy. Evidence shows that most people enter the informal economy not by choice but because of a lack of opportunities in the formal economy and the absence of other means of earning a livelihood.

According to Medina *et al.* (2016) and Dell'Anno *et al.* (2016), the segment of the informal economy in Sub-Saharan Africa (SSA) remains one of the largest in the world, even though this share has gradually been declining, consistent with the global trend. There is significant heterogeneity regarding the size of the informal sector in SSA, ranging from a low of 20 to 25 percent in Mauritius, South Africa, and Namibia to a high of 50 to 65 percent in Benin, Tanzania, and Nigeria (Medina *et al.*, 2016). Moreover, a large informal economy has negative economic effects at both macro and micro levels. Such economic effects include poor labour conditions, a poor tax basis, poor coverage of social protection and a negative influence on macro-economic growth (ILO, 2014). The term informal can refer to the informality of the employees and the enterprises/businesses. This study focuses on informal businesses.

Street vending is one of the most visible activities in the informal economy across cities and towns in SSA and developing countries (Mitullah, 2003; Ndhlovu, 2011). Street vending is not only one of the options for earning a living in the face of increasing poverty, but it also has a considerable capacity to offset urban

¹ <https://www.wiego.org/informal-economy>

unemployment and alleviate poverty (Tripp, 1997; Jimu, 2005; Mramba, 2015; Batréau & Bonnet, 2015). Bhowmik and Saha (2011) contend that the proportion of this segment has been growing significantly over the past few decades.

Riley and Legwegoh (2014) contend that street vendors contribute to the food security of many poor urban residents. Mengistu and Jibat (2015) proffer that informal activities and street vending serve as a safety net for disadvantaged people in developing countries. Indeed, in many ways, street vending fulfills essential functions within urban areas (Jongh, 2015). It further provides a flexible link in the commercial supply chains, gives vitality to urban streets and provides affordable goods and services for many urban residents (Bhatt & Jariwala, 2018). In other words, street vending businesses constitute one of the essential components of modern urban economies, as well as a prominent element in the broad informal sector.

To address the challenge to informality, governments worldwide seek to improve the informal economy by introducing different strategies and programmes to motivate the formalisation of informal enterprises. Such policies include the simplification of the administrative processes for registration, for example, one-stop-shopping that integrates all procedures necessary for business registration (Bruhn, 2011; Bruhn & McKenzie, 2013); the provision of information about the business regulations, rules and pre-requisites for enterprises to register (De Giorgi & Rahman 2013; De Mel *et al.*, 2013); and lowering of the costs of becoming and remaining formal, including entry costs, taxes, fees, social contributions, and the costs of compliance (Garcia-Bolivar 2006; Jaramillo, 2009).

Tanzania is no exception because it has continuously worked to formalize the informal sector and street vendors' businesses in particular. It is seen as a way of addressing employment challenges, promoting inclusive economic growth, expanding the revenue base and making the business environment competitive and more attractive to investors (Msoka, 2007; Olomi & Charles, 2016). By operating outside the legal framework, informal enterprises delink from the formal market mechanisms. This situation denies their legal recognition, freedom of operation,

and ready access to strategic opportunities and services, including the finance and institutionalised markets.

Some of the initiatives aimed to formalise street vending businesses include workspace acquisition and construction, regulatory simplification, and the introduction of small entrepreneurs' identity cards, which offered opportunities for *Wamachinga* (small-scale street sellers or hawkers) to organise and assert their rights of doing their business even though such IDs still need law enforcement to avoid ambiguity (Musoni, 2010; India, 2015, Steiler & Nyirenda, 2021). Overall, the street vendors' businesses in Tanzania, like many other developing economies, still flourish and develop rapidly, propelled by rural-urban migration. This study, therefore, sought to understand why the formalisation of street vending businesses in Dar es Salaam city is failing to materialise despite concerted government efforts and associated benefits of formalisation.

This introductory chapter is organised in seven parts: Background information and context (1.2), statement of the problem (1.3), research objectives (1.4), research questions guiding the study (1.5), the significance of the study (1.6) and, finally, thesis layout (1.7).

1.2 Background to the Study

In many African countries, particularly in SSA, as population rapidly grows so does the number of people living in urban areas (Uwitije, 2016). The population growth in the urban areas is a combined result of youth migration to the cities, natural growth and the re-classification of rural areas as towns (Bagachwa & Naho, 1994; UN, 2001; Msoka, 2017). The proportion increased from 26.5 percent to 33.3 percent between 1990 and 2000 (UN, 2001; Shami & Majid, 2014). Moreover, by 2050, 68 percent of the world's population will live in urban areas (UN, 2018).

Tanzania, like many other countries in Sub-Saharan Africa, has been experiencing rapid urbanisation primarily because of the increased rural-urban migration of youths. Tanzania's estimated annual urban population change rate is pegged at 5.2

percent, which the number of urbanites projected to rise from 19,959,000 in 2018 to 35,529,000 in 2030, and even further to 76,542,000 in 2050 (United Nations[UN], 2019). Likewise, the 2012 census showed a higher growth percentage per annum in urban areas (5%) than for the general population (3%), with Dar es Salaam's growth being the highest (7%) as reported by the United Republic of Tanzania (URT, 2013). According to the UN-Population estimates, Dar es Salaam city is expected to have a population of over 10 million by 2030 (Knoema, 2021). It is projected to assume a megacity status by 2030 (UN, 2019).

Economic growth, however, has not kept pace with the population growth, which outstrips the capacity of both the industrial and urban social services to effectively absorb the mounting labour force (UN-Habitat, 2008). Many developing countries are experiencing unsustainable urban growth, and, consequently, poverty prevalence remains high, increasing the number of urban poor. Thus, many of the poor have turned to the urban informal sector for their livelihoods or as an accumulation strategy (Holm, 1992; Cohen, 2004; Muiruri, 2010). Some engage in the sector as a survival strategy or while awaiting formal sector jobs, and so are there only temporally.

In sub-Saharan Africa, the informal economy remains a central supplier of urban jobs for the teeming number of urban poor (Brown *et al.*, 2009). Indeed, in Africa, every eight out of ten people work informally (ILO, 2018). Street vending has become one of the most visible activities in the informal economy in cities and towns of the SSA and developing countries (Mitullah, 2003; Ndhlovu, 2011). Street vending has been defined differently by various authors. Still, these diverse definitions have a common denominator on which they concur—the location of trade. The term street vending, as a concept, has a broad meaning. However, this study refers to stationary trading without appropriate legal business permits, trading outside formally-designated trading locations or in designated temporary areas which preclude tax paying or severely limit such tax obligations (Cross, 1998; Lyons & Snoxell 2005; Bhowmik 2005).

In this study, a worker operating under such definitional conditions is famously recognized by the Kiswahili term “*Machinga*” (“*Wamachinga*” in plural), which means street vendor, street trader, small informal/petty trader, or small entrepreneur. These terms are used interchangeably. In developing countries, Tanzania included, it is hard to obtain precise statistics for informal business operators, particularly street vendors. In 2007, Lyons and Msoka (2008) estimated that there were 700,000 street vendors in Dar es Salaam city. This number is rather conservative, as the city authorities’ estimates for 2014 indicate a figure of more than a million (Mramba, 2015). Street vendors form the largest sub-group of the informal workforce after home-based workers. These groups comprise 10-35 percent of the non-agricultural workforce in developing countries, compared with five percent of the total workforce in developed countries (ILO, 2002).

As in most African countries, the rapid growth in imports in absolute terms and, importantly, concerning GDP growth reflects a structural shift in the economy to services and commerce (Lyons & Brown, 2009). This shift is evident in the informal economy, with most new informal-sector jobs being in commerce (notably street trading) rather than petty manufacturing (Lyons & Msoka, 2009). In 2005, the Institute of Liberty and Democracy (ILD) estimated that 55 percent of Dar es Salaam’s small businesses were in commerce, with 30 percent in services and only 15 percent in manufacturing (ILD, 2005).

Street vending is not only one of the options for earning a living in the face of increasing poverty but also has a resilient capacity to offset urban unemployment and alleviate poverty (Tripp, 1997; Jimu, 2005; Mramba, 2015; Batréau & Bonnet, 2015). Also, Riley and Legwegoh (2014) pointed out that research on different cities suggests that street vendors contribute to the food security of many poor urban-based residents. In Bangladesh, the findings show that street vendors play a significant role in the country's economic development by creating self-employment opportunities, generating income and saving a specific portion of their income (Moniruzzaman *et al.*, 2018).

Street vendors' businesses are an answer as they provide an alternative solution to the growing army of urban jobless. Some researches demonstrate that the informal economic growth of street vendors (SVs) provides income to millions of poor people who otherwise burden the government socially and economically, especially the poor citizens living in cities all over the world (Shamsad, 2007). Mengistu and Jibat (2015) also assert that informal activities and street vending serve as a safety net for disadvantaged people in developing countries. In many ways, street vending fulfills essential functions within urban areas (Jongh, 2015). Moreover, it provides a flexible link in the commercial supply chains and adds vitality to urban streets in addition to providing affordable goods and services for many urban residents (Bhatt & Jariwala, 2018).

The motive for entering the informal economy and street vending businesses is due to its characteristics of easy entry, flexibility, and low capital, whereas most vendors have fewer skills and less investment, labour-intensive technology, and unregulated and competitive markets (Papola, 1980; Olomi & Charles, 2016; Mramba, 2015; Williams, n.d.; Uwitije, 2016). Consequently, this area attracts many people who lack other means of livelihood, especially the urban poor (Ndhlovu, 2011). Similarly, the exclusion theory treats informal firms as likely to be productive but tied to involuntary informality due to a lack of finance and skills, bureaucratic paper walls, governmental regulations, and high taxation (Granström, 2009). Bhowmik and Saha (2012) further assert that the people in this sector have no social security cover, such as old-age pensions, and so continue working until they die; the only thing that change is the mode of vending. Although street vendors' businesses severally contribute to the national economy (job creation, selling goods and services at affordable prices, and manufacturing), their formalisation in many developing countries has yet to receive appropriate consideration.

According to Igudia *et al.* (2022) and Uwitije (2016), street vending, which operates outside the formal legal framework, is characterised by violating the zoning codes and non-compliance with the labour codes and tax liabilities. Street vending is also not documented as a legal activity as most governments do

worldwide. Government officers treat these vending activities as obstacles to the city's development (Ndhlovu, 2011; Njaya, 2014; Bhatt & Jariwala, 2018). As street vending exacerbates congestion at busy sites, city by-laws in Sub-Saharan Africa either make it hard for street traders to operate in the city or consider them illegal occupants or, hence, largely unprotected (Ndhlovu, 2011; Manoko, 2012; Gosebo, 2016).

Few countries, such as South Africa, are exceptional in the region as they legally recognise and protect street vendors (Mitullah, 2003; Njaya, 2014; Mramba, 2015). In 2016, Tanzania's president issued an order to allow street vendors' operations in restricted and unrestricted areas. This directive was followed by the issuance of identity cards to the *Wamachinga* in 2018 as an initiative to recognise their vending businesses. Unfortunately, no formulated law exists to support this strategy. Street vendors in many SSA cities and towns undertake their business with no legal status in constant fear of city police harassment, confiscation of their goods, fines, corruption or jail (WIEGO, 2013; Msoka, 2007; Ishengoma & Kappel, 2006). Mitullah (2003) indicates that urban authorities in Sub-Saharan Africa, except in South Africa, operate under outdated policies and regulations that emphasise the illegality of street trading.

In Tanzania, in particular, during the colonial period and later, after the country gained independence from Britain, informal livelihood activities were not recognised as activities to be accommodated in the policies and regulations governing land use (Babere, 2013). The Tanzania government, for many years, in different periods, has attempted to drive away street vendors to curb tax evasion, clean up the city, which is becoming less competitive and attractive to investors, control the spread of cholera, manage the growing levels of crime, and reduce the congestion in the city regarding both pedestrians and cars (Msoka, 2007).

Despite the efforts by the Tanzania government to restrict and remove petty traders from Dar es Salaam city, particularly in the 1970s, street vending grew quickly from 1986 to 1990. It was when the government was adjusting the economy's structure from a state-owned and directed economy to a market-based one, with

the private sector dominating the scene. During this period, many people lost their job because of either the closure of the state companies or the privatisation/restructuring of the then public corporations. Those who finished their studies at different levels were unable to get a job because the companies were downsizing or unable to employ new people due to low production levels. One set of explanatory factors for the economic crisis was the internal reasons associated with the inefficiency and lack of capability to manage the modern sector. The second was the external factors, which shocked the economy differently. Tanzania, which attempts to industrialise while still depending on externally-produced machines, technology and even some raw materials, had to contend with all kinds of external resistance to the industrialisation idea (Msoka, 2007).

Moreover, Tanzania was funding all its imports through agricultural produce exports, implying that low prices on the world market adversely affected its economy and frustrated industrialisation efforts. In the late 1970s and 1980s, the export markets for agricultural produce were poor, and hence, the export earnings of the country declined. The price falls for certain cash crops, such as coffee and cotton, pushed some farmers outside the sector. This experience made the agricultural sector unattractive to the youth, and hence, they embarked on the rural-to-urban drift.

In response, the government enacted the 1983 Human Resources Deployment Act, which required every non-disabled person to be productively engaged. The Act introduced the *nguvu kazi* (labour power) minor license that allowed street vendors to trade. The *nguvu kazi* license could only be issued to operators who had temporary premises to engage traders in productive work and contribute to the government revenue in Dar es Salaam city. Similarly, the 1992-2007 Sustainable Dar es Salaam Project (SDP), supported by the UN-Habitat global Sustainable Cities Programme (SCP), led to the formation of Managing Informal Micro-Trade. The Working Group developed an action plan using a participatory policy, area-based and street traders-led management (Nnkya, 2006). This action plan resulted

in the construction of working spaces for small traders (Makumbusho, Stereo, and Mama Lishe at the University of Dar es Salaam).

Moreover, the governments of several developing countries reformed their tax systems in the at least past two decades (Joshi & Ayee, 2002). The aim was to facilitate the more equitable widening of the tax base by raising more revenue from the informal sector to improve domestic resource mobilisation (ILO, 2002; Rutasitara *et al.*, 2010; Fjeldstad, 2013; Udoh, 2015). The sector accounts for a high percentage of tax defaulters, with the increasing cases of tax evasion leading to gaps in government revenue (Msoka, 2007; TRA, 2011; Udoh, 2015; Mramba, 2015). Some businesses deliberately choose to remain informal to evade tax, avoid tax reporting or under-report tax, and instead, some offer non-transparent records to evade tax (Joshi, & Ayee, 2002; Aikaeli & Mkenda, 2014). As a result, the government loses a lot of revenue from this sector (Mgoya, 2013; Mramba, 2015). This non-payment of taxes also causes them an unfair advantage which allows them to benefit from unfair competition with the formal sector, which pays different and more numerous taxes (Joshi *et al.*, 2014).

Rutasitara *et al.* (2010) contended that informal sector operators might voluntarily become organised to obtain public services or facilitation, particularly if the government seems trustworthy. The taxation of the informal sector then becomes possible through their association(s) since the authorities can reach many enterprises at a reasonable cost (Rutasitara *et al.*, 2010; Olomi & Charles, 2016). With a long-run objective, strategic formalisation is one of the best ways to sustainably tax the informal sector (Rutasitara *et al.*, 2010; ILO, 2002; USAID, 2005) and can lead to more rapid growth as formal sector firms tend to grow faster than informal ones (Becker, 2004).

However, questions of causality remain since there are no clearcut answers on whether these firms grow faster because they are formal and whether informal firms with significant growth prospects formalise (Joshi *et al.*, 2014). A few recent studies have offered more nuanced, robust evidence on the causal impact of formalisation by controlling for the unobservable features of firms or employing

experimental methods. For instance, drawing on panel data on micro-firms in Mexico and controlling for a wide range of firm characteristics that proxy for the economic potential of firms, Fajnzylber *et al.* (2009) found that formalisation, through offering access to credit, training, tax payments, and participation in business associations, has positive effects on firm profits and survival by allowing firms to reach their optimal size.

Furthermore, Rand and Torm (2012) explored the impact of formalisation on small and medium enterprises (SMEs) in Vietnam by employing a matched double-difference approach and found a positive effect on profits, investments, and the formality of labour contracts. McKenzie and Sakho (2010) examined micro firms in Bolivia, using the distance from the tax office as an instrument for informality, to establish the causal role of formalisation and found that formalisation in the form of registration with the tax authorities increased firm profitability but only for mid-sized firms. McCulloch *et al.* (2010) similarly employed instrumental variables to examine small firms in Indonesia. They found that the impact of formalisation on sales is heterogeneous across firms, with the primary benefits occurring for mid-sized firms with higher employment levels. Interestingly, they attribute an important part of these gains to reduced tax payments and exposure to corruption following formalisation, thus highlighting the risk of harassment informal firms face.

Fajnzylber *et al.* (2009b) used a regression discontinuity design to exploit a natural experiment offered by the reforms introduced in Brazil in 1996 that made it easier for small firms to formalise their operations. They also found a positive impact of formalisation on the revenues and profits and attributed these gains to adopting more permanent production techniques and staffing. Finally, De Mel *et al.* (2012) employed a controlled experiment in Sri Lanka that randomised the availability of incentives for small firms to formalise their ventures. They found that a small group of these firms experience significant income benefits, but most experience no substantial changes in income.

Even though extant literature highlights the benefits of formalisation, it equally highlights how these impacts are heterogeneous across firm types. The smallest firms are frequently least able to reap the benefits of formalisation, with mid-sized firms experiencing the largest improvements. A survey of the informal micro-firms in Mexico conducted by McKenzie and Woodruff (2006) provides a possible explanation, which is echoed in the literature. Many micro-businesses assert that the benefits of formalisation, although real, are insufficiently high or exclusive to provide an incentive to formalise their business ventures. When micro-businesses can rely on informal credit mechanisms, the perceived added value of formalisation remains largely limited. Another reason is that micro-businesses have different underlying interests compared with larger firms. Many micro-businesses are operated by individuals who are not entrepreneurs but await an opportunity to obtain a salaried job or run micro businesses in parallel with other employment to supplement their income (Maloney, 2004). In such circumstances, business expansion may not be a central motivation, and formalisation is likely to be off the table as it would be deemed irrelevant and potentially costly.

Formalisation may, in some cases, protect informal firms from harassment and arbitrary state repressive behaviour, and open new business opportunities. However, in other contexts, engagement with the state may exacerbate the risks and propel exploitative formalisation, while producing few options. Equally significant, these relationships may vary across firms, reflecting divergent ‘dynamics of inclusion and exclusion’ that privilege some firms while disadvantaging others (Schomerus & Titeca, 2012).

Recently, a convincing body of evidence that formalisation can drive broader economic gains has emerged. However, there remains significant uncertainty about whether the smallest micro-firms can benefit from such an arrangement. There is continuing uncertainty about which channels are the most important in driving the economic gains from formalisation. Finally, there is a need to recognise that the actual outcomes for firms regarding reduced harassment, predictability, and new opportunities can vary and be shaped by power relations and political networks linking the state and individual firms in particular contexts. For some time,

formalising informal entrepreneurship and ensuring that more decent jobs are available has been an integral part of the development discourse signaled by ILO. In 2015, ILO overwhelmingly voted for the formalisation of the informal economy, as enshrined in Recommendation 204 (ILO, 2015).

Several scholars have argued that the street vending sub-sector and informal sector, in general, tend to prefer to remain informal because, to some extent, this provides a way to escape accrued costs (e.g., taxes, licensing, health requirements, standards, marketing rights, copyright, royalties, etc.). On the other hand, non-formalisation can block their access to specific opportunities available to formal firms (USAID, 2005; Mutakyahwa, 2012; Joshi *et al.*, 2014), such as reduced harassment and evictions by the police and municipal officials, security services, a reduced need to pay bribes, shutting down to avoid taxes, access to credit, increased opportunities to engage with large firms and government contracts, and access to broader training and support programmes, among many others (USAID, 2005; Joshi *et al.*, 2014; Olomi & Charles, 2016; Adom, 2016). In most cases, the sector is challenged by limited and unstable security, unfavourable or absent policies, institutionalised markets and protection by state law enforcement (Olomi & Charles, 2016; Ishengoma & Kappel, 2006; Lyons & Brown, n. d).

On the other hand, the term ‘formalisation’ has attracted various definitions. Adom (2016) argues that, in some sense, it is concerned with informal workers registering their enterprises. Others also emphasise practicing basic book-keeping principles by recording activities and the like (Adom, 2016). Unni (2018) stated that there are two views in the debate on formalising the informal economy: The capital view considers the inclusion of enterprises within the formal tax and financial systems, and the labour view thinks the inclusion of workers within the social protection system. Those that argue that inclusion in the tax net or transactions through formal banking channels constitute formality are more concerned about the inclusion of enterprises in the formal accountable and traceable systems.

At a Research Conference on the Informal Economy at Harvard University, participants argued that the capital view of formalisation does not necessarily amount to formalisation, but simply “normalisation,” as all enterprises and workers are included in the same “net” (Unni, 2018). The lens of labour formalisation occurs when workers are included in the social security systems. The perspective from the labour view is broader as it considers redistribution, tackling poverty, inequality, and vulnerability. ILO in 2015 moved further with the formalisation agenda under Recommendation 204 (ILO, 2015). Formalisation is, however, crucial in achieving sustainable development goals, especially Goal 8, aimed to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; Goal 1 seeks to end poverty in all its forms everywhere; and Goal 5, which strives to achieve gender equality and empower all women and girls (ILO, 2015; Hawkes & Popkin, 2015; United Nations, 2015). Overall, what constitutes formalisation presently remains largely ambiguous.

Regarding this study, a working definition of formalisation of street vendors’ businesses was adopted to clarify inclusion and exclusion. Formalisation refers to a state of local government authorities identifying and initially registering a hitherto informal entity to operate under-recognised and designated sites, including adhering to the specified laws and regulations and complying with paying taxes/fees.

Given the sector’s potential, the Tanzania government has made several efforts to formalise the informal sector as a means of addressing unemployment and inclusive economic development and expanding its revenue base (Olomi & Charles, 2016). Some of those efforts to formalise vendors’ businesses include the provision of workspaces. For example, Ilala Municipal Council in Dar es Salaam borrowed funds from a National Social Security Fund (NSSF) to build a complex for hawkers, commonly known in Kiswahili as ‘Wamachinga,’ which was completed in 2011 (Olomi & Charles, 2016; VIBINDO, 2017). The building, famously known as the “Machinga Complex,” contains 4,500 trading spaces, including 4,206 stalls, eight storage rooms, 33 food vending spaces and 68 kiosks.

However, all these spaces remain largely unoccupied, thus making it impossible to repay the loan acquired for its construction (Olomi & Charles, 2016).

In addition, the Business Activities Registration Act 2007 (BARA) was enacted to simplify and register (formalise) every business using registrars of businesses within every local government authority (URT, 2007; Sinare, 2015). Furthermore, the Property and Business Formalisation Strategy (MKURABITA), a government initiative, seeks to establish a legal and institutional framework which can facilitate the effective formalisation of extra-legal real estate and business assets.

The Local Government Authorities (LGAs), through the community development department at the municipal, district and ward levels, also encourage and facilitate traders' forming of economic groups through which they can access training, financial advice and awareness services from the local government and other development stakeholders. Likewise, the enforcement of street vending formalisation orders, laws and regulations are implemented mainly by local governments, which hire special security personnel for this purpose. Given a large number of operators, the local authorities also contract private firms to collect levies and fine defaulters or operators who infringe the by-laws (Olomi & Charles, 2016). In 2018, the Tanzania government introduced special identification cards for small entrepreneurs as a strategy for recognizing and formalizing small informal businesses in Tanzania.

These efforts aimed to promote formalisation notwithstanding, informality in Tanzania in the form of street vendors' businesses, as in many other developing economies, continue to flourish. By operating outside the legal framework, informal enterprises operate outside the formal market mechanisms. This situation denies their legal recognition, freedom of operation and ready access to strategic opportunities and services, including finance, institutionalised markets and protection by the state through law enforcement.

1.3 Statement of the Problem

The Tanzania government has made efforts to formalise street vendors' businesses in the country, including by simplifying the business registration process,

providing work premises, and enforcing regulations in addition to building capacity. Despite all these efforts, the sector still suffers from poor access to basic workspaces and business services, including finance, institutionalised markets, and protection by state law enforcement. Formalisation is beneficial to the operators and economic growth. These benefits include access to financial services, security services, a reduced need to pay bribes, reduced police evictions, and shutting down to avoid taxes, which should have acted as a pull factor for operators to formalise their businesses.

Despite government efforts and initiatives aimed to promote business formalisation as a strategy to slow down the growth of the informal sector, it continues to thrive unabated, with millions of people mostly engaged in vending activities that are unrecorded and undocumented, hence operating outside the official ambit, with no social security cover, legally unrecognised and unprotected. This study, therefore, intended to find out why, despite the implementation of various formalisation initiatives by the government and the related benefits, street vendors have failed to attain the expected realisation of formalising their businesses.

1.4 Objectives of the Study

1.4.1 General objective

The main objective of this study was to explore why the formalisation of street vendors' businesses in Dar es Salaam city has not materialised despite concerted government efforts.

1.4.2 Specific objectives

Specifically, the study set out to:

- i. Analyse the initiatives available for formalising street vending businesses in Dar es Salaam city.
- ii. Examine the extent of the participation of street vendors in the formalisation process in Dar es Salaam city.

- iii. Establish the reasons for the success or failure of the formalisation of street vending businesses in Dar es Salaam city.
- iv. Explore viable ways to facilitate the formalisation of street vendors' businesses in Dar es Salaam.

1.5 Research Questions

- i. What initiatives are available for formalising street vending businesses in Dar es Salaam?
- ii. To what extent are street vendors participating in the formalisation process in Dar es Salaam city?
- iii. What reasons are behind the success or failure of the formalisation of street vendors' businesses in Dar es Salaam city?
- iv. What viable ways can facilitate the formalisation of street vendors' businesses in Dar es Salaam?

1.6 Significance of the Study

The findings of this study have both empirical and practical significance. Firstly, at the empirical level, many studies on street vending, particularly in Sub-Saharan Africa, have focused on why street vendors exist and the pros and cons of vending while not paying much attention to why despite various initiatives by the government and other stakeholders, street vendors are not formalising their businesses. This study, therefore, adds to the body of knowledge on the street vending formalisation and attendant challenges as well as potential solutions, albeit in the particularised context of Tanzania. Secondly, at the practical level, the study has brought to light the challenges impeding the implementation of government efforts to formalise street vendors' businesses and understand how municipalities should strive to overcome these challenges.

In addition, to generate practical information that will inform policy-makers to understand the dynamics of formalising street vendors' businesses by considering the stakeholders' participation in the planning and implementation processes. Local development practitioners would also gain better insights into managing the

problem of street vending based on the opportunities for intervention and policy gaps the study has identified. For example, as an alternative to the government's regulatory model, the municipality should devolve some of its management and control activities to the operators' organisations and other institutions (financial institutions, informal networks) involved in informal activities. This sharing of its responsibilities could provide room for collaboration with these stakeholders.

1.7 Organisation of Thesis

This thesis is divided into eight chapters. The first chapter provides introductory information about the study, specifically comprising a general introduction, background information and context, the problem statement, study objectives (general and specific), the research questions that guided the study, the significance of the study and the thesis layout. Chapter two reviews literature on key concepts, theoretical and practical definitions, as well as the conceptual and theoretical frameworks that present the theory that informed the study, and an empirical review of the literature on street vending and initiatives for formalising their businesses at the global, regional and national levels in relation to the four specific objectives. In addition, this chapter presents a synthesis of the literature, the knowledge gap, and a conclusion.

Chapter three presents the research methodology applied to the study. Included in this section are the research design, method and approaches, the study area and the research justification, the population sample and sampling designs, the criteria for selecting the population sample, the sources of data, the data collection methods, the data analysis, validity, and reliability as well as the research ethics. Chapters four to seven present, analyse and discuss the main findings, focusing on each of the four specific objectives of the study. Specifically, chapter four analyses the initiatives available to formalise street vending businesses in Dar es Salaam.

Chapter five examines the extent of the participation of street vendors in the formalisation process in Dar es Salaam city. Chapter six establishes the reasons behind the success or failure of the formalisation of street vendors' businesses in Dar es Salaam. Chapter seven explores and proposes viable ways that can be used

to formalise street vendors' businesses in Dar es Salaam city. Chapter eight, which is the concluding chapter, presents a summary of the study findings for each specific objective, conclusion, the study's contribution to knowledge, policy implications and recommended actions for implementation by various actors. Finally, the chapter makes suggestions for further research in this area.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter builds on the broader subject of the informal economy, the “informality” and “forbearance” theoretical perspectives, which are deployed as the best paradigms for understanding the formalisation of street vendors (*Wamachinga*) in Tanzania. Consistent with the research objectives, this chapter reviews extant empirical street vending research to appraise the existing studies related to the formalisation of street vending. This review section seeks to situate the study within the broader informal sector literature in a specific research area and, thereby, establish research gaps. The chapter has nine sub-sections delineated as follows: Conceptual and perspectives on informality (2.2), understanding of the concept of street vending (2.3), formalisation of street vendors’ business (2.4), empirical evidence at the global, regional, and national levels (2.5), towards the formalization of street vending: forbearance theory (2.6), conceptual framework (2.7), synthesis and knowledge gap (2.8) and conclusion (2.9).

2.2 Conceptual and Perspectives on Informality

There are different labels for describing informality, including unregistered economic activities (Fields, 1975), irregular economy (Ferman & Ferman, 1975), extra-legal economy (De Soto, 2000), informal sector (Hart, 1973), and the informal economy (ILO, 2002). The concept of informality was initially used during the 1950s and 1960s. The traditional sector comprised petty trade, small-scale production, and a range of casual jobs that would be absorbed into the modern capitalist or formal economy and, thereby, disappear (Lewis, 1954). However, by the mid-1960s, there was widespread unemployment in developing countries and no sign of the “Lewis Turning Point” in developing countries (Chen, 2012). In reflection of this concern, the International Labour Office Organization set up a series of large multi-disciplinary “employment missions” for developing countries.

The Kenya Mission found that the traditional sector in Kenya, which they called the “informal sector,” included profitable and efficient enterprises and marginal activities (ILO, 1972). ILO popularised the concept of the informal sector in a widely-read study based in Kenya in 1972 (Ishengoma & Kappel, 2006). The 1972 ILO study characterised the informal sector activities as unrecognised, unregistered, unprotected, or unregulated by the public authorities based on the empirical evidence. Economists such as Lewis in the 1950s predicted the collapse of the informal sector, arguing that unabsorbed labour would die out as developing countries became involved in industrial activities (Lewis, 1954). In contrast, the study conducted in Kenya two decades later found that the informal sector was increasing and growing and that surplus labour had created its source of livelihood to survive (ILO, 1972; Becker, 2004). The Kenya Mission stressed the potential of the informal sector to create employment and reduce poverty (ILO, 1972).

The term “informal sector” was coined by a British anthropologist, Keith Hart, in his 1971 study of low-income activities among unskilled migrants from Northern Ghana to the capital city, Accra, who could not find wage employment (Hart 1973). Hart concluded that, although they faced external constraints and capitalist domination, most internal migrants in Accra were engaged in informal activities that had an “autonomous capacity for generating incomes” (Hart, 1973).

Hart (1973) explained that price inflation, insufficient wages, and a growing number of workers who were surplus to the requirements of the urban labour market had led to a high level of informality within the income-generating activities of workers, which varied in terms of legality, official registration, skills required, and other factors. The initial conceptualisations of the informal sector described it as trivial, peripheral, and lacking a linkage with the formal sector (Quijano, 2000; Becker, 2004; Beall & Fox, 2009).

Even though initially, the informal sector referred to employment outside the formal labour markets (Hart, 1973). It was also an integral part of an economy outside government regulation and the formal reach of the law, or where it is

neither applied nor enforced. Therefore, this sector is not taxed or captured in the national gross domestic product or GDP (ILO, 2002; Udoh, 2015).

Individuals working in the informal sector are also “workers in the informal economy.” According to ILO, the informal economy entails “all economic activities that are not in law or practice not covered or insufficiently covered by formal arrangements” (ILO, 2007, p.1). There are organisations in the informal sector (not registered with a local authority and not paying taxes) and activities of firms in the formal sector that employ informal workers, for example, workers without a formal work contract and any formal safety net (ILO, 2002). The change in terminology from the informal sector to the informal economy “takes account of the considerable diversity of workers and economic units, in different sectors of the economy and across rural and urban contexts that are particularly vulnerable and insecure, that experience severe decent work deficits and often remain trapped in poverty and low productivity” (ILO, 2007, p. 1).

A dilemma at the policy level is on “whether the ILO and its constituents should promote the informal sector as a provider of employment and incomes or seek to extend regulation and social protection to it and, thereby, possibly reduce its capacity to provide jobs and incomes for an ever-increasing labour force” (ILO, 2002, p. 1). This issue is linked to a discussion on whether informal jobs are, per se, low-income jobs. Portes and Schauffler (1993, p. 45) found that “owners of micro-enterprises and some of the self-employed earn significantly more than salaried workers in the formal sector.” In turn, Teltscher (1994) and Perry *et al.* (2007) established that, during the 1990s, some people resorted to becoming informal street vendors to survive. In contrast, others did so by choice, thus disproving some of the assumptions that characterised those working in the informal sector as “survivalists.” Cross and Karides (2007, p. 29) noted in a more recent study, “Vendors can maintain an economic existence that ranges from basic survival to middle-class existence.”

Thus, informality is heterogeneous encompassing different situations such as the unregistered small firm, the street vendor and the large registered formal firm that

employs workers without written contracts, access to benefits and unemployment protection (Reis *et al.*, 2009). For several documents reviewed from Tanzania, the definition of the informal sector is adopted from the 15th International Conference of Labour Statisticians (ICLS) of 1993, with several modifications to suit the country's specific situation. The definition of IS refers to non-agricultural activities, enterprises owned by individuals or households not constituted as separate legal entities independent of their owners, have no complete set of accounts, produce some of their goods for sale, and have fewer than five employees (ILO, UNIDO, UNDP, 2002; ILFS, 2014).

In this study, the term informal sector means unregistered and unlicensed businesses that do not comply with the formal procedures, such as paying taxes/fees, observing bylaws, and operating on restricted premises (Mramba, 2015; Mitullah, 2003). To some extent, informality helps firms avoid certain costs like paying rents, taxes, and compliance with formal regulations (Joshi *et al.*, 2014). Still, at the same time, it may also preclude access to certain opportunities available to formal firms. Table 2.1 summarises several positive and negative impacts of informality on informal entrepreneurs, formal entrepreneurs, customers, and the government;

Table 2.1: Positive and Negative Impacts of Entrepreneurship on the Informal Sector

Negative Impacts	Positive Impacts
<i>For informal sector entrepreneurs:</i>	
Lack of access to credit and financial services, partly due to limited credit history.	It is a source of income to stay out of poverty. Contributes to the food security of many of the poorer urban residents.
Difficulty in expanding a business that cannot be openly advertised.	Flexibility in where, when, and how to work (especially important for women who remain responsible for child-care).
May face higher barriers to entry to the formal market on account of an inability to provide an employment history to back up their skills.	Reduces barriers to entry into work because most informal work starts with close social relations.
<i>For formal entrepreneurs:</i>	
Results in an unfair competitive advantage for informal over formal entrepreneurs.	It provides entrepreneurs with an escape route from corrupt public sector officials.
Results in de-regulatory cultures enticing law-abiding entrepreneurs into a 'race to the bottom' away from regulatory compliance.	It provides an exit strategy in contexts where the regulatory burden stifles business development.
Results in 'hyper-casualization' as more legitimate entrepreneurs are forced into the informal economy to compete.	Enables outsourcing and sub-contracting to lower production costs.
<i>For customers:</i>	
A lack of legal recourse if a poor job is done, insurance cover; guarantees in relation to the work conducted, and certainty that the health and safety regulations have been followed.	A more affordable product or service can be offered to or requested by customers if payment is made in cash and no receipts change hands.
<i>For governments:</i>	
Causes a loss of revenue for the state in terms of the non-payment of taxes owed.	Income from informal entrepreneurship spent in the formal economy boosts demand for formal goods and services and contributes to 'official' economic growth.
Reduces the state's ability to achieve social cohesion by reducing the money available to governments to pursue social integration and mobility.	'On the job' training in informal enterprises alleviates the pressure on the state and its agencies during times of reduced public spending.
Leads to a loss of regulatory control over work conditions and service provision in the economy.	Breeding ground for the micro-enterprise system.
Such endeavours may encourage a casual attitude towards the law to be widely adopted.	Test-bed for fledgling businesses.

Source: Adapted from Llanes and Barbour (2013); Williams and Nadin (2012).

According to Arias *et al.* (2010), La Porta and Shleifer (2008) and Bruhn and McKenzie (2013), three main views constitute the main causes of informality, accounting for the characteristics of informal entrepreneurs and, consequently, the best way to make the transition from a large informal economy to a large formal economy: The exclusion view, also known as the romantic view; the exit view, also known as the McKinsey view; and the dual economy view. This study, however, used two first two views.

2.2.1 Exclusion/Romantic view

This view, which is based on the work of De Soto, works on the assumption that the large share of the informal enterprises is explainable by the high entry costs to the formal sector and the high levels of taxes, fees and/or contributions associated with becoming and/or remaining formal. The high costs effectively exclude these informal enterprises from the formal economy. Had it not been for these costs, most informal firms would opt for formalisation. This explanation presupposes that, in many aspects, informal firms do not differ much from formal firms of a similar size. As far as their skills and competence levels, motivation, and therefore potential productivity is concerned, they are comparable.

According to Granström (2009), the romantic perspective treats informal firms as likely to be productive but tied to an involuntary informality due to a lack of finance and skills, bureaucratic paper walls, governmental regulations, high taxation, etc. The romantic view also proposes that most informal firms have the same set-up as formal firms but simply had the bad misfortune of being born where the grass is less green (De Soto, 1989). If correctly helped by governmental policies and regulations, these firms could have the same characteristics as entrepreneurs already possess in the formal sector regarding the returns on human capital and labour conditions (Granström, 2009).

Based on the romantic view, the informal sector is an engine of growth simply awaiting release by giving informal firms property rights (Porta & Shleifer, 2008). The suggested transitional help could, for example, assume the form of microcredit, governmental subsidies and/or an eased tax burden (Mramba, 2015).

This view is particularly optimistic regarding the potential of informal enterprises and implies that many of them can potentially contribute to economic growth. But for such a development to materialise, there was a need to reduce or remove the barriers that undermine the formalization procedures. Once these enterprises have been formalised, they will gain access to external finance and external markets, which would have positive economic effects, not only for the individual enterprise but also (given a large number of informal enterprises) for the economy. The policy implications of this view are straightforward: A reduction in the current high level of entry costs, taxes, fees, and social contributions compels informal firms to switch to formality and, potentially, increase the overall productivity of the economy.

2.2.2 Exit/McKinsey view

Proponents of the exit view assume that enterprises do not simply consider the costs of formalisation but compare the costs with benefits. This view is associated with the empirical studies undertaken by the McKinsey Global Institute, which explains why some label this the McKinsey view (La Porta & Shleifer, 2008). The exit view holds that the decision to remain in the informal economy is a rational one primarily because the advantage of escaping taxes and regulations allows unregistered firms to undercut official firms in prices. The exit view leads to a more negative evaluation of the existing informal enterprises. For informal enterprises, the benefits of formalising are insignificant enough to compensate for the costs. Impliedly, they are not productive enough to survive as formal enterprises. Only by evading taxes and social contributions, avoiding the rules regarding the quality of the product or service provided, and/or evading regulations that aim to promote the quality of work for employees can these enterprises compete with formal enterprises. Even worse, they can gain a considerable competitive advantage over formal establishments.

Supporters of this view treat informality as mainly based on illegality. The informal firms need to stay small to avoid detection and may, thus, be unable to benefit from scale advantages. However, the “substantial cost advantage that

informal companies gain by avoiding taxes and regulations more than offsets their low productivity and small scale” (Farrell, 2004 in La Porta & Schleifer, 2008). Usually, informal firms are parasitic in the sense that they hurt growth both by being less productive, stealing market shares from formal firms and escaping from taxation and regulations (La Porta and Shleifer, 2008; Mramba, 2015; Granström, 2009). Thereby, informal firms charge lower prices for identical products to those marketed by formal entities, hence further distorting a creative competitiveness process. In addition, because they drain fiscal resources, they contribute to a weak public infrastructure (Arias *et al.*, 2010). Rather than stimulating informal firms to formalise, the contention is that they should instantly be forced to end their economic activities altogether to make room for formal, more productive enterprises. Government policy, therefore, should aim to eradicate informal firms by reducing tax evasion while increasing government regulation enforcement. Doing so could increase the market share of formal firms and, hence, stimulate the growth of the formal economy.

Rapid urbanization in many countries has contributed to the emergence of informal economy or sector (Gengzhi *et al.*, 2020), which plays a critical role in reducing poverty and unemployment in cities. Modernists view the informal sector from different social, economic and policy perspectives. These views shape and mitigate the undertaking and formalisation of vending activities in the informal sector (Pallangyo, 2021; Gengzhi *et al.*, 2020).

2.3 Understanding the Concept of Street Vending

The term “street vending” is typically used synonymously with “street trading,” “hawking,” “peddling,” etc. Persons involved in street vending are street vendors (Hasan & Alam, 2015). Street vending is a practice that has existed since time immemorial in cities all over the world (Brown, 2017; Bhowmik & Saha, 2012; Msoka, 2007; Cross, 2000; Bromley, 2000). In many developing countries, particularly in Africa and Asia, the formal sector has been limited in providing jobs for the ever-growing urban population, which has naturally resulted in the proliferation of informal jobs in the urban centres (UN-Habitat, 2006), with street

vending increasingly becoming one of the most visible activities in the informal economy across cities and towns (Mtullah, 2003; Ndhlovu, 2011). Street vending is perceived as an expression, offshoot and, often, a subset of the urban informal sector (Hope, 2001).

Various authors have defined street vending differently. However, in most cases, a common theme among the definitions is the location of the trade. It may include trading without a permit, trading outside formally-designated trading locations and the non-payment of municipal/national taxes or the self-allocation of shelter for trading (Lyons & Snoxell, 2005). Bhowmik (2005) identified street vendors as self-employed workers in the informal economy who are either stationary or mobile, trading from the street, who offer goods for sale to the public without having a permanently-built structure from which to trade. Bromley (2000) mentions the location of trade as the streets and other related public spaces, such as alleyways, avenues, and boulevards, whereas Mitullah (2003) describes street trade as an activity that occurs outside enclosed premises or covered workspace on pavements but also at bus stops and other public places.

On the other hand, Cross (1998) describes street vending as the production and exchange of legal goods and services without proper business permits, in addition to violating zoning codes, failing to report tax liability, and non-compliance with the labour regulations governing contracts, work conditions, and/or legal guarantees concerning suppliers and clients (Cross, 1998). Furthermore, Bhowmik (2003) describes street vending as people who squat in public places, such as on pavements, in parks or other such places, and those who are mobile, as they move from place to place in search of customers, conducting temporary business. Sally (2008) and Moniruzzaman *et al.* (2018) define 'street vendors' as people with fixed stalls, such as kiosks, including those who operate from semi-fixed stalls such as folding tables, crates, collapsible stands, or wheeled pushcarts, that are removed from the streets and stored overnight. Others include vendors who sell from fixed locations without a stall structure, displaying merchandise on cloths or plastic sheets or mobile vendors who walk or bicycle through the streets as they sell (*ibid.*). The National Association of Street Vendors of India (NASVI) 2014)

defines a street vendor as a person who sells goods to the public without having a permanently built structure from which to sell their ware.

The increased number of street vendors in SSA cities, including Dar es Salaam, since the 1980s has been attributable to the decline in economic performance, rural-urban migration, the infamous structural adjustment programmes (SAPs) or so-called austerity measures, the disintegration of production and integration of trade (Ishengoma & Kappel, 2006; Bagachwa & Naho, 1994). Lyons and Brown (2010) contend that street vendors have become a dominant feature in the informal sector. Street vending is not only one of the options for earning a living amidst widespread poverty but is also endowed with a huge capacity to offset urban unemployment and alleviate poverty (Tripp, 1997; Jimu, 2005; Mramba, 2015; Batréau & Bonnet, 2015).

Moreover, to others, it is a survival strategy, a cushion against inflation, and the second source of income. In addition, Riley and Legwegoh (2014) pointed out that research in different cities suggests that street vendors contribute to the food security of many poor urban residents. In Bangladesh, street vendors play a significant role in the country's economic development by creating self-employment opportunities, income generation and allowing people to save a specific portion of their income (Moniruzzaman *et al.*, 2018). Street vendors' business is an answer or at least serves as an alternative solution to the growth in the number of urban jobless. Some researches demonstrate that the informal economic growth of street vendors (SVs) provides an income to millions of poor people who burden the government socially and economically, especially poor citizens living in cities worldwide (Shamsad, 2007). Mengistu and Jibat (2015) further proffer that informal activity and street vending serve as a safety net for disadvantaged people in developing countries. In many ways, street vending fulfills essential functions within urban areas (Jongh, 2015). It also provides a flexible link in commercial supply chains, adds vitality to urban streets, and provides affordable goods and services for many urban dwellers (Bhatt & Jariwala, 2018).

2.3.1 Typology of street vendors

Street vendors are not a homogeneous group comprised as they do of various sectors, such as fixed-stall vendors who operate in front of their houses or on street pavement and mobile sellers who vend from one location to another by carrying their wares in their hands or pushcarts. Usually, the literature has categorised street vendors based on their purpose in conducting business and the nature of their locations or workspaces and operations (NPUSV, 2006; Ndhlovu, 2011; Batréau & Bonnet, 2015; Olomi & Charles, 2016; Bhatt & Jariwala, 2018). Ndhlovu (2011) categorised street vendors as both survivalist and growth-oriented entrepreneurs. According to Berner *et al.* (2008), survival entrepreneurs do not start their businesses by choice but because they cannot find wage employment and attempt to boost their security and smoothen their consumption rather than maximise their profits. For this purpose, they diversify their activities instead of specialising, and treat their earnings as part of their household income. On the other hand, growth-oriented entrepreneurs, mainly men, concentrate on a single firm and may use hired labour in addition to seeking external sources of capital (Gomez, 2008).

Other scholars have categorised street vendors by the nature of the places and whether they conduct their business. Lyenda (2005) identified two main street vendors in Kinshasa in the Democratic Republic of the Congo (DRC): Walking and fixed vendors. Walking vendors are mobile, whereas fixed vendors remain in one location for a specified period. Relatedly, street vendors have been grouped into three categories by the Indian National Policy on Urban Street Vendors (NPUSV, 2006): Those who carry out their vending regularly in a specific space; those who do not carry out their vending daily in a particular location, for example, vendors selling goods at weekly bazaars; and mobile street vendors. In other words, street vendors are stationary, occupying space on pavements or in other public places, or maybe mobile as they move from one place to another, carrying their ware on pushcarts, bicycles or in baskets on their heads. The current study concerns stationary vendors trading outside formally-designated trading locations or temporarily designated areas.

Also, Bhatt and Jariwala (2018) presented another set of categorisations of street vendors as mobile, semi-static and static. Mobile traders move from one place to another on the same day. Usually, younger people engage in this type of vending. They sell to other hawkers or small shops and consumers. Semi-static vendors erect a removable structure at the end of the day, whereby static vendors establish a structure like a stall that is used to sell commodities or provide services and is fixed in a particular location. During field observation, Batréau and Bonnet (2015) identified three types of street vendors in Soi Rangnam, Thailand: Fixed, registered vendors, who do not have a permanent base but always set up their stalls in the same place, who sell food or drink, except for one who sells beauty products; mobile, unregistered vendors, who sell from a pushcart or motorcycle and move from spot to spot; and market vendors, who operate from a market area in front of a local mall, most of whom sell clothes or accessories.

Olomi and Charles (2016) found various types of informal traders based on the workspace, as follows: Weekly market traders, who rotate around the markets, which tend to be held weekly. Each operator is allocated a fixed slot in each market. Each market has leadership that ensures there is order in the market and that it is kept clean. Traders and food vendors pay a small fee to those who clean the market. Another type is permanent open sites for areas designated as semi-permanent sites for informal traders. Some operators erect permanent structures, whereas others display and sell their goods from the ground. These pay a small annual fee. Designated streets are the last type representing designated streets as open markets at specific times on selected days (typically, at weekends and evenings). However, the operators currently operate throughout the day and have flooded non-designated streets.

2.4 Formalisation of Street Vendors' Businesses

What constitutes formalisation presently is highly ambiguous. The term 'formalisation' has various definitions. In the context of business formalisation, Adom (2016) argues that, in some sense, it is concerned with informal workers registering their enterprises. Others have emphasised the need to practice basic

bookkeeping principles by recording all the activities and the like (Adom, 2016). Unni (2018) states two views on the informal economy's formalization: the capital view considers the inclusion of enterprises in the formal tax and financial systems, while the labour view considers the inclusion of workers in the social protection system. Those that argue that inclusion in the tax net or transacting through formal banking channels constitutes formality are more concerned with the inclusion of enterprises in formal accountable and traceable systems. At a Research Conference on the Informal Economy at Harvard University, the participants argued that the capital view of formalization is not formalization but just “normalization,” and all enterprises and workers are included in the same “net” (Unni, 2018).

The lens of labour formalization is when workers are included in the social security systems. The perspective from the labour view is wider, considering redistribution and tackling poverty, inequality, and vulnerability. ILO in 2015 progressed the formalization agenda slightly under the auspices of ‘Recommendation 204 (ILO, 2015). The idea of formalizing the informal economy is not new but is currently attracting attention in the development discourse.

According to Reover (2013), formalisation for street vendors’ businesses means having a secure vending site in a good location in the city. It may mean having a registered business and paying more taxes and fees. Still, it also means realizing basic rights: the right to work and earn without harassment, discrimination, and dignity. The formalization of informal businesses is also defined as bringing informal businesses under an organized structure and formal arrangements through different forms; namely, registration, licensing, taxing or fee payments, operating as per the stipulated rules and regulations, formal representation, legal and social protection (ILO, 2007; Lyons & Msoka, 2010).

Others have used the term ‘formalisation’ to denote characteristics such as registration and licensing, compliance with paying taxes/fees, operating in permitted premises, adhering to laws and regulations, being socially and economically recognised and protected and having access to various forms of training (Mramba, 2015; Mitullah, 2003; Olomi & Charles, 2016). Formality

concerns whether a business is registered for relevant municipal licenses and with the tax department (Bruhn & McKenzie, 2013). In this study, formalisation refers to a state of being identifiable with and initially registered by local authorities, licensed, operating at recognised and designated sites, and adhering to specified laws and regulations, including compliance with paying taxes/fees. It is, however, difficult to draw a clear line between formal and informal businesses. Sometimes, some formal firms operate informally; as such, one would appropriately speak of formal and informal levels.

Reover (2013) mentions four principles cities should apply to support formalisation. First, consider both the costs and benefits for all the partners. In this context, if fees are imposed on the vendors to accrue benefits for the city, the government may lead to unsuccessful formalisation, but if vendors do not also benefit, formalisation will remain unachievable or unsustainable over time. When formalisation only means “move off the streets,” many vendors would not earn enough income to hire a stall off the streets. When formalisation merely means “register your business” or “pay income taxes,” vendors could lack any reason to formalise and stay formalised. Any attempt to formalise street vendors must consider a range of support mechanisms that could help vendors sustain their income over time. Such support may include secure, legal access to suitable locations in the public space, better infrastructure at their vending sites, and adequate protection against harassment and the abuse of authority.

The second principle states that formalisation is not a one-step process. There is no single, smooth, one-step way to formalise informal employment. It is a gradual, ongoing process of incrementally incorporating informal workers and enterprises, strengthening them, and extending their rights and benefits so that their economic potential and human security may be realised. Vendors consider themselves agents in the formalisation process. A fair and inclusive formalisation approach must consider who can afford to pay what and what rights and benefits most urgently need to be secured to sustain their businesses by transitioning from informal to formal.

The third principle is to engage in dialogue with vendors' organisations through permanent collective bargaining forums. Street vendors are workers who provide valuable services to city residents and offer easy access to daily necessities in small quantities at affordable prices. Not only do they have a right as workers to be organised and represented in the policy process, but cities can also benefit from engaging in a structured dialogue with the representative organisations. Like other enterprise operators, vendors need a stable business environment and a voice in the policies that affect them.

The fourth principle is to design fair, transparent regulations for the city's public spaces that are not overtaken by chaos and congestion, but, at the same time, all the vendors have a chance to sustain their enterprises over time. In other words, vendors who formalise have adequate legal protection from arbitrary evictions and the abuse of authority. Vendors who formalise can generate enough income once they incur the costs of formalisation to keep their businesses going. Vendors who do not earn enough to pay high fees have some way of obtaining a legal status that enables them to earn what they can and protect them from having their merchandise confiscated. In this study, a working definition of the formalisation of street vendors' businesses was adopted to clarify what is included and excluded. Formalisation refers to a state of being identified and initially registered by the local government authorities, operating at under-recognised and designated sites adhering to the specified laws and regulations, including compliance with paying taxes/fees, contributing and being covered by social protection schemes.

2.5 Conceptual Framework

Figure 2.1 presents the conceptual framework of the study. It is based on the concepts discussed in the preceding section and is connected to the forbearance theory, informality perspectives and the entire chapter. The framework works on the assumption that the migration of people from rural areas due to declining income and search for a better life, together with limited job opportunities in urban areas have made street vending one of the options for earning a living in the face of rising poverty. The framework emphasises factors such as looking for employment, lack of education, supporting family, easy entry, peer influence, etc.,

as the driving forces that push people into street vending. Even though low-income people may not have access to financial assets, they have other resources, which are demonstrated through the utilisation of a wide range of options, such as street vending in the case of this study, to ensure survival or security. However, most of the time vending activities are operated in a harsh environment characterised by harassment, lack of legal and social protection, limited or no financial services, training, designated area security, etc. On the other hand, vendors prefer to keep their businesses unformalized to avoid certain costs like paying taxes and other formal regulations and enjoy trade flexibility.

Both economic and social factors push people into street vending activities, which have both positive and negative impacts on the economic, social and the environment. For the better practice of street vending, there is a need for intervention for the sector to grow in a sustainable environment. With street vending intervention in place, job opportunities exist; improved household income leads to high livelihood standards. In Tanzania, the role of dealing with informal micro-enterprise operators, particularly street vendors' businesses, is vested in the Local Government Authorities (LGAs). In this case, the local government and other stakeholders provide trading sites and infrastructures for traders to operate their businesses.

The LGA also sets the rules and regulations to guide traders and collect the related revenues. Furthermore, LGAs (NGOs and training institutions) through the community development department at the municipal, district and ward levels encourage and even facilitate traders' formation of economic groups through which they can access training and financial advice from local governments and other development stakeholders. Moreover, municipalities use hired police and its officials to enforce their laws, evict traders, confiscate their goods and penalise them as strategies for enforcing their regulations.

However, vendors may decide to formalise their businesses or not, depending upon their awareness and accurate information, participation, and negotiations during the process, as well as the costs and benefits (incentives, e.g., simple loans, tax

rates, payment modality, etc.). In addition, formalisation may or not succeed depending on the institution's enforcement capacity, politicians' influence/commitment, simplification and the clarity of the process. Politicians' non-enforcement of the formalization laws may subsequently make informality more attractive and formalization less attractive than it might otherwise have been (Tendler, 2002; Olomi, 2016). This situation might prompt formal operators to become informal or use street vendors to carry out their business to avoid costs (Msoka, 2007). Finally, formalisation can result in having a legal business, business certainty, safety and security, less confrontation, less congestion, access to skills and well-serviced trading areas. Moreover, income poverty reduction will be achieved through employment creation, increased disposable income, more profit, government revenue, and an improved standard of living.

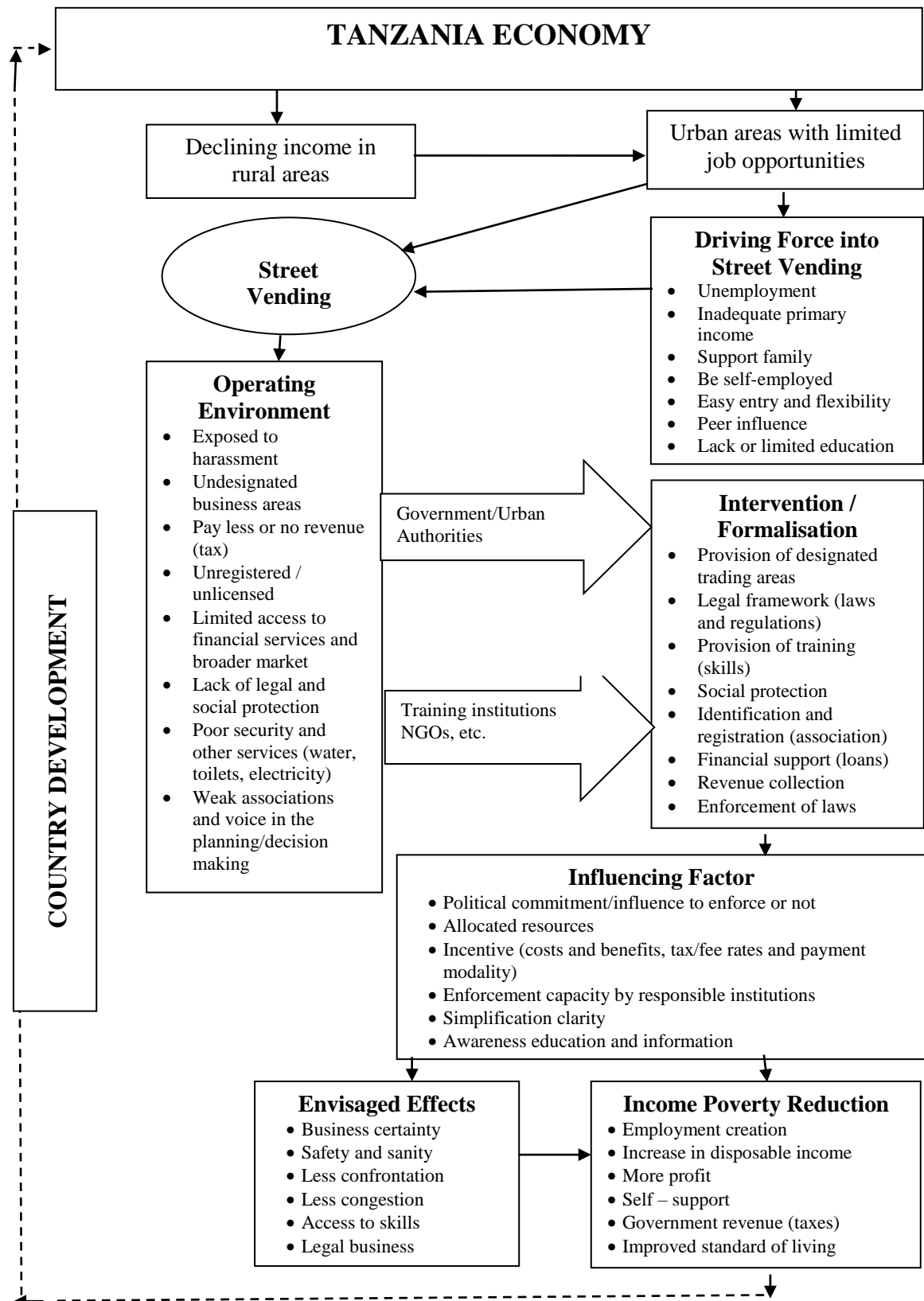


Figure 2.1: Conceptual Framework

Source: Adopted and modified from Uwitije (2016)

2.6 Theoretical Framework

2.6.1 Introduction

This part discusses a theory that guided the study in answering the main research objective. According to Lassa & Enoh (2000), a theoretical framework refers to a set of perspectives combined to provide a foundation for explaining, viewing and conceptualising a phenomenon. One of the major functions of the theoretical framework is to set the limits and scope of the study, provide its context and meaning, and interpret and integrate the research findings (Masanyiwa, 2014).

2.6.2 Towards the formalisation of street vending: The forbearance theory

To understand the formalisation of street vending, the study employed an Electoral Theory of Forbearance (ETF), which tries to explain why governments tolerate the violation of their laws and regulations and when they enforce them (Holland, 2014). The term “forbearance” has been used differently in different fields of study. In finance, the term forbearance refers to a special agreement in which the lender attempts to recover the balance of a loan from a borrower who has stopped making payments to the lender. With forbearance, the lender and borrower reach an agreement, i.e., an arrangement. In most cases, the lender gives the borrower time to catch up with the repayment schedule rather than enforcing their legal rights. Holland (2014) introduced the concept of forbearance in political science when studying squatting and unlicensed street vending in three Latin American capital cities of Santiago, Chile; Bogotá, Colombia; and Lima, Peru. The term describes the intentional non-enforcement of laws and regulations that the poor tend to violate when in the electoral interest (Holland, 2014).

The concept is differentiated from forms of weak enforcement capacity that prevent actors from enforcing the law. In forbearance cases, the capacity to enforce exists, but the intent to do so is absent. Enforcement preferences differ between the design actors and those who implement a law or policy. Another core definitional element is that forbearance is revocable. The state reserves the right to enforce the law, and offenders believe the rules can carry a credible sanction. This insecurity differentiates forbearance from cases of amnesty, pardon or legalisation.

Revocable decisions, on the other hand, are open to revision and are more likely to be negotiated informally. The ability to go back on an enforcement decision also separates forbearance from alternative concepts of “benign neglect” or “standoffish” state behaviour (Dorman, 2007; Slater & Kim, 2013). Forbearance shares much in common with the concept of selective policy implementation but is distinguishable from it. The literature on selective policy implementation assumes that the actors choose which type of policies to enforce and which to ignore (Holland, 2014). Forbearance can be divided into several sub-types, based on its distributive effects and mode of distribution (see Figure 2.2). Progressive forbearance occurs when lower portions of the income distribution receive greater absolute or relative benefits through the tolerance of law-breaking than the upper one. Regressive forbearance implies that upper portions capture greater benefits.

The second dimension distinguishes particularistic from universalistic modes of distribution. Forbearance can be provided in a particularistic manner to individuals or groups as a reward depending on payment in the form of campaign contributions, bribes, votes or turnout. Forbearance serves as a strategy for channelling resources to less advantaged groups. Though the poor lack legislative, financial or personal influence on secure exemptions from justice, poor voters are numerically important, particularly in poor and unequal democracies. Forbearance can, therefore, be provided to the poor, contingent on political loyalty, as a form of clientelism, or in an unbiased fashion, as an informal welfare policy, but forbearance can also be extended in a transparent and unbiased way. This model is distinguished as universalistic.

Politicians are often open about their beliefs that certain laws should not be enforced, particularly when offenders are somehow sympathetic. However, forbearance is an informal policy that tends to be communicated outside the formal political channels. When legal exemptions are provided to specific wealthy individuals, forbearance amounts to a standard form of corruption. It often proves to be the flipside of targeted enforcement against political enemies. Forbearance then functions as a classic form of corruption or, when the powerful as a class stand above the law, it can slide into the “unrule of law” (O’Donnell’s, 1999).

Brazilian President Gétúlio Vargas best captures the sentiment by saying: “For my friends, everything; for my enemies, the law.” The lower-left corner corresponds to circumstances where forbearance towards legal violations extends to the rich as a class.

<i>Mode of distribution</i>	<i>Economic incidence</i>	
	Regressive	Progressive
Particularistic	Corruption	Clientelism
Universalistic	Unrule of law	Informal welfare

Figure 2.2: Typology of Forbearance

Source: Holland (2014)

Politicians often deny sanctions to maximise votes. Revocability is important because it permits a form of dependent exchange in which those who violate the law require a politician’s continued kindness. Holland (2014) argues that, as with other distributive goods, politicians often allocate enforcement in ways that maximise their electoral or personal goals. Yet, unlike many other distributive goods, forbearance can be revoked and provided outside the normal budgetary process. It can also target resources towards the most vulnerable, willing to bear the costs of illegality. These features make forbearance ubiquitous yet inefficient for politicians to alter the distribution of resources and win votes.

Holland further pointed out that, in much of the developing world, the legal rules are ignored, businesses dodge the tax and labour regulations, and unlicensed street vendors block the city streets. This gap between the written law and lived reality is often a sign of a weak state with a limited capacity to monitor and sanction (Holland, 2016; Levitsky & Murillo, 2009). Particularly, Holland (2014) argues that forbearance towards the laws that the poor violate is more prevalent in developing countries because the social policy remains inadequate and hard to expand locally. In the absence of welfare alternatives, forbearance is an attractive tool for mobilising voters, whereas enforcement carries high electoral costs. A politician must act in some way to change the enforcement outcome, be it an attempt to demote bureaucrats who enforce or to stall sanctions for a type of

offense or group (Holland, 2016). As Scott (1969, p. 1142) comments, “A large portion of individual demands, and even group demands, in developing nations reach the political system, not before laws are passed, but rather at the enforcement stage.” Forbearance can also apply to the group of poor to win a coalition in the manner of politicians who require the support of the poor to win office (Luna, 2010). This study employs progressive forbearance, which occurs when lower income distribution groups receive greater absolute or relative benefits through the tolerance of law-breaking than the upper tranches.

The poor support forbearance and candidates who advocate for it; politicians block enforcement on electoral grounds even after bureaucrats perform their roles; meanwhile, enforcement choices vary with politicians’ core constituencies (Holland, 2014). Zambia’s presidential candidate Michael Sata, for instance, pledged to stop enforcement against all street vendors and squatters to appeal to the urban poor in 2006. Sata justified his position thusly, “If you fail to provide for the poor, don’t bring punitive measures against them” (Resnick, 2013, p.78). Forbearance functions as an informal welfare policy when directed at the poor as a class. Voters need a politician to take office to receive forbearance, and a politician can withdraw forbearance at any point if voters break their poll promises, even after elections.

The literature reports that a major reason for weak and inconsistent enforcement is that many informal operators constitute an important political constituency. Therefore, local and national politicians tend to pretend to be on their side, especially when elections approach. As a result, they relax the enforcement of by-laws that disallow business activities in the streets or other areas not designated for business (Olomi & Charles, 2016). Similarly, Steel *et al.* (2014) and Olomi and Charles (2016) found that the exercise of collecting tax from informal operators becomes particularly poor near national and local elections when politicians prevent local government officials from implementing strict measures against street traders.

Tendler (2002), in the Brazilian state of Pernambuco, observed that there was an unspoken agreement between politicians and small firm owners in their constituencies, many of whom operated in the informal sector: “If you vote for me, according to this exchange, I will not collect taxes from you; I will not make you comply with other tax, environmental or labour regulations, and will keep the police and inspectors from harassing you” (Tendler, 2002, p.2). Some politicians exploit this vulnerability to trade protection for votes and political influence (Hoffman & Gibson, 2005; Mahvish & Majid, 2014). The high concentration of informal operators in the urban areas makes them “viable vote banks” for politicians (Chatterjee, 2004).

2.7 Empirical Evidence at the Global, Regional and National Levels

The review of the empirical literature is related to the specific objectives of the study and the basis of the study themes. These themes were reviewed and discussed from global, regional, and national contexts.

2.7.1 Initiatives to formalise street vendors’ businesses: A generic overview

Globally, informal enterprises at both the macro and micro levels have many negative aspects associated with weak labour conditions, inadequate tax basis, poor coverage of social protection, harassment by the authorities, corruption, a lack of training, financial accessibility and low productivity (Msoka, 2007; Mramba, 2015; Mitullah, 2003; Njaya, 2014; ILO, 2014; Olomi & Charles, 2016). As such, these issues have compelled many governments worldwide to attempt the reduction the size of the informal sector by stimulating the formalisation of informal enterprises. In the UK, formalisation has been pushed down the throats of informal entrepreneurs based on the adoption of deterrent measures (Small Business Council, 2004; Williams, 2007). Conversely, across the Third World countries, formalisation attempts still lack a clear understanding of policy direction.

In many SSA countries, Tanzania inclusive, there are no clear formalisation policies (Small Business Council, 2004). When formalisation is undertaken, there is an assumption that it may bring certain benefits to informal entrepreneurs.

Nevertheless, most of these entrepreneurs hesitate to accept such initiatives for many reasons, including the predictable outcome of such formalisation policy—doubts, fear of the unknown, and panic in the entrepreneurs' minds (Small Business Council, 2004; Williams, 2007).

Several positive effects of reducing the informal sector have been reported and documented, including a better performance of formal enterprises than informal ones and an increase in the number and size of formal enterprises, which translate into higher GDP levels and growth rates (ILO, 2014). Moreover, ILO (2014) shows that if informal enterprises drop in number, many employees would benefit because higher labour productivity, higher wages accompany such transition, and better working conditions become possible. According to ILO (2014), formalisation of informal enterprises would increase specific countries' tax revenues, which in turn can serve various public programmes. On the other hand, a transition from an informal to a formal economy appears to be a panacea to the improvement of the general attitude towards the government, which in turn, positively affects the intention to comply with regulations. ILO (2014) claims that there exist different ways to motivate informal enterprises to formalisation. They include lowering the costs of becoming (and remaining) formal, improving the benefits of being formal and stimulating the formal economy by improving the general business environment. All these aspects can help strengthen law enforcement towards formalisation.

ILO (2014) argues further that to achieve the large-scale (inclusive) formalisation of the informal sector and street vendors' businesses, different, integrated, short-term and long-term approaches are needed to address the multiple causes of informality simultaneously. Since the transformation of a large part of the informal economy cannot be achieved through taking a narrow path to formalisation, ILO (2014) emphasising the need to have a transition that adheres to a good business sense for operators, it is well-documented that multiple approaches and initiatives/policies exist that governments can apply to formalise informal businesses. They include regulatory simplification, provision, and access to

premises and markets, building awareness and the capacity to increase productivity, the provision of information, and the enforcement of regulations (ILO, 2002; USAID, 2005; Ndlhovu, 2011; Bruhn & McKenzie, 2013; Olomi & Charles, 2016).

(a) Simplification of Regulation Process

Regulatory simplification remains the most common approach to the formalisation of businesses as advocated by the work of Hernando De Soto (1989) and World Bank Doing Business Reports, which rank countries annually according to the ease of doing business. Worldwide, many countries have undertaken an extensive simplification of business regulations. The International Finance Corporation (IFC) (2009) shows that since 2004, about 75 percent of the countries involved in the Doing Business survey have adopted at least one reform to facilitate business registration. The World Bank Doing Business (2013) database, on the other hand, establishes that almost 368 regulatory changes took place in 149 economies between 2003 and 2012, resulting in a decline in the average world time taken to start a business from 50 days to 30; meanwhile, the cost of starting a business is a third of what it was before reforms (World Bank, 2013). Making it easier to register a business formally in business regulatory policy has received attention from policy-makers over decades (Bruhn & McKenzie, 2013).

The easing business registration has never been a simple exercise, as there are so many challenges. Such challenges are particularly related to the burdensome entry of formal businesses. Djankov *et al.* (2002) show that countries with heavier entry regulations have larger informal sectors. Klapper *et al.* (2006) associated those costly entry regulations with forming fewer limited liability companies. In some countries, reforms that dramatically reduce the time taken to start a business have led to increased formalisation, for example, in Mexico (Bruhn, 2011; Bruhn, 2012; Kaplan *et al.*, 2011), Peru (Mullainathan & Schnabl, 2010), Colombia (Cárdenas & Rozo, 2009), and Portugal (Branstetter *et al.*, 2010). Conversely, countries such as Sierra Leone, Liberia, and Madagascar have recorded failure in their attempts at formalisation (Everest-Phillips, 2008). Such loss has significantly been attributable

to the high cost of formalisation and the benefits less accessible where governance is weak (Joshi *et al.*, 2014). Consequently, policy-makers have sought to use mixed tax surveys to come up with policy entry points supportive of formalisation and tax compliance (Coolidge, 2010; Everest-Phillips, 2008; Gerxhani, 2007). The primary policy implication of such an approach has entailed encouraging formalisation by reducing costs; for example, offering simplified registration through business environment reforms (World Bank, n.d.).

Several success stories are evident regarding business regulatory simplification (Bruhn & McKenzie, 2013; Barbosa *et al.*, 2011). According to Bruhn and McKenzie (2013), a business start-up simplification programme in the state of Minas Gerais in Brazil, managed to simplify and streamline the process of launching a business and, consequently, facilitated the establishment of a “one-stop-shop” for registrations by integrating different municipal, state, and federal entities. In so doing, various benefits emerged, including a reduction from eight to four procedures required to register and a drop in the time required to register from 28 to nine days (Barbosa *et al.*, 2011). According to Barbosa *et al.* (2011), these benefits were later extended to more remote municipalities as a quick, low-cost approach to integrating the goals associated with facilitating business launches, reducing informality, and increasing state and municipal tax collection. In Brazil, such reform was known as “Minas Fácil Expresso” whose goal was to simplify both the time required to open a business and the steps to follow. Such reform reduced the time required to open a business, saved travel costs, eliminated the need for municipal inspections before launching a business and, in some municipalities, reduced the number of registration fees required.

Business simplification also reportedly has less impact on attracting the formalisation of businesses. Such a claim is evident in the findings from the Minas Fácil Expresso reform, which revealed a reduction in the number of firms registering in the month of implementation and the subsequent month while recording a zero increase or even a small decrease in the registration rates in following months. Additionally, there was also no significant change in the tax revenue, hence signaling that the reform did not appear to have succeeded in

attaining its goal of raising the level of formality in Brazil. The documented weakness proposes the need for policy-makers to consider other factors constraining firms in need of formalising.

In countries like Mexico, initiatives were made to speed up business start-ups and firm registration procedures. Kaplan *et al.* (2007) show that reducing the costs of obtaining an operation license can lead to increased formal firm creation. Kaplan *et al.* (ibid) focused on a Mexican programme called the “System of Fast-Opening of Firms” (SARE) aimed to reduce the number of administrative procedures and time for registering a firm and make these procedures more transparent. Their study established that the effects of such programme were temporary and relatively modest contrary to the elevated expectations. Similar initiatives were also implemented in Lima, Peru. Mullainathan and Schnabl (2010) established that the municipal licensing reform in Lima, Peru, reduced the cost and time required to register for a municipal business license. The average time needed to obtain a license dropped from 110 days to 15 days, and registration cost fell by 42 percent, from \$212 to \$124. Consequently, the number of newly-registered firms increased four-fold, from 1,758 businesses in the year prior to the reform to 8,517 businesses in the year following it. According to Mullainathan and Schnabl (2010), business registration helped reduce the payment of fines and bribes in Lima municipality.

Cost reduction, as the benefit of regulatory simplification, has been documented by many researchers (Olomi & Charles, 2016; Rothenberg *et al.*, 2016; Garcia-Bolivar 2006; Sander 2003; Devas & Kelly, 2001). Of all the studies from different countries, there are mixed feelings about business registration. The World Bank Ease of Doing Business report shows that only a small fraction of the informal economy responds to regulatory simplification (Olomi & Charles, 2016). Similarly, Garcia-Bolivar (2006) reported the limitations related to formalisation after establishing that the informal sectors remained large in South Central America (Bolivia) despite the recorded 20 percent increase in firm registrations in Vietnam after regulatory simplifications.

Blurred effects of formalisation were also reported in different countries such as Indonesia (Rothenberg *et al.*, 2016), Kenya (Devas & Kelly, 2001), and Uganda (Sander, 2003). Such effects include less response to regulatory simplification, the little impact of formalisation in some countries, and the easiness of doing business. Of many African countries, Rwanda has been exceptionally successful in reforming its business regulations, particularly in terms of the World Bank Ease of Doing Business, ranking second in Africa and number 14 worldwide (Olomi & Charles, 2016).

In Tanzania, during the 1990s, research on formalisation started at the national level, followed by identifying business barriers in Dar es Salaam. It was followed by the Business Environment Strengthening for Tanzania (BEST) programme, designed to provide businesses with an enabling environment to enhance economic growth and achieve rapid, sustainable poverty reduction. The goal of the BEST Programme was to reduce poverty by improving the growth and development of businesses in Tanzania, particularly micro and small firms, in sectors that affect the most poor. The purpose of the programme was twofold: To reduce the burden on businesses by eradicating as many procedural and administrative barriers as possible; and to improve the quality of the services provided by the government to the private sector, including commercial dispute resolution.

The BEST programme led to the formation of the Property and Business Formalisation Programme (PBF), MKURABITA, in Kiswahili. MKURABITA is a government initiative that seeks to establish a legal and institutional framework to facilitate the effective formalisation of extra-legal real estate and business assets. MKURABITA focuses on both land titling and the formalisation of informal enterprises (Olomi & Charles, 2016). MKURABITA facilitates land legalisation, transferability and trading. According to Mambi (2008), business formalisation aimed to empower people in the informal sector as one of the main targets of MKURABITA, including using assets to access capital and their use as collateral to access loans for business.

The Tanzanian Government implemented this programme in partnership with Hernando De Soto's Institute for Liberty and Democracy (ILD). This formalisation programme is built on De Soto's well-known hypothesis that the most effective way to empower the poor is to provide them with formalised rights to their property. MKURABITA aimed to meet the same purpose of business formalisation. Nevertheless, Lyons and Msoka (2010) argue that the strategy has neglected those engaging in micro-trading in the country. Micro traders remained criminalised, primarily through the informal use of public space, having been forced into public space by a lack of available legal space and the sheer economic inadequacy of most of the legal spaces provided—the implications of eviction for traders from economically busy areas and relocation to economically quiet areas fuel conflicts. Furthermore, there is also a gap in MKURABITA, as a strategy, which is subject to debate regarding the estimated value of the informal economy as a whole and of fixed capital assets, which have slowed down the process of legalising the fixed assets (Olomi & Charles, 2016).

Broadly, business registration and licensing systems have been complex and challenging. The same is true in Tanzania, where managing “Wamachinga” with their businesses remains a painful exercise. The present regulations require businesses to operate on legally-accepted premises and be registered by three or four administrative authorities, depending on the type of activities: local government authorities, BRELA, TRA and other relevant institutions governing such sector (TRA, 2011).

In Tanzania, another regulatory simplification was the enactment of the Business Activities Registration Act (BARA), 2007. The Act was intended to establish a one-stop system for registering businesses by consolidating all the existing entries within a single integrated system. The ultimate objective was to reduce the overall cost of setting up a business in Tanzania and ease administrative and regulatory constraints on the entry and operation of businesses in the country (Mutakyahwa, 2012; Sinare, 2015; Olomi & Charles, 2016). However, it proved impossible to implement due to the need for massive technical and institutional public sector capacity at all levels to manage the registration and compliance of millions of

micro-enterprises (Olomi & Charles, 2016). Table 2.2 summarises several studies on the causal effect of policies designed to promote firm formalisation:

Table 2.2: Summary of Studies on the Causal Effect of Policies Designed to Promote Firm Formalisation

<i>Study</i>	<i>Policy or programme studied</i>	<i>Econometric Approach</i>	<i>Main results</i>
Panel A: Effect of business entry reforms on the number of firm registrations			
Bruhn (2011), Kaplan, Piedra, and Seira (2011)	One-stop-shop (combining municipal, state, and federal business registration procedures) in urban areas of Mexico	Difference-in-Differences	The reform increased business registrations by about 5% and increased employment; Bruhn shows that the increase in the number of registered businesses was mainly due to previous wage earners launching new businesses
Bruhn and McKenzie (2013)	One-stop-shop in less populous municipalities in Minas Gerais, Brazil	Difference-in-Differences	The programme led to a reduction in the number of firms registering during the first two months of implementation, with no subsequent increase
Cárdenas and Rozo (2009)	One-stop-shop in six major cities in Colombia	Difference-in-Differences	The reform increased business registrations by 5%
Panel B: Effect of business entry reforms on the formalisation of informal firms			
Bruhn (2013)	One-stop-shop in urban areas in Mexico	Difference-in-Differences	Some informal business owners became wage workers due to the reform, and some registered their business, but these effects were small
Mullainathan and Schnabl (2010)	Municipal licensing reform in Lima, Peru	Before-After	The reform increased the number of provisional licenses issued to informal firms, but many firms did not renew their licence subsequently
Panel C: Effect of information, waived costs, and enforcement on the formalisation of informal firms			
Alcázar <i>et al.</i> (2010)	Offer a subsidy for the cost of obtaining a municipal license to informal firms in Lima, Peru	Randomised Experiment	Subsidised cost offer led to 10 to 12% of informal firms obtaining a municipal license
Andrade <i>et al.</i>	Three	Randomised	The information and waived

<i>Study</i>	<i>Policy or programme studied</i>	<i>Econometric Approach</i>	<i>Main results</i>
(2013)	interventions for informal firms in Belo Horizonte, Brazil (a) deliver brochures containing information about the registration process and potential benefits; (b) waive registration costs; (c) receive municipal inspectors	Experiment	registration costs did not affect the formalisation rate; municipal inspections increased the formalisation rate by 22 to 27 percentile points
de Mel <i>et al.</i> (2013)	Provide information and reimburse registration costs for informal firms in Sri Lanka	Randomised Experiment	Information and cost reimbursement did not affect the formalisation rate
Giorgi and Rahman (2013)	Randomized Experiment	Randomised Experiment	Information did not affect the formalisation rate

Source: Bruhn and McKenzie (2014).

(b) Provision of Business Premises

Urban spaces constitute an essential element in the economies of cities in sustaining their inhabitants' informal livelihoods. Informal livelihood activities have increasingly become visible in the urban areas of the developing world and constitute one of the options for making a living in the face of increasing poverty (Asiedu & Agyei-Mensah, 2008; Lyons *et al.*, 2012). As a result, urban dwellers competed to access these urban spaces and undertake trading activities. Such competition has caused operational conflicts among stakeholders, which, in turn, have raised different concerns for practitioners in urban planning and management, and their respective urban local authorities (Nduna, 1990; Jimu, 2005; Brown, 2006; May, 2005). As noted by Kamete (2012), the excluded forms of production and consumption of space based on local knowledge have continued to be ignored, as the Western mode of production and use of space continues to help dismiss

informal livelihood activities as backward, inefficient and unfavourable to national development schemes, as planning aimed at pursuing the overall objective of shaping, guiding and governing the behaviour of others in urban spaces (Kamete, 2008; Kamete, 2012). Colonial practices regarding the production of spaces continued in almost all colonies and continued once colonised countries had gained independence.

Street vending attracts censure for allegedly causing congestion, theft, dirtiness and urban waste (Msoka, 2007; Yatmo, 2008) and has been transformed into a symbol of disorder (Steck *et al.*, 2013), thereby opposing city planners' aspirations for a modern city (e.g., Lewinson, 2003). Street vending thus symbolises the failure to modernise (Steck *et al.*, 2013). Urban aspirations for modernisation in the Global South have often been accompanied by the formalization of street vending and removal of informal activities from specific public spaces (Steck *et al.*, 2013). In managing informal livelihood activities, city authorities operate under various regulations and city by-laws. They have acted by relocating and evicting informal livelihood operators from their chosen urban locations (McGee & Yeung, 1977; Smart, 1989; Brown & Lloyd-Jones, 2002; Lloyd-Jones & Carmona, 2002), yet informal livelihood operators derive their livelihoods from these specific locations (Cross & Morales, 2007).

Despite the government's concerted efforts to incorporate various informal livelihood activities into the city's economy by, for example, enacting laws that recognise livelihood strategies and allocating special areas for various informal sector activities through city policy reforms and programmes, such initiatives have largely been ineffective on prime land because informal livelihood operators continuously struggle to secure spaces where to carry out their activities (Peña & Frontera Notre, 2000; Asiedu & Agyei-Mensah, 2008; Lyons *et al.*, 2012). This problem prompts practitioners in urban planning and management to consider how to facilitate the appropriation of such locations.

Evidence from the literature suggests that exclusionary policies, laws, and practices are common, whereas inclusionary practices, where these exist, are

infrequently documented. On the exclusionary side, evidence suggests three dominant techniques at one extreme lies large-scale, violent evictions, where street vendors are simply removed from the public space. In less severe cases, some or all vendors are relocated, but often to marginal locations with low and/or inadequate social amenities. Finally, there is a lower level—the ongoing harassment of vendors by predatory state officials, often facilitated by legislation. The formalising attempts of street vending, therefore, represent a potential solution to creating ‘proper’ urban environments (Watson, 2003) and making the vendors part of the urban planning regime. Such attempts are, for instance, articulated by authorities engaging in regulations to control the number of sellers, who issue permits quotas or spatially control them in designated areas specifically for vending, such as market spaces or stalls (Steck *et al.*, 2013). The final attempts of the authorities to normalise vendors that circumvent these regulatory practices include evicting the remaining vendors from the streets (Kamete, 2012). Often, adopting ‘world-class city’ aspirations provides sufficient justification for the authorities to remove vendors by force from central areas of the city (Swanson, 2007; Kurfürst, 2012; Linehan, 2007; Lewinson, 2003).

One of the most significant challenges facing street vendors concerns their site of operation and right to trading space (Ndhlovu, 2011; Njaya, 2014; Bénit-Gbaffou, 2015). The provision of business premises has served as a strategy for making traders operate in formally designated areas. In many cities in transition and developing countries, traders settle in the streets spontaneously without any official allocation. They generally lack tenure for these areas, which are neither allocated nor sanctioned by urban authorities, hence ‘illegal.’ Street vendors are seen to invade public spaces and disturb the order within them.

The authorities in different nations have made efforts to locate vendors in formally and legally recognised areas. With the support of local and international organisations, the municipality of Quito, Ecuador, relocated about 6,000 street vendors from the streets to 11 Popular Commercial Centres (Ferragut & Gomez, 2013). The study examined how formalisation has altered their working and living conditions from the perspective of the decent work framework. Fieldwork was

carried out in one of the commercial centres using surveys and interviews (the mixed research approach) administered with the relocated vendors, representatives of their associations, and local government officials. The study found that it is not evident that the working and living conditions would automatically improve with formalisation. Even though growth-oriented vendors have a good chance of benefiting from formalisation policies, these provide little support during the transition from stall to store, and survival vendors might be better off with policies that aim to support them in the long term.

The relocation of street vendors has been a successful approach, as reported in some countries. In Surakarta municipality, Indonesia, the process of relocation involved the use of local leaders who employed cultural elements to facilitate the exercise. The authorities fully involved the street vendors, which made the approach successful (Warsono *et al.*, 2016). Such observation portrays that whenever similar initiatives are executable, there is a need to involve the street vendors and influential people in the community to ease the exercise. In other words, the government should apply the street vendors, with communication being based on the local cultures that emphasise a common understanding to reach dignified relocation objectives (with non-violence humanising human beings). Moreover, to empower street vendors, the relocation programme should be accompanied by aid: Pre-relocation, during and post-relocation periods.

For such relocation, the authorities must provide adequate locations and buildings to house those relocated, and the placement of street vendors in the new site be implemented based on valid data. Where possible, Warsono *et al.* (2016) suggested that in managing the heterogeneity of street vendors' businesses, there is a need to arrange them in zones/zonation, and their placement in kiosks within a given zone should be decided by a lottery. Warsono *et al.* (2016) further that once the traders occupy the market, monitoring and evaluation should apply to all relocation agendas, and there should be a maintenance programme comprising physical maintenance, business training and merchant counselling.

In addressing the street vendors' problems, the leadership styles particularly the incentive or disincentive approach, are highly recommended (Permana *et al.*, 2016). The incentive approach was used in Jakarta and Bandung, Indonesia, as informed by Permana *et al.* (ibid.). It was recorded to be the easiest to implement and had positive effects. It was revealed that incentives for both street vendors and customers are the best option, hence leading to a permanent solution to the street vendors' relocation issue. Although this model (incentives for street vendors) cannot fully resolve the overall issues of street vendors, the approach provides a better result regarding a comprehensive solution to the problems of street vendors in most cities like those in Indonesia (Permana *et al.*, 2016).

However, disincentives (e.g., use of power) against street vendors are the most widely employed and easiest to implement option. This choice required only physical power and authority, which are unquestionably abundant in the city government (Njaya, 2014; Steel *et al.*, 2014; Ndhlovu, 2011). In other words, the city authority exercises its power to deal with street vendors under city regulations. Also, no innovative ideas are needed to exercise their power. Disincentives, on the other hand, might not work because of the socio-economic circumstances of the actors. Worldwide, most actors, both street vendors and customers, are socially disadvantaged and economically underprivileged people. The practice shows that they are simply implementing their constitutional rights to earn money, albeit in the wrong place (Permana *et al.*, 2016). Such practice is evident when the government cannot provide an appropriate place to conduct their business or offer them sufficient formal jobs.

Other studies have demonstrated that relocating street traders from dense, congested city centres towards peripheral or peri-central vending spaces may lead to increased access to the infrastructure, safety, and hygiene for traders but also a loss of income (Bénit-Gbaffou, 2015). According to Bénit-Gbaffou (ibid.), the centrality of the trading spaces is key to the whole street trading business. In some cities of South Africa, relocation has effectively eased city centre congestion, but at the cost of heavy policing and surveillance (mainly funded by taxpayers) and to the detriment of street traders' livelihoods. Likewise, Bénit-Gbaffou further

contends that the relocation of street traders to markets (even if centrally located) has generally led to both losses of income for relocated traders in the short-term (through a change in the type of customer base—premeditated buying in markets is not equivalent to impulse buying in the street—and, in the medium-term, re-occupation of the (emptied) streets by a new generation of street vendors, hence creating resentment among market traders and often leading to their refusal to pay market fees.

Researchers (Mitullah, 2005; UN-Habitat, 2006; Roever 2007; David *et al.*, 2013; Bénit-Gbaffou, 2015) argue that the best practices for sustainable outcomes for street traders and simultaneous, sustainable outcomes for inner-city street management, entail paying attention to the ‘natural markets’ (the Indian concept), i.e., places where street traders congregate ‘naturally’ to adapt to flows of passing trade; a participatory process involving various stakeholders; and inventive design solutions to suit vending sites and local configurations.

Another case related to the provision of business space to street vendors occurred in Zambia whose government constructed Soweto Market in Lusaka, its capital and allocated stores there to vendors. Ndhlovu’s (2011) study employed quantitative and qualitative approaches to analyse why street vendors decide to trade on the streets, despite the provision of formal market infrastructure. Based on the survey results, the study established that, for street vendors, the accessibility of customers is crucial as they need to be strategically located on the streets to avoid paying for formalisation costs, such as rent, taxes, and licenses. In addition, Mitullah (2003) pointed out that vendors in Kampala, Uganda, and Nairobi, Kenya, have severally been allocated and rejected business sites outside the Central Business District (CBD), arguing that the sites were inaccessible to customers. Generally, the literature shows that street vendors are marginalised in the urban planning policies and the allocated areas are either too few to meet their demands, expensive or do not suit their operations (Olomi & Charles, 2016; Ndhlovu, 2011; Mramba, 2015; Lyons & Brown, 2010; Mitullah, 2003; Njaya, 2014).

In addition, Jongh (2015), who studied the strategies and practices of vendors and local authorities in urban Malawi using observations and interviews, found that the government, in collaboration with the police and army, removed by force the vendors from the streets and transferred them to the newly-constructed flea-markets to establish law and order in major urban areas. As a result, many vendors dodged relocation to newly-constructed market spaces to return to rural areas as subsistence farmers (Kayuni & Tambulasi, 2009). The forced relocations and increased pressure exerted by the authorities on vendors, including preventing them from vending outside the designated market spaces, also ignited tensions between the vendors and the authorities.

For instance, shortly after being relocated, the vendors started abandoning their market spaces as their profits slumped due to the unreachability of new places for business. The abandonment of their market spaces by the vendors hampered the collection of fees by the authorities and revenue generation by the markets. Additionally, the vendors refused to pay their market fees due to a lack of service provision in the market (e.g., they were not offered free access to toilets) (Kayuni & Tambulasi, 2009). Other reported problems include corruption among law enforcers (those collecting the market fees) and the small size of the vending spaces at the market (Kayuni & Tambulasi, 2009). Several vendors continue to resist relocation to the designated market spaces by battling against the authorities, and evictions occur daily in the major cities.

Similarly, in Tanzania, the provision of a workspace is one of the government's efforts toward formalising the sector. There have been a few occasions when local governments have invested in commercial complexes that target street traders. The most recent example is a seven-storey Machinga (Hawkers') Complex, built by the Ilala Municipal Council following advocacy efforts by VIBINDO Society (Olomi & Charles, 2016). However, the opening of this building has not helped to ease the problem of the space required by traders for several reasons, including their businesses being too small to occupy the minimum area (and hence cost) in the complex; secondly, the complex is far away from pedestrians and bus stops, and so there is low footfall, even for the more prominent traders (ibid.). Kweka

and Fox (2011) further contend that the project was designed following limited consultation with *Wamachinga* and the building lacks an elevator, so few customers walk up to the seventh floor. Likewise, the merchants are unwilling to haul their goods up many floors. Consequently, the building remains largely unoccupied, which makes it difficult to repay the loan acquired for its construction.

Other examples from Tanzania include the construction of premises for street traders, such as Makumbusho market in Kinondoni District (mixed-use) by LGAs. Also, at present, Kinondoni Municipality has entered an agreement with VIBINDO Society to build a modern market at Mburahati market under a PPP arrangement funded by DANIDA. In Mwanza city, weekly markets (*magulio*) and street markets held in the evenings and at the weekends have been established. Any attempt to formalise street vendors must consider a range of support mechanisms that would help the vendors to sustain their income over time, including secure, legal access to good locations in public spaces, a better infrastructure at their vending sites and effective protection against harassment and abuse by the authorities.

(c) Building Awareness, Capacity and Productivity

Ongoing training for skills development forms an essential element in the formalisation process. Formalisation entails the massive capacity-building of informal operators and their associations and a dedicated formalisation institution (Olomi & Charles, 2016). It is crucial to facilitate programmes for awareness-raising on formalisation, and its benefits to officials, politicians and informal business operators (USAID, 2005; Ishengoma & Kappel, 2006). In South Africa, the street vendors' associations, Pretoria Informal Business Association (PIBA) and Pretoria Local Authority, jointly negotiated a free, full-time five-week training course at Pretoria College for their members (Mitullah, 2003). In 1993, Uganda, with support from ILO, undertook capacity-building focused on promoting the knowledge, skills and attitudes required to operate micro and small enterprises. The programme used local languages, starting with three to 34 radio stations. An

evaluation of the programme revealed that, by 2004, it had had a substantial impact, including enhancing the recognition and protection of enterprises, and increased stability, productivity, and incomes, which also pushed more people to join and operate formally (Olomi & Charles, 2016).

Most street vendors have a low level of education and lack business skills. Even educated people do not possess the requisite skills to run businesses. Because their activities are not legally recognised, they, therefore, lack access to any business or technical training that could help to develop their business. Providing skills and knowledge and training to operators of informal businesses is crucial before and after the formalisation of businesses. Ferragut and Gomez (2013) in Quito, Ecuador, reported that, after business formalisation, 92 percent of the vendors received training related to their business. The main areas covered by the training were accounting, customer services and business planning. Almost 70 percent received certification upon completing the training, but most said they could not apply what they had learned to their daily work. It implies that training should be given after studying a group's characteristics, demands and potential to practice the acquired knowledge.

Several countries, like Singapore and South Africa, successfully found a way and means to regularise and recognise street vending activities through urban planning and urban development programmes, based on the legal protection of street vendors, their organization, the provision of training, and the allocation of street vending business sites (Uwitije, 2013). A study by Judai in Zambia in 2002 found a lack of education and training for employment in the formal sector to be one of the reasons that push people into street trading activities. Furthermore, Ndhlovu (2011) confirmed in her study on street vending in Zambia, which involved a case study in Lusaka District. Training on entrepreneurship seems to be in high demand among street vendors. A study by Uwitije (2013) conducted in Rwanda affirms that up to 80 percent of the respondents wished to receive training on entrepreneurship to improve their business. Such findings suggest that vendors were aware of the importance of entrepreneurship education in helping them to

make positive changes and improving the way they run their business; as a result, such training would help them to increase their income.

In India, the Urban Women's Self Employment Programme (UWEP) aimed to impart vocational skills to the members of the Self-Employed Women's Association (SEWA) to make them economically independent (Bhowmik & Saha, 2011). Among other things, the programme offered training on the primary services provided by the bank, including several saving schemes, loan and insurance products, financial counselling and business counselling/advice/literacy. After the training programme ended, the members were given individual loans for business purposes and subsidies were awarded. The beneficiaries reportedly perform better once equipped with the knowledge provided to them.

In Tanzania, the difficulties of dealing with thousands of informal microenterprises operators prompt several local governments to form economic groups through which they can access training, financial advice and other services from the local government and other development stakeholders (Olomi & Charles, 2016). It is one of the activities of the community development department at the municipal/district and ward levels but capacity-building and credit programmes designed for micro-enterprises have proven unsustainable with little visible impact because they are rarely available and are dependent on unreliable governments, donor funding and expensive facilitators (Olomi & Charles, 2016).

(d) Provision of Information

The policies for promoting business formalisation include providing information to business owners. It is critical for the business formalisation efforts to offer information and/or support on the formalisation process to business operators and familiarise informal business operators and other stakeholders with concepts and good practices on enterprise formalisation by providing an overview concerning enterprise formalisation and sharing the intervention logic and guiding principles for an enterprise formalization strategy. Nelson and Bruijn (2005) showed that informal business operators in Tanzania did not get adequate information on the actual costs of enacting a formalisation transaction with the government and

invariably resorted to cost-evasion as a strategy for survival in the formal sector. Even though there is evidence that distance and information serve as barriers to some firms registering which would benefit from doing so (McKenzie & Sakho, 2010), several recent experiments, provided firms with information on how to register and reduced the cost of doing so, found that very few informal firms formalise as a result (De Mel *et al.*, 2013 in Sri Lanka; Jaramillo, 2009 in Peru; Andrade *et al.*, 2013 in Brazil; de Giorgi and Rahman 2013 in Bangladesh).

In Bangladesh, de Giorgi and Rahman (2013) arranged for the field staff to deliver information and brochures to 1,500 informal firms, and found that fewer than five percent registered, a figure that was no more significant than that for the control group firms which did not receive the information. They further implemented a randomised controlled trial to investigate the effects of a face-to-face information campaign regarding the potential legal and economic benefits of registration and a step-by-step demonstration of how to register. The reform replaced the former lengthy, costly registration procedures with speedy online practices, reducing the number of days required to register a company from forty-two days to just one day. The findings revealed no evidence that information constraints are the main barrier to registration for informal firms.

Other survey findings showed that many informal enterprises have a low awareness of the formalisation processes and the costs involved. They often overestimate the time and cost involved, particularly following efforts to simplify the registration process. In Sri Lanka, for example, De Mel *et al.* (2013) reported that only 17 percent of informal firm owners know the cost of registering. Most of them thought that the registration process would take over a month compared to one week or less in practice, and only two percent knew that lower incomes were not liable for business income taxes. In Bolivia, McKenzie and Sakho (2010) reported that only a third of informal owners knew where the tax office was located (where registration takes place). Only 10 percent had heard of the commerce registry. The natural policy response to this lack of information is to try and provide information to firms on how to register and the possible benefits of formalising. In Belo Horizonte, Brazil, Andrade *et al.* (2013) distributed a glossy

brochure produced by a State Government marketing team to 208 informal firms. It found that the firms which received this brochure were not more likely to register over the following year than firms that did not.

In the same line, Benhassine *et al.* (2018), in Benin, through field experiment, found that few firms registered after receiving information on introducing a new, simplified business registration scheme. Moreover, in Malawi, Campos *at el.* (2018) investigated the effect of both business and tax registration to test whether governments can bring firms at least partially within the formal system. They conducted a randomised experiment involving 3,000 informal firms and three different treatments: (i) 745 firms were helped with obtaining a business registration certificate at no cost; (ii) 293 firms were helped with obtaining both a business registration certificate and a taxpayer identification number; and (iii) 1,207 firms received assistance with obtaining a business registration certificate plus a bank information session. The number of business registrations increased vastly following all three treatments (with 75% of firms registering their business), with no significant effect on tax registration following any of the treatments. Assisting firms with information on bank accounts led to a 39 percentile point increase in bank account usage, which in turn led to a 15 percent growth in profits.

This suggests that even though there is evidence that many firms are poorly informed about the process of formalising, information alone does not have a significant effect on the formalisation rates. Assisting firms with the registration process can have a greater effect, for example, by separating the business and tax registration processes and helping firms benefit from their new status. Two randomised experiments investigated the impact of lowering the cost of formalization in addition to providing information. In Sri Lanka, de Mel *at el.* (2013) provided information and offered to reimburse the full cost of registering for taxes for 104 firms and found that only one firm accepted the offer and formalized.

(e) Enforcement of the Regulations

Even though the policy and research attention has focused on trying to simplify the regulations facing informal firms, far less attention has been paid to the effects of enhancing the enforcement of the existing regulations. Regardless of how user-friendly the regulations and their administration are, some people will prevent them from lowering costs, running for customers, etc. Enforcement is, therefore, essential if any framework for managing informal operators is to work. Interventions should include ‘carrots’ (incentives) and ‘sticks’ (enforcement measures). In some of the literature, the latter is referred to as restrictive measures (Bhowmik, 2005; Mitullah, 2003; Ndhlovu, 2011; Jongh, n.d.). Permana *et al.* (2016) termed these incentives and disincentives in their investigation of leadership styles: The incentive or disincentive approach in addressing the street vendor problem, including relocation, in Jakarta and Bandung, Indonesia.

It was observed that disincentives to street vendors are the most widely employed option, being the easiest to implement. Their implementation requires only physical power and authority, which are unquestionably abundant within the city government. In other words, the city government exercises its power to deal with street vendors fixed by the city regulations. Also, no innovative ideas are needed to exercise their power. On the other hand, disincentives to buyers were employed by imposing a penalty on those engaging in transactions with vendors in the “red zone.” They further indicated that incentives to street vendors were offered both before and after the relocation. It may include infrastructure, transport, free or cheap rental fees and bills, etc. Customers may receive facilities such as free Wi-Fi, easy parking, children’s play areas, etc.

Overall, the evidence suggests stricter enforcement is far more effective in boosting formality. Alcazar *at el.* (2010) undertook a randomised experiment whereby 577 firms were visited by municipal inspection officers and found that, although it was challenging to locate some informal firms, there was a significant potential impact regarding formalisation: About a quarter of the firms that were inspected because of their intervention registered with the municipality. The

randomised experiment conducted by Andrade *et al.* (2013) shows that more enforcement by inspectors might induce some informal firms to formalise. They randomly allocated 577 firms to be inspected by municipal inspectors. Their results highlight the difficulties associated with inspecting informal firms, as the inspectors were unable to locate some of these firms or talk to their owners, as well as the potential impact of this on formalisation. The authors estimate that 22 and 27 percent of the firms that were inspected because of their intervention subsequently registered with the municipality (Bruhn & McKenzie, 2013).

In practice, even after firms formally register, they must contend with other regulations and choose how far they can comply with them. Ulyssea (2018) defines two margins of informality that a firm can exploit: (i) the “extensive margin” (failing to register the business); and (ii) an “intensive margin” (e.g., hiring workers “off the books”). Formally registered firms may be partly informal concerning their compliance with the labour and tax regulations. As such, several studies examined enforcement's role in increasing formality along the two dimensions. Pomeranz (2015) reviewed the effect of increasing auditing in the VAT system in Chile, and found that a letter sent by the tax authority to generate a perceived increase in audit probability to select firms randomly led to a 12 percent rise in median declared income. A complementary approach is establishing incentives for customers to demand that firms become formal. Several countries have implemented a system in which tax receipts count as lottery tickets, creating an incentive for customers to request receipts. This system has been implemented in Taiwan, Korea, China, Brazil and Puerto Rico. Introducing this system in China increased sales tax revenue by 17 percent in the districts that implemented the reform (Wan, 2010). Likewise, there was an increase of 23 percent in tax revenue in Brazil (Naritomi, 2013).

Furthermore, Almeida and Carneiro (2012) established that the greater enforcement of the labour regulations in Brazil and increased enforcement of mandated benefits in the formal sector led to a reduction in formal wages and an increase in formal sector employment. Since they collected data on workers rather than on firms, they were unable to determine how much of the impact owed to

firms hiring new workers and how much was attributable to firms registering previously informal workers. Kumler *et al.* (2013) examined the dimension of labour informality, in which firms register workers but under-report the wages they pay them to reduce their payroll tax burden. They found that a social security reform that incentivized workers to monitor what firms reported led to less evasion among firms on reporting the wages of affected workers. The inspections notwithstanding, extant literature indicates that a sizeable minority of informal firms reports have received inspection visits, usually from the municipality, but very few reports have been fined in the researched countries. In Sri Lanka, 43 percent of informal firms were visited by a municipal official, but only 0.8 percent paid any fines (or bribes); in Brazil, 33 percent of firms were visited by a municipal official, but only 2.1 percent paid any penalties; and, in Bolivia, less than 2 percent of informal firms report paying fines.

In Tanzania, different strategies have been applied by local governments to enforce the regulations and deal with informal businesses. These include evictions, penalties, arrests and the confiscation of property by the municipal councils (Mramba, 2015; Msoka, 2007; Mitullah, 2003; Njaya, 2014). For local governments to hire security personnel to evict, they fine and/or arrest traders who operate outside the allowed framework. This approach has enjoyed only limited and often temporary success, mainly because politicians typically intervene to protect the street vendors (Olomi & Charles, 2016). In some areas, local government staff or, in other cases, security personnel have had an arrangement with the informal business operators, whereby the latter pay an agreed sum in return for informal protection from the former (*ibid.*). The former would, under this arrangement, warn the latter whenever an inspection is imminent, and the latter would suspend their operations before the inspectors arrive.

Collaborative inspection and enforcement constitute another strategy. For several years, Moshi Municipal Council tried to get formalizable businesses to license their operations. The common approach was to use municipal security. However, they noted this had a limited effect; they enlisted the collaboration of Tanzania's Chamber of Commerce, Industry and Agriculture (TCCIA) Kilimanjaro. The day

before the inspection, city officials announced on the streets that the TCCIA and city authorities would be visiting businesses to guide those without licenses on how to legitimise them. The following day, the municipal officers conducted the visit, targeting mainly those businesses that were apparently large and stable enough to be licensed. This intervention led to an increase in licensed businesses. However, in different parts of the country, enforcement agents are few, insufficiently competent and often accused of corruption, destroying working tools, and illegal confiscation of operators' wares (Mramba, 2015; Olomi & Charles, 2016). Harassment is one of the main complaints issued by informal operators.

2. 7. 2 Reasons for the success and failure of business formalisation

(a) Economic Factors

Informal firms are heterogeneous. Some (the so-called subsistence units) lack the productivity levels they would need to pay most regulatory costs. However, another significant portion may reap the benefits from formalising their activities (Jaramillo, 2009). Thus, policy measures should target this group of firms and induce them to formalise by cutting down the costs of operating in the formal sector and enhancing its benefits. There is, however, little evidence regarding the motivations and conditioning factors that shape the decision of informal entrepreneurs to stay informal or morph into formal entities (Joshi *et al.*, 2014).

According to ILO, the formalisation of micro, small, and medium-sized enterprises have a conducive business environment, economic growth, and better working conditions. The formalisation of enterprises is an integral part of a multi-dimensional, balanced approach, as outlined in the ILO Recommendation 204 concerning the Transition from the Informal to the Formal Economy. It contributes to the Sustainable Development Goals (target 8.3 on decent job creation and the formalisation and growth of MSMEs). Formalising enterprises gain access to finance, business development services and technology and reduce their exposure to government fines. They can also participate in public bidding or act as suppliers or retailers to larger companies. It also increases the tax revenues essential in

providing public goods and services (USAID, 2005; Mutakyahwa, 2012; Joshi *et al.*, 2014).

The ability or decision to formalise results from a set of interlinked factors affecting businesses and workers. In addition to taxes, there are numerous national and local licences, business and occupational regulations, the cost of labour and credit, uncertainties about the future and the inability to integrate into the supply chains of formal firms (Bruhn & McKenzie, 2018; Díaz *et al.*, 2018). Yet, too often, formalisation programmes largely rely on easing a single constraint (such as the time and cost involved in registering a business) or the tax burden to convince small entrepreneurs to formalise their small ventures. Bruhn and McKenzie (2018) further asserted that, depending on the expected benefits, costs and probability of being detected, small firms might experiment with some aspects of formalisation, particularly those that deliver the most immediate benefits, while choosing to remain informal for some other dimensions. A firm may register with the tax authority and acquire municipal licenses to access business opportunities with the government without registering its workers for social security. Implicitly, informal traders and firms tend to be attracted either to formalise or not by considering the associated costs and benefits of formalisation (Bruhn & McKenzie, 2018).

Several compelling reasons exist to attempt to bring larger, more profitable informal firms into the formal system. In many developing countries, there is a need to widen the tax base, including collecting taxes from relatively well-off owners of informal firms. Andrade *et al.* (2014) suggest that inspecting informal firms in Brazil that earn an average of USD 1,000 a month in profit would formalise more than enough firms to pay for the costs of such enforcement. Furthermore, the relatively successful informal firms are more likely to compete with formal ventures for customers, so ensuring that they formalise also reduces unfair competition that prevents even efficient formal firms from growing (Andrade *et al.*, 2014; Joshi *et al.*, 2014). Reducing the cost and complexity of formalisation needs to be complemented by other efforts such as enforcement for the measures to succeed. Policy-makers also need to encourage the enforcement of

rules and introduce innovative approaches to encouraging suppliers and customers to demand formality.

Simple comparisons between formal and informal firms reveal that the former is more productive and profitable than the latter. A series of frequently-cited studies by the McKinsey Global Institute compared the operations of formal and informal firms in several countries. They concluded that informality hurts productivity. The gap is large enough to account for nearly 50 percent of the overall productivity gap between countries such as Portugal and Turkey, on the one hand, and the United States, on the other (Farrell, 2004). La Porta and Schleifer (2008) also established that formal firms tend to have substantially higher productivity than informal ones.

Policies to promote business formalisation include tax reductions and special tax regimes; introducing incentives such as access to social security; increasing enforcement; providing counselling and coaching for business development, including government purchases; and paying firms to formalise. The measures attempt to reduce the cost of business registration and formalisation of small firms. Evidence shows that despite the significant efforts to lower the cost and ease the complex business registration procedures, most small-scale enterprises in developing countries continue to operate informally (Bruhn & McKenzie, 2018). In other words, these firms found the benefits of formalisation not attractive enough in terms of cost savings. Moreover, there was no clear policy rationale for dragging most of these small-scale firms into the formal sector.

Maloney (2004) argues that the firms that benefit from formalising already do formalise. In contrast, smaller, less productive ones rationally opt out of the formal sector because they perceive little tangible benefits from formalisation. Since firms are constrained by their lower human capital, informalizing is often the optimal decision, given their preferences. Relatedly the “optimistic view” holds that, though they are informal because of a rational decision, informal firms gain a substantial cost advantage over formal ones by evading taxes and regulations. They remain small to avoid detection (Ulyssea, 2018). These firms also hinder the economy's growth because their small scale makes them not productive enough,

yet their cost advantages allow them to take a market share from bigger, more productive formal firms. This view implies that governments should reduce the number of informal firms by enforcing the regulations and fighting tax evasion.

Two randomised experiments investigated the impact of lowering the formalisation cost and providing information. In Sri Lanka, De Mel *et al.* (2013) provided information and offered to reimburse the full cost of registering for taxes for 104 firms and found that only one firm accepted the offer and formalised. In Brazil, Andrade *et al.* (2014) provided information to 225 informal firms. Also, the government agreed to waive all registration fees and sanitary and inspection taxes. Only one firm accepted the offer. This evidence suggests that the cost of registering has little bearing on the registration of existing firms. A possible reason for this is that, as well as the initial cost, and registration increases the expected ongoing costs, taxes and labour costs directly while adding the costs for accountants and other fees that are required to comply with tax and labour regulations (Bruhn & McKenzie, 2018; Garcia-Bolivar, 2006).

Formalisation costs include the time and resources needed for registration or obtaining a licence, tax compliance, and following the labour laws and other regulations (Joshi *et al.*, 2013, 2014). In Peru, the reduced time required to obtain a municipal licence from 160 days to two days, together with a subsidy of between 27 and 35 percent of the cost of a licence led to about 10 to 12 percent of informal firms obtaining a licence (Alcázar *et al.*, 2010). The USAID (2005), Fjeldstad (2013), and Joshi *et al.* (2014) argue that successful formalisation requires simplification of the registration processes and costs, support and lowering of the formal operational costs. The time needed to register in Tanzania has become a barrier to formalisation. The *Doing the Business Report* by the World Bank revealed that, in Tanzania, it takes up to 29 days to establish and begin operating a business established, whereas in Rwanda, it takes only three days, and 25 days in Uganda (Mutakyahwa, 2012).

Multiple offices involved in registration and high tax rates also elongate the registration process (USAID, 2005; Fjeldstad, 2013). On the other hand, De Soto

(1989) argued that avoiding costly regulations is often a more powerful motivation for formalisation. Jaramillo (2009), as cited in Joshi *et al.* (2014), reported research findings from Lima, Peru, showing that although informal firms were offered free business licenses and support with the registration process, only a few were willing to formalise, even after the registration costs were primarily eliminated. This reluctance was attributed to the recurrent costs of being formal along with the low perceived benefits of formalisation, limited growth ambitions, and low trust in the government. On the contrary, in Entebbe, Uganda, a reform that reduced the costs of formalisation was followed by a 43 percent increase in compliance with the requirement to register (Sander, 2003).

(b) Political Factor

Policy and programme implementation depend significantly on the political commitment regarding resources and capacity allocated (Chopra, 2015). The incentive provides a motive to choose a particular course of action. Politicians often promise huge public benefits from different projects without fully realising or explaining the projects' costs and feasibility (Krol, 2015). A better understanding of the political incentives that influence these decisions can help policy-makers make more efficient choices regarding the formalisation of street traders in Tanzania. There are compelling reasons for political leaders to offer weak incentives to tax the informal economy as this could raise limited revenue, is administratively challenging and potentially be politically unpopular, so it is better to leave them alone (Joshi *et al.*, 2013, 2014).

On the other hand, because people who depend on the informal sector for their livelihoods do not live by the law, they need political protection (Tendler, 2002; Olomi & Charles, 2016). Some politicians take advantage of this vulnerability to trade security for votes and political influence (Hoffman & Gibson, 2005; Mahvish & Majid, 2014). The high concentration of informal operators in urban areas makes them “*viable vote banks*” for politicians (Chatterjee, 2004). Consequently, narrow political interests may use vulnerability as central for obtaining votes and not attempt to find substantial solutions to formalization (Olomi & Charles, 2016).

Tendler (2002, p.2), in an article entitled “small firms, the informal sector, and the devil’s deal” in the Brazilian state of Pernambuco, observed that an unspoken agreement existed between politicians and their constituent small firm owners, many of whom worked in the informal sector. She called this tacit understanding ‘the devil’s deal’ primarily because it makes informality more attractive and formalisation less attractive than it might otherwise have been.

Moreover, Kayuni and Tambulasi (2009) researched the political transition and vulnerability of street vendors in Malawi. During the one-party autocratic rule of Dr. Banda, from 1964 to 1993, the government largely suppressed the informal sector. When the multi-party system of governance was introduced in 1994, a new government, led by Bakili Muluzi (a business tycoon), introduced business loans to assist Malawians in setting up informal businesses. Consequently, the informal sector, mainly in street vending, mushroomed in every urban centre in Malawi. The president himself declared that he was a patron of street vendors; as a result, his statement led to congestion in the city and vendors refusing to relocate to the constructed flea markets.

When another president, Dr. Bingu wa Mutharika, an economist, came to power in 2004, he insisted that all the vendors vacate the streets. In April 2006, he mobilised the police and army, who swooped on all the vendors to remove them from the streets. This was executed in the face of a severe threat of obstruction by vendors. The informal sector that had been a source of livelihood for most unemployed Malawians was wiped out within a matter of days. This resulted in a loss of revenue for both the government and street vendors, corruption amongst law enforcers, a loss of trust in the government and a surge in the number of thefts and robberies (Kayuni & Tambulas, 2009). In addition, in the 1999 election campaign, the political parties heavily used the vendors’ grievances as campaign capital, which led to most of the vendors defying the local authorities so much that some vendors even mentioned that they were ready to die in the street rather than be evicted, hence the saying: “No one could question their defiance.” Using a qualitative approach, the study found that the political transitions had both a positive and negative impact on street vending in the country.

Similarly, Steel *et al.* (2014) and Olomi and Charles (2016) revealed that the exercise of collecting tax from informal operators became particularly bad during national and local elections when politicians prevented the local government officials from taking any strict measures against street traders. In Ghana and Tanzania, most municipal assemblies introduced by-laws that govern the operation of all everyday income-generating activities conducted by informal operators. However, a major reason for their weak and inconsistent enforcement is that, given their large numbers, informal operators are an important political constituency. Therefore, local and national politicians pretended to be on their side, especially when elections were approaching. Normally, this is achieved by relaxing the enforcement of the by-laws that ban business activities from the streets or other areas not designated for business (Olomi & Charles, 2016).

In addition, before the 2005 General Election in Tanzania, efforts were made to clean the city up and drive away street hawkers, popularly known as *Machinga*. The reasons for this were to curb tax evasion by the informal sector, clean up the city that was becoming uncompetitive and disorderly, control the spread of cholera, manage the increasing levels of crime, and reduce congestion in the city by both pedestrians and cars (Msoka, 2007). It was a painful exercise characterised by running battles between city police and vendors. About two months before the 2005 General Election, however, the exercise stopped due to a concern that opposition parties were already using the exercise as campaign capital, which could have implications for the ruling party. Shortly after the 2005 election, the new government under President Kikwete continued with the exercise of relocating street traders to new areas, but this was not an easy task.

(c) Policy and Regulatory Issues Regarding Street Vending

The absence of an appropriate enabling policy and legal framework for managing street vendors in the informal sector exposes the operators to many challenges and risks, such as a high level of unpredictability (hence, an inability to save and plan), extortion (illegal taxes, levies and rents) (Adisa *et al.*, 2022), limited access to premises by investors (as investors fear investing in premises designed for them),

and limited access to finance (as they lie outside the legal framework). Unmanaged informality also contributes to the informalisation of the formal economy while threatening to undermine order and security.

According to USAID (2005), the formalisation of enterprises in many developing countries is usually difficult due to the strict regulations, which cause longer delays and higher costs. The laws and regulations appear unfair to small street traders, as they are not consultative and, sometimes, they are enforced in a coercive manner (Mutullah, 2003; Mramba, 2015; VIBINDO, 2008). The city's by-laws in SSA either make it hard for street traders to operate in the city or consider them illegal and, hence, unprotected (Manoko, 2012). South Africa and India are the two exceptions, where street vendors legally get protection and recognition (Mramba, 2015; Njaya, 2014; Mitullah, 2003). They operate their businesses without any legal status, living in constant fear of city police harassment, confiscation of their goods, fines, corruption or jail (WIEGO, 2013; Msoka, 2007; Ishengoma & Kappel, 2006). Mitullah (2003) indicated that the urban authorities in Sub-Saharan Africa, except in South Africa, employ outdated policies and regulations that emphasise the illegality of street trade. India is the most recent case where street vending has been allowed to operate in allocated vending zones, following the terms and conditions mentioned in the vending certificate (Gupta, 2014). The president and Parliament 2004 passed the 'Protection of Livelihood and Regulation of Street Vending Act, 2004'.

In Tanzania, the laws regarding informal traders have changed over time. There have been explicit and implicit bargaining between informal traders and the authorities/government. Some of this took the form of negotiations between two parties, whereas some were coercive (Lyons & Brown, 2010; Msoka, 2007; Mramba, 2015). In 1963, by-laws made petty trading illegal, and, in 1974, the city authorities sought to deport all the informal workers to their villages. However, this policy proved unsuccessful due to resistance by the vendors (Lyons & Brown, 2010). This was followed by the Human Resources Deployment Act 1983, which required every non-disabled person to work and introduced a *nguvu kazi* licence,

giving street traders the legal status to operate (Lyons & Msoka 2008 in (SALGA); Lyons & Brown, 2010; Mramba, 2015).

However, the introduction of the Business Licensing Act 2003 abolished the *nguvu kazi* licence and made street vending illegal (Lyons & Msoka 2010). Also, the Trading Act 2004 abolished licensing fees but further marginalised informal traders under Tanzanian Shillings (TZS) 20 million turnovers (Lyons & Brown, 2010). The licence fees were restored in 2014 without restoring the minor licence. As a result, informal microenterprises now face a more challenging environment than during the 1983-2004 period (Olomi & Charles, 2016). Furthermore, the Tanzania Business Activities Registration Act 2007, which aims to simplify business conduct, failed to incorporate street vendors' businesses (URT, 2007).

Some countries have placed obstacles to the development of street vending sector activities. The countries have declared street vending activities illegal, yet some actions supporting street vendors have successfully implemented in certain countries. The following are some of the successful examples found:

India recognised the role of street vendors in improving the livelihood of the poor people in Indian towns. In this light, India formulated a "National Policy on Urban Street Vendors, 2009". The policy recognises the positive role of street vendors in providing essential commodities to people at affordable prices and in convenient places. India also recognised the need for regulating street vending based on specific objectives and principles. The overall purpose, therefore, was to provide and promote a supportive environment for the vast mass of urban street vendors to pursue their vocation while ensuring that their vending activities do not lead to overcrowding and unsanitary conditions in public places and spaces. The policy aims to achieve these objectives by providing a legal status, civic facilities, transparent regulations and the organisation of the vending, participative process, self-regulation and promotional measures (India, 2009).

Moreover, street vendors in India enjoy legal protection through the Street Vendors Act 2014 (Protection of the Livelihood and Regulation of Street Vending), which was enacted to regulate street vendors in public areas and protect

their rights. The Bill was passed by the President of India on 4 March 2014. The Act aims to provide social security and livelihood rights to street vendors. The critical point of the Act is that it offers legitimate protection to street vendors from harassment by the police and civic authorities; the demarcation of vending zones; planning for street vending activities every five years; research on street vending at least once every five years; the establishment of town vending committees; and the establishment of effective mechanisms for redressing grievances and resolving disputes.

China is also one of the countries which have recognised the role of street vending and attempted to formalise the sector through the regulation and enforcement of street vending licensing. Park and Cai (2011) found that, by 2002, undocumented workers represented 39 percent of the Chinese labour market. Informal employment appeared to represent a substantial portion of China's economy. To promote the formalization of the street vending sector, multiple levels of government attempted to develop and implement regulatory practices through revamping the licensing procedures and creating vending districts and new forms of supervision (Bell & Sideris, 2014). China's government started to recognise the informal economy in 1980 by formulating various regulations and policies which fluctuated with time. The regulation required every legal street vendor to have a licence, as a lack of one renders the activity illegal (Hu & Zhao, 2006).

Furthermore, the State Council (China's Cabinet) established urban management districts in China's cities that officially started operation in 2002 and included the policing of street vending among their responsibilities (Zhang & Zhang, 2008; China Daily, 2009a). The pavement vending policy is overseen by the Ministry of Industry and Commerce, whereas the monitoring and fining of illegal vendors is typically handled by Chengguan (urban management officers). Chengguan is also responsible for enforcing ordinances relating to sanitation, traffic safety, urban construction, and stopping illegal businesses (the category into which unlicensed street vending falls).

Evidence from China's initiative demonstrates new responses, such as a call for greater compassion when dealing with unlicensed street vendors and an emerging civil society discourse that seeks flexible solutions to the conflict between street vending and the local regulatory authorities (Bell & Sideris, 2014). In 2009, street vending and its regulation became the focus of the public dialogue in China when the Legislative Office of the State Council solicited public opinion on regulating self-employed businesspeople (Xinhua, 2009b). The new laws in Beijing related to street vendor status were developed due to the responses to a public Internet-based survey. The law ensured that the public was involved in the policy creation. The laws have changed in some regions to give unregistered vendors the right to sell in specific areas or at certain times. Also, the creation of street vending districts in Hong Kong was another response to the street vending issue. The consolidated city street vending into hawker centres or cooked-food centre provide an experience and the preservation of a livelihood, with the additional benefit of improving the regulation of health and management.

South Africa's Durban is one of the cities that have been able to recognize street vending activities. Durban is often cited as an example of good practice street vending. Durban adopted the following approaches to supporting street vendors (Durban, 2001; Sung, 2011). Durban also uses the concept of permitted zones, which refers to a geographical designation permitting vending, a departure from the typical licensing that assigns a specific location to a vendor. In Durban, street vendors are granted access to permitted zones by purchasing a permit, which provides legality and a basic package of services (water, rubbish collection, etc.). In contrast, in Johannesburg, street vendors are given trading space in return for agreeing to comply with the health and environmental standards. The permitted zones approach offers an innovative approach to managing informal street activities and offers promise regarding a spatial management approach.

In Singapore, since it gained independence in 1965, street vending, especially food vending, known there as "hawking," became a popular entrepreneurial activity when formal jobs were scarce during the post-World War II reconstruction years. Street hawkers set up their carts or temporary food stalls along major roads, in

public spaces and near public housing complexes, but the overabundance of unregulated street hawkers proved a serious problem for Singapore. Indeed, the cleanliness and sanitation of the vending areas became a major issue for vendors. The food quality and foodborne illnesses also became public health issues, whereas food and liquid waste polluted the city streets. In the late 1960s, the Singaporean government embarked on a compulsory registration drive for all street hawkers and designated temporary off-street locations where they could operate. In the 1970s and 1980s, hawker centres or public food courts were constructed to house street vendors.

Open-air and semi-enclosed by design (due to Singapore's year-round tropical climate), for street food vending, the hawker centres not only provide dining areas but, most importantly, permanent facilities for cooking, food storage, preparation, and sanitary amenities, such as bathrooms, sinks and waste bins. The result satisfied the government's penchant for urban cleanliness and the country's cooking traditions. The hawker centres are typically found adjacent to high-density housing complexes and commercial districts. Singapore's government also organises regular training courses on food and personal hygiene.

The city's street vending population in Singapore has changed over time. The literature shows that the emergence of younger, better-educated street vendors was attributable to the rising unemployment rate that left more graduates without jobs. Many of these have taken to street vending. The government decided to upgrade the hawker centres in densely-populated residential areas. Although the rents charged by the government have increased, the street vendors still attract large clientele because the items they sell are cheaper than those available in shops. A significant fact about street vendors in Singapore is that, over the past 30 years, they have helped to keep the cost of living down since workers, students, and poor people depend on them for their daily necessities, including their meals. It is also evident in other places as well, but, unfortunately, planners rarely consider these contributions to the local economy. Strategically, placing these hawker centres near heavily-pedestrianised areas, transit facilities, parks, public plazas, or mixed-

use developments will further enhance Dar es Salaam's ongoing maturing of its public-space identity.

(d) Enforcement Capacity

Regardless of how user-friendly the regulations and their administration are, they hinder informal business operators from lowering their operational costs and accessing more customers. Enforcement is, therefore, essential if any framework for managing informal operators is to work. Local governments have used different strategies to enforce regulations and deal with informal businesses. These punitive measures include evictions, penalties, arrests and the confiscation of property by municipal councils (Mramba, 2015; Msoka, 2007; Mitullah, 2003; Njaya, 2014). It is common for local governments to hire security personnel to evict, fine and/or arrest traders who operate outside the permitted framework. This approach has had only limited and often temporary success, mainly because politicians typically intervene to protect the street vendors (Olomi & Charles, 2016).

Also, in some areas, local government staff or, in some cases, security personnel have an arrangement with the informal business operators, whereby the latter pay an agreed sum in return for informal protection by the former (Olomi & Charles, 2016). The former will, under this arrangement, warn the latter whenever an inspection is imminent, at which time the latter will suspend their operations. Generally, in different parts of Tanzania, fewer enforcement agents are neither sufficiently innovative nor competent, and often accused of corruption, destroying working tools and illegally confiscating the operators' wares (Mramba, 2015; Olomi & Charles, 2016). This type of harassment is one of the main complaints made by informal operators.

(e) Organisational Capacity of Street Vendors

According to Olomi and Charles (2016), using indirect formalisation through empowering associations and co-operatives to deliver formalisation services to their members is far more effective and efficient than using formal government

institutions (direct formalisation). Indirect formalisation has a greater potential to be inclusive and reach the base of the private sector pyramid. Associations that represent informal workers can play a critical role by serving as petitioners and pressure groups regarding the selection of public space for business activities, defending workers' rights, securing access to essential services, influencing policy and increasing their bargaining power (Nnkyia, 2006; Muiruri, 2010).

Nevertheless, the participation of street vendors in SSA's urban planning and development activities, in general, is said to be very limited due to the weak and poorly-organized associations (Mitullah, 2003). Most associations mainly deal with welfare issues, with very few focusing on the business issues that affect their operations, such as services, sites of operation, licensing, policy and advocacy. In South Africa, associations provide business services for their members, such as bulk purchases, storage, marketing, training, negotiation and advocacy (Mramba, 2015; Mitullah, 2003). For instance, Queenstown Hawkers Association in South Africa represented street traders from various groups during negotiations regarding by-laws, whereas the Self-Employed Women's Union (SEWU) negotiated with the Durban Central Council over the improvement of facilities, such as water supplies and toilets, shelter and childcare facilities for its members (Mitullah, 2003).

One of the best street vending associations in the world is the National Association of Street Vendors of India (NASVI). It is a federation of 715 street vendor organisations, trade unions and non-governmental organisations (NGOs). This association advocate on behalf of street vending and take on all cases to protect their livelihoods. Bhowmik and Saha (2011) contended that NASVI is a successful membership-based organisation in India that works for street vendors and has been an important source for data/statistics regarding the planning and provision of credits for the Self-Employed Women's Association (SEWA). It also provides a voice and visibility to street vendors, brings their livelihood, social security and human rights issues to the forefront and engages with national and state governments as well as municipal bodies regarding the protection of their rights and entitlements through the policy and legislative instruments.

In Ghana, the association of private transport operators struck a deal with the government and collect income taxes from its members in exchange for tangible services, thus highlighting the importance of collective actors and credible institutional channels during negotiations between the state and associations, without which such bargaining is weakened (Joshi & Ayee, 2002; Joshi *et al.*, 2013, 2014). In Dar es Salaam, since the 1990s, the Association of Small-Scale Businesses (VIBINDO) has appeared to influence negotiations with the government regarding the informal economy (Lyons & Brown, 2010). The association acts as a lobbyist and pressure group and is involved in selecting public spaces for business activities (Nnkya, 2006). VIBINDO was involved in the planning and implementation of the Sustainable Dar es Salaam Project that was introduced in 1992 by UNDP and UNCHS and led to both the acceptance and formalization of street trading in certain areas and the development of new markets for traders who had been evicted from streets designated for clearance (Lyons & Brown, 2010). The National Income Generating Programme developed markets in several cities, like the Stereo Market in Temeke and Makumbusho in Kinondoni.

Also, the Machinga (Hawkers)'s Complex was built by Ilala Municipal Council following advocacy efforts by VIBINDO Society. However, Skinner (2008) and Olomi and Charles (2016) asserted that the evidence suggests that in Dar es Salaam, many traders are unaffiliated with any organization. Even though the role of the trade unions appears to be ever more critical, most associations have their vulnerability and weaknesses. They may be unable to negotiate on behalf of all traders (Lyons & Brown, 2007).

2. 8 Synthesis and Knowledge Gap

2. 8. 1 Synthesis

The literature review revealed that street vending is an urban phenomenon, especially in developing and transition countries. Street vendors' businesses provide an answer to or at least an alternative solution to the growth of the number of urban jobless. They provide an income to millions of poor people, especially those living in cities and support the overall economy. Their numbers have

increased due to the increased labour force, limited employment opportunities and migration to urban areas. Street vendors operate informally, like other sub-sectors in the informal economy. Different views have explained why such informality. According to the exclusion view, such informality is due to high entry costs to the formal sector and the high levels of taxes, fees, and/or contributions associated with becoming and/or remaining formal. Proponents of the exit view assume that enterprises not only consider the costs of formalisation, but compare the costs with the benefits. The main explanation for a large number of informal businesses, according to the dual economy view, is the lack of available wage jobs in the formal economy. The presence of many street vendors in urban areas has mostly been associated with tax evasion, city pollution (which makes it less competitive and attractive to investors), the spread of infectious diseases including cholera, increased levels of crime, and congestion in the city in the form of both pedestrians and cars.

In many countries in Africa, Asia and Latin America, street vending operates outside the formal legal framework. It is characterised by violating the zoning codes and non-compliance with the labour codes and tax liability. Street vending is not documented as a legal activity by most governments across the world, and government officers see these vending activities as a hindrance to the development of the city (Ndhlovu, 2011; Njaya, 2014; Uwitije, 2016; Bhatt & Jariwala, 2018). City by-laws restrict and make it difficult for street traders to operate and/or consider them illegal and, hence, unprotected. Despite the efforts by the Tanzania government and other governments to restrict and remove petty traders from urban centres, street vending has flourished.

The urban aspiration for modernisation in the Global South has, thus, often been accompanied by the formalisation of street vending and the removal of informal activities from certain public spaces (Steck *et al.*, 2013). In managing the informal livelihood activities, the city authorities operate under various regulations and city by-laws. They have taken actions such as relocating and evicting informal livelihood operators from their chosen urban locations. To some extent, informality allows street vendors to avoid certain costs (e.g., taxes, licenses, social

protection contributions, health requirements, etc.), but it can also block them from accessing certain opportunities available to formal firms. Such options include reduced harassment and evictions by the police and municipal officials, security services, a reduced need to pay bribes, shutting down to avoid paying taxes, access to credit, increased opportunities to engage with large firms and government contracts and access to broader training and support programmes, among many others.

Moreover, it is widely accepted that a large informal economy has all kinds of negative economic effects at the macro and micro-level, including poor labour conditions, an insufficient tax basis, poor coverage of social protection and a negative influence on macroeconomic growth (ILO, 2014). Hence, governments worldwide try to reduce the size of the informal sector. Unlike developed nations, formalisation in the third world still lacks a clear understanding in terms of policy direction. Even now, there are no clear formalization policies in most SSA countries, including Tanzania. Although the evidence suggests that formalisation will bring some form of benefits to informal entrepreneurs, this group rejects this idea.

According to ILO (2014), there are at least four different ways to motivate informal enterprises to formalise by lowering the costs of becoming (and remaining) formal; improving the benefits of being formal; improving the general business environment; by introducing policies that lower costs and improve the benefits of formalization (as mentioned in the previous two points) that also target formal firms; and by strengthening the law enforcement. Thus, to achieve the large-scale (inclusive) formalisation of the informal sector and street vendors' businesses, in particular, different approaches are needed. The transition to formality makes good business sense to the operators. The literature has documented several approaches and initiatives/policies that governments have used to formalise informal businesses; namely, regulatory simplification, provision and access to premises and markets, building awareness and capacity to increase productivity, providing information and enforcing the regulations.

In several countries, one-stop shops have been widely implemented as a strategy for helping individuals formally to register their businesses. The strategy thus eliminated the need to visit several different government offices to complete the registration process, thereby reducing the time and/or cost required. Studies find that a large reduction in the cost and time required to register a firm leads to a modest increase in the number of formal firms. Most informal firms do not appear to benefit by formalising their businesses. Most of these studies cannot disentangle whether the increase in registrations is due to informal firms registering or to new firms being created by individuals who did not previously run businesses. The increased enforcement of the rules can increase the formality. Surveys of microenterprises typically show that many informal firms are poorly informed about either the process of formalising or the costs involved. A natural policy response to this lack of information is to provide information to firms about how to register and the possible benefits of formalizing. However, two randomised experiments that attempted to provide information to the informal firms found no resulting increase in formalisation.

2. 8. 2 Knowledge gap

The literature review indicates that several studies have focused on investigating the causes, contributions, vulnerability and effects of street vending. Some worldwide available studies went further and focused on the nature of the relationship between street vendors and the government, the government's initiatives to formalize the informal sector, the reasons why street vendors trade outside the market infrastructures, challenges and constraints regarding formalisation (Udoh, 2014; Msoka, 2007, Olomi & Charles, 2016; Mramba, 2015; Mnyawi, 2014; Ndhlove, 2011). More specifically, Holland (2014) investigated why governments tolerate the violation of their laws and regulations and when the governments enforce their laws and regulations. She used the concept of forbearance to craft a comparative analysis of the enforcement politics in three Latin American capital cities, i.e., Santiago, Chile, Bogotá, Colombia, and Lima, Peru. Two types of legal violations were studied; unlicensed street vending and illegal land occupation.

Moreover, most studies were conducted in Central and Latin America and Asia. The studies mainly focused on the causal effect of policies designed to promote firm formalisation (Bruhn 2011; Kaplan, *et al.*, 2011; Bruhn & McKenzie, 2013; Cárdenas & Rozo, 2009; Bruhn, 2013; Mullainathan & Schnabl, 2010; Alcázar *et al.*, 2010; Andrade *et al.*, 2013; de Mel *et al.*, 2013; Giorgi & Rahman, 2013). Most of these studies focused on informal enterprises/firms and not specifically the street vendors' sub-group. Again, most studies reviewed employed a quantitative approach, especially experimental methods. In the case of SSA, and Tanzania in particular, there is a shortage of specific and detailed literature that discusses why street vending flourishes in the “business as usual” fashion, despite the government's efforts to formalise such trading activities and associated benefits. In addition, since the introduction of the small entrepreneurs' Identity Cards “Machinga IDs” as President's initiative to formalise small informal businesses in Tanzania in 2018, there may be few or no study been undertaken to explain its implementation. Therefore, this study employed forbearance theory (supplemented with informality perspectives) and qualitative approaches to study and fill the knowledge gap that the study set out to fill.

2.9 Conclusion

This chapter has reviewed both the theoretical and empirical aspects of the study. The theoretical part helped explain the meaning of and relationships between the variables used in the study, as reflected in the conceptual framework. Empirical evidence from various countries helped to contextualise and establish a gap that, in turn, formed the basis for the need to undertake this study. The primary lesson learnt is that street vending is an essential feature of the urban economy, especially in developing and transition countries. Ongoing formalisation efforts have been pursued to minimise the increasing informality. However, the efforts so far have not yielded the desired results. Several factors, such as economic, organisational, enforcement, regulatory and political factors, are said to hamper the efforts. Forbearance regarding the poor's violation of the law is more prevalent in developing countries because the social policy remains silent, inadequate and hard to expand locally. It has been established that none of the previously reviewed

studies focused on why street vending flourishes despite the government's efforts to formalize it and these benefits. Therefore, forbearance theory, complemented with informality perspectives were used to provide a framework with which to examine the phenomena under study. The subsequent Chapter Three describes the study's methodological design and its research context.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents and describes the research methodology. The chapter is divided into ten sub-sections as follows: Research design and approach (3.2), the study area and justification (3.3), sampling procedures and sample size (3.4), sources of data (3.5), data collection methods (3.6), data analysis procedure (3.7), limitations of the study (3.8), validity, reliability, and ethical issues (3.9), and conclusion (3.10).

3.2 Research Design and Approach

The study adopted qualitative research complemented by some quantitative approaches as advocated by O' Leary (2010). The approach helps explore and understand the meaning individuals or groups attach to a social or human problem or phenomenon (Yin, 2003). Specifically, a "qualitative case study design" was adopted. In this context, a researcher explores a bounded system (a case) or multiple bounded systems (cases) over time through detailed, in-depth data collection involving multiple sources of information (e.g., observations, interviews, questionnaires, audio-visual material, and documents and reports), and reports a case description and case-based themes (Creswell, 2013). In this study, Wamachinga in Dar es Salaam city was the case, and in-depth interviews, Focused Group Discussions (FGDs) and observation helped collect detailed information from the respondents.

The case study method was employed to facilitate an in-depth understanding of the initiatives and processes of formalisation, its successes and failures. It seeks to understand how individuals construct the meaning of an event or activity that occurs within their surroundings (Merriam, 2010). Moreover, Yin (2009, 2014) argues that a case study approach is suitable when the issue being investigated is current, the actors involved are present, and the events to be examined are available for observation. Furthermore, a case study facilitated the triangulation of

the information collected from government officials together with that collected from street vendors themselves, who are the subject of formalisation. Triangulation is an important method for comparing different elements and or/realities (Pawluch, 2005).

Moreover, this study employed quantitative approaches to obtain quantitative data. It began with a descriptive design using a survey method through questionnaires to a group of street vendors to collect information from street vendors to understand the nature of their demographic characteristics, business information, awareness, perceptions and views of formalization processes (Merriam & Tidwell, 2016). The use of a survey elicited a broad understanding of the magnitude of the studied issues by gathering the voices of the street vendors and making the study more representative but not to the extent of being generalizable to the population (O' Leary, 2010).

3.3 Study Area and Justification

Dar es Salaam city was potentially an appropriate study area for the following reasons. It is the country's main commercial city, containing 10 percent (4.36 million people) of Tanzania's total mainland population (2012 Population and Housing Census, URT, 2013). The city has a huge volume of street vendors compared to other parts of the country and is the destination for most traders who migrate from rural areas or other towns and cities. The most recent estimated data by the Dar es Salaam city authority (in 2014) shows that over a million street vendors operate there (Mramba, 2015). Also, Dar es Salaam has witnessed continual clashes between the city police and street vendors, during which the law enforcement agents often face corruption, destruction and the illegal confiscation of vendors' possessions accusations. The researcher's familiarity with the location was an advantage, as it facilitated access to data through an established network and knowledge.

It was neither practical nor desirable to study an entire city as large as Dar es Salaam. As the city is divided into five municipalities, the researcher focused on three: Ilala, Kinondoni and Temeke. To narrow down these areas further to

facilitate detailed data collection, the researcher identified the locations which are prime ones for street vending activities (see section 3.5). Therefore, two wards were selected with one street vending site from each municipality.

3.4 Sampling Design and Sample Size

The study adopted a multi-stage sampling procedure to obtain a sample of respondents (Visser *et al.*, 2000). The first stage involved a purposive selection of three municipalities in the Dar es Salaam region: Kinondoni, Ilala and Temeke. Dar es Salaam region consists of five municipalities (districts): Kinondoni, Ilala, Temeke, Ubungo and Kigamboni. The latter two used to be a part of Kinondoni and Temeke, respectively but became independent municipalities in 2016. The reason for including these three municipalities is their long existence. Ilala, Kinondoni and Temeke have been dealing with Wamachinga issues for many years, whereas Ubungo and Kigamboni are relatively new municipalities. The difference in the length of their existence matters, as municipalities that have existed for some time can have well-co-ordinated, established structures, past and ongoing formalisation initiatives and programmes, resources and enforcement capacity, coping strategies and hence, a long history of dealing effectively with the formalisation of informal businesses.

The second stage involved the selection of six (6) wards, that is, two from each municipality. One of the criteria for selection was the presence of vibrant undesigned/temporarily designated business centres (one in each ward). The selection of the wards and the business operating centres included those near town centres and those further afield to see if there were any variations in terms of dealing with street vendors or vendors' organisations. Municipal and ward officials also helped to identify the most critical areas concerning the problem under study.

The third stage involved selecting the individual respondents to be engaged in answering the questionnaires. A purposive sampling technique was used to identify respondents/street vendors to respond to the questionnaire. This sampling method was employed to identify vendors with extensive experience in vending activities (at least three years) and avoid including respondents with little or no

experience, as new vendors emerge every day. Vendors who possessed the required experience were identified through local Mtaa government leaders (MEO or Mjumbe) and, in some areas, street vendors' representatives, as well as by asking how long the vendors had been engaged in vending before they began to complete the questionnaire. The study used a sample of one hundred and fifty (150) street vendors for the quantitative data collection (i.e., survey) within the study area. A sample of fifty (50) experienced vendors from each municipality was enough to gather the vendors' voices, manageable and feasible, based on the financial and time resources available for this study (O'Leary, 2010; Salkind, 2012). This sample does not seek representativeness of the target population, because this study did not aim to make the findings generalizable to the population.

Also, the purposive sampling helped identify key informants with relevant knowledge of the topic, as tables 3.1 and 3.2 illustrate. Purposive sampling was an appropriate non-probability sampling technique to help generate reliable respondents from various categories. It involved selecting units most relevant to the subject matter and studying them based on their knowledge, roles and experience regarding the phenomenon under study. In this study, various categories of respondents were purposively selected by their being key informants to the study as follows: Two (2) street vendors' leaders from each municipality, one (1) VIBINDO Society leader, three (3) SHIUMATz² leaders, i.e., one from each municipality, and two (2) LGA officials from each municipality. Other key informants included two (2) experts on the informal sector, particularly the research on street vending, two (2) Councillors from each municipality, two (2) Ward Executive Officers (WEO) from each municipality and two (2) Mtaa Executive Officers (MEO) from each municipality. However, the researcher could not recruit all these targeted key informants, as Table 3.1 demonstrates. For instance, in five out of six visited sites, no leader was recognized as representing the vendors in that area. Also, SHIUMATz had no representative in Kinondoni or

² Shirikisho la Umoja wa Wamachinga Tanzania (Association of Roaming Businessmen in Tanzania)

Temeke. Also, despite many attempts, it proved difficult to meet with Bunju and Kariakoo councillors. Nevertheless, a reasonable number of key informants were obtained who were well-informed to provide enough information to answer the research questions.

Table 3.1: Summary of the Sample Size

Respondents: Sampling Design (Non-Probability, Purposive)										
Municipality/ Mtaa	Street vendors	Street vendor leaders	VIBINDO Leader	SHIUMA Leader	LGA Officials	Informal Sector Experts	Ward Councillors	Ward Executive Offices	Mtaa Executive Officers	Total
Kinondoni:										
Mwenge & Bunju B	50	1			2		1	2	2	58
Ilala:										
Kariakoo & Buguruni	50		1	1	2		1	2	2	59
Temeke:										
Tandika & Majimatitu C	50				2		2	1	2	58
Total	150	1	1	1	6	2	4	5	6	176
Source: Field Data (2019)										

Source: Field Data (2019)

Table 3.2: Research Participants

Category of participant	Participant function	Reason for inclusion	Information Obtained
Street vendors - obtained by visiting their working places)	Responsible for formalising their businesses by complying with the requirements	Key recipients, targets and direct beneficiaries of formalisation	<ul style="list-style-type: none"> ▪ Demographic information, nature of ownership and earnings. ▪ Awareness of the formalization initiatives and processes. ▪ Participation in the formalization process. ▪ Perceived benefits and reasons for not formalising. ▪ Other viable ways to help formalisation.
Street vendors' leaders - since some of the street vendors' leaders/organizations are informal were obtained during data collection by being mentioned by street vendors or local government leaders.	Responsible for representing the vendors' views and interests to the authorities and other stakeholders in their respective locations	By their representative position	<ul style="list-style-type: none"> ▪ Awareness of various initiatives, laws, and the procedures for formalising businesses ▪ Involvement in the negotiations, decision-making and implementation ▪ Reasons for the success and failure of formalising ▪ Other viable ways that can be used to formalise informal businesses
VIBINDO Society chairman - contacted physically by visiting VIBINDO office.	A legally recognised association, responsible for Representing various informal traders' groups (including vendors)	By its position, VIBINDO Society is the umbrella organisation of the Informal Economy operators in Tanzania	<ul style="list-style-type: none"> ▪ Awareness of various initiatives, laws, and procedures for formalising businesses ▪ Involvement in the negotiations, decision-making and implementation ▪ Reasons for the success and failure of formalising ▪ Other viable ways that can be used to formalise informal businesses

Category of participant	Participant function	Reason for inclusion	Information Obtained
Deputy Chairman of SHIUMATz (KAWASSO Chairman) - contacted physically by visiting SHIUMATz office.	Responsible for co-ordinating and addressing the concerns of the street vendors group to the government	By their representative positions and specific to the street vendors' group	<ul style="list-style-type: none"> ▪ Awareness of various initiatives, laws, and procedures for formalising businesses ▪ Involvement in the negotiations, decision-making and implementation ▪ Reasons for the success and failure of formalising ▪ Other viable ways that can be used to formalise informal businesses
LGA officials (Trade Officers, Community Development Officers and Cooperative Officers) – contacted physically by visiting their office.	Responsible for dealing with street vendors; allocation of trading sites, registration, creating by-laws, the enforcement of regulations and revenue collection	By their administrative and decision-making positions as the mandated organ for dealing with the informal sector	<ul style="list-style-type: none"> ▪ Available initiatives to formalise street vending businesses ▪ Participation of street vendors and other stakeholders in the negotiations, decision-making and implementation ▪ Reasons for the success and failure of formalising ▪ Other viable ways that can be used to formalise informal businesses
Informal sector researchers/experts - contacted physically after acquiring their phone contacts.	Responsible for sharing knowledge and experience. Help the writer be on track by sharing their critical and analytical insights.	By their professional qualifications, knowledge and experience	<ul style="list-style-type: none"> ▪ Available initiatives to formalise street vending businesses, gaps, strengths and weaknesses ▪ Reasons for the success and failure of formalising ▪ Other viable ways that can be used to formalise informal businesses
Ward Councillors - contacted physically by visiting their offices.	Responsible for the decision-making process, including creating and passing laws	By their administrative positions as directly-elected representatives and members of the municipal	<ul style="list-style-type: none"> ▪ Available initiatives to formalise street vending businesses ▪ Participation of street vendors and other stakeholders in the negotiations, decision-making and implementation

Category of participant	Participant function	Reason for inclusion	Information Obtained
	and regulations to guide informal operations	council	<ul style="list-style-type: none"> ▪ Reasons for the success and failure of formalising ▪ Other viable ways that can be used to formalize informal businesses
Ward Executive Officers (WEOs) - were contacted physically by visiting their offices.	Secretary of the Ward Development Committee, which is responsible for ensuring the implementation of the decisions and policies of the district council, and the development schemes related to the ward	By their administrative appointees and implementers of municipal decisions and policies at the ward level	<ul style="list-style-type: none"> ▪ Available initiatives to formalise street vending businesses ▪ Participation of street vendors and other stakeholders in the implementation of the formalisation process ▪ Reasons for the success and failure of formalising ▪ Other viable ways that can be used to formalise informal businesses
Village/Mtaa Executive Officers (VEOs/MEOs) - contacted physically by visiting their offices.	Secretary to the Village Council, responsible for implementing the municipal council's policies and advising the council on matters relating to development plans and activities of the Mtaa/village	By their administrative appointees and accountable to the Village Council	<ul style="list-style-type: none"> ▪ Available initiatives to formalise street vending businesses ▪ Participation of street vendors and other stakeholders in the implementation of the formalisation process ▪ Reasons for the success and failure of formalising ▪ Other viable ways that can be used to formalise informal businesses

Source: Field Data (2019)

3.5 Sources of Data

The study collected both primary and secondary data.

3.5.1 Secondary sources

Secondary data were collected by reviewing various related materials, both published and unpublished. The multiple documents included electronically stored information, journals, dissertations, and official documents, from the municipalities of Dar es Salaam, wards, villages, and other visited offices, as well as government and non-governmental documents related to formalisation, such as policies, acts, by-laws, guidelines, administrative records, published and technical research reports, books, newspaper archives, and campaign platforms. Some of those were municipal by-laws, co-operative acts, VIBINDO annual reports, reports by the Kinondoni Community Development department, and minutes from meetings between street vendors and local government officials.

The data from the secondary sources were used to yield detailed information about various initiatives and programmes that have been introduced by various stakeholders at different government and institutional levels aimed to formalise informal businesses. The researcher reviewed different policy documents (e.g., the Small and Medium Enterprise Development Policy 2003) laws, (e.g., the business license Act of 1972), Ilala municipal by-laws, VIBINDO profiles and reports, and the Ilala community development guiding manual. The review revealed policy gaps and recommendations based on practices followed in successful countries, including China, India, Rwanda, Thailand and Ecuador. Generally, the data from the secondary sources were used to strengthen those obtained from the primary sources.

Table 3.3: Secondary Sources Reviewed and Data Extracted

SN	Document	Data extracted
1.	Small and Medium Enterprise Development Policy 2003	Information about who is covered by the policy and business operating premises, and the type of tax traders must pay.
2.	VIBINDO Society annual reports	Efforts done by the association to improve working conditions of the small informal traders include the construction of Machinga Complex and Mburahati Market, Health Insurance for its members, and facilitation of entrepreneurship training for small traders. Participation of the Society in the review of Business Activities Registration Act and proposed ways to handle matters related to small informal traders, including working spaces and issuing of identity cards.
3.	Ilala Municipal by-laws (Ilala)	Bylaws governing municipal operations such land/space use and sanitation
4.	Kinondoni Municipal Council (Waste Management and Refuse Collection Fees) by-laws, 2000	Fee rates of to be contributed by informal small traders for solid waste management
5.	Temeke Municipal Council (Solid Waste Management) (Collection and Disposal of Refuse) by-laws, 2002	Fee rates of to be contributed by informal small traders for solid waste management
6.	Ilala community development guiding manual	Formulation of economic groups, preparation of group constitution, training of financial management.
7.	News papers	Information about the implementation of Wamachinga ID initiative and its use as collateral for a loan from CRDB Bank.

Source: Field Data (2019)

All the materials were screened based on the key issues that are addressed in the research objectives and research questions. The selection of the documents was based on the relevance and information entailed with the general purpose of the study; as such, the irrelevant documents were excluded from the analysis.

3.5.2 Primary sources

The primary data were collected using a questionnaire survey, interviews, Focus Group Discussions (FGDs) and observation.

3.6 Data Collection Methods

3.6.1 Quantitative data

A questionnaire containing both open- and closed-ended questions was administered to 150 street vendors. Close-ended questions ensured that straightforward data and standardised information elicited by asking identical questions were captured (Denscombe, 2007). It limited the interviewer's bias since each person in every category of respondents who completed a questionnaire responded to an identical set of questions. In this study, close-ended questions were used to collect information, like the number of years of trading, age, sex, education, sources of vendors' merchandise, business information, business capital, profit and the factors leading to the success or failure of business formalisation. The vendors were also asked what they consider to be the advantages and disadvantages of running informal businesses and whether they plan to formalise.

In addition, open-ended questions helped capture detailed information and offered the respondents an opportunity to express their opinions, free of any influence by the researcher or the pre-set categories of the responses (Fisher & Schreiber, 2007). Open-ended questions were used to explore why street vendors are not formalizing their businesses, how they participate in the formalization process, how vendors escaped from law enforcers, and what they consider viable ways to help the formalization of informal businesses. To ensure a high response rate and to consider the nature of their activity and the different literacy levels of vendors, the questionnaire was administered through person-to-person interviews with the

help of trained research assistants. Research assistants made appointments to meet the vendors in advance. It was to avoid collisions with vendors' busy times in struggling to find out customers in the noisy environment of their operations.

The questionnaire used in this study consisted of six parts. The first part gathered the biographical information of the respondents. This information was used to develop the respondents' profiles that provided a clear picture of the nature of the studied group and informed the data analysis. The second part of the questionnaire elicited the vendors' business information, such as the size and source of their capital, estimated profit and years of experience. The third part of the questionnaire focused on the respondents' awareness of the formalization initiatives. The questions in this part explored the respondents' awareness and knowledge about the past and existing business formalization initiatives, whether they thought that the small entrepreneurs' identity cards would help sustain the business formalisation process, and whether eligible businesses to be formalized.

The fourth part of the questionnaire focused on the vendors' participation in the formalization process. It contained questions about their representation, negotiations and what matters the vendors would like to be considered to encourage them formalize their businesses. The fifth part focused on the success and failure of formalization. Specifically, the researcher inquired about what discourages or attracts informal traders to formalise, what they think are the main missed opportunities by staying informal and how politicians protect their informality. The final part ended and asked the street vendors to suggest viable ways to help business' formalisation succeed.

After the questionnaires had been prepared and translated into Kiswahili, a pilot test (small-scale trial of the instruments) was conducted before the actual, full-fledged study. The questionnaires were pre-tested in Mnazi Mmoja in Ilala Municipality, Dar es Salaam region. The exercise involved the researcher and the four other trained, experienced research assistants. Twenty respondents answered the questionnaire through interviews. After that, all the discovered limitations, such as coverage, ambiguities, and other language issues, were revised.

3.6.2 Qualitative data

(i) Focus Group Discussions (FGDs)

Focus Group Discussions (FGDs) were used to understand why people feel the way they do. In a normal individual interview, the interviewee is often asked about his or her reasons for holding a particular view. Still, the focus group approach offers the opportunity to probe each other reasons for having certain opinions. For example, individuals may answer in a certain way during an FGD, but as they listen to other participants' answers, they may wish to qualify or modify a view or voice agreement with something they may not have thought of themselves. During conventional, one-to-one interviewing, interviewees are rarely challenged. They might say things that are inconsistent with their earlier replies or that are patently untrue, but interviewers are often reluctant to point this out. During an FGD, individuals will often argue and challenge each other's views to establish more realistic accounts of what people think about the phenomenon because they are forced to consider and possibly revise their views during the discussion. Generally, the aim was that using this method would stimulate thinking and gather a collective perception from the vendors regarding the formalization of businesses, their involvement in the process and what motivates them to formalize their business or not.

Also, FGDs helped the researcher to obtain data from many participants in a short period and validate data from other sources. Six (6) FGDs, consisting of five (5) street vendors, were conducted, that is, two FGDs in each municipality. The groups contained male and female participants, though the number of female participants was less than that of males, i.e., two females in each of the four FGDs and one female in each of the two FGDs. The duration of each FGD was between one hour and one hour and thirty minutes. The participants in the FGDs were selected from those who completed the questionnaires based on the researcher's judgment of their willingness to participate and ability to provide rich information on the issue under investigation. The FGDs were conducted jointly by the researcher and a research assistant, including taking notes and recording the

sessions. Furthermore, all the FGDs were conducted in comfortable, quiet places close to the business locations to avoid the problem of noise pollution.

Table 3.4: List of FGDs and Participants at the Study Sites

Municipality	Ward/Mtaa	Male	Female	Total	Sampling Design
Ilala	Kariakoo/Kariakoo	3	2	5	Non-Probability (Purposive)
	Magharibi				
	Buguruni	4	1	5	
Kinondoni	Kijitonyama/Mwenge	4	1	5	
	Mabwepande/Bunju B	3	2	5	
	Tandika	3	2	5	
Temeke	Kibonde Maji/Maji	3	2	5	
	Matitu C				
Total		20	10	30	

Source: Field Data (2019)

3.6.3 Key informant interviews

The study employed unstructured interviews (open-ended questions), which were conducted face-to-face (one-on-one). The method yielded rich and valuable information from key informants through in-depth guided conversation. It is due to the ability to clarify issues, further probe into the topic of interest and rectifies questions to ensure that the informant remains focused on the topic. In this study, an in-depth interview was employed to obtain information on the formalisation initiatives, the participation of the stakeholders, the by-laws guiding traders and compliance, and the challenges and problems related to the formalisation of street vendors' businesses. In-depth interviews were mainly conducted with the key informants, who included: One (1) street vendors' leader, one (1) VIBINDO Society leader, one (1) SHIUMATz leader, six (6) LGA officials, two (2) experts/researchers, four (4) ward councillors, five (5) ward executive officers (WEOs) and six (6) Mtaa executive officers (MEOs).

3.6.4 Participant observation

The observation occurred in the setting where the phenomenon (street vending activities) naturally occurs rather than the location designated for to interview,

hence, first-hand account (Merriam & Tisdell, 2016). This method was relevant to the study because it did not rely on what people said but rather on what was happening on the ground. This method allowed the researcher to confirm some information provided during the interviews and FGDs, such as congestion in the trading areas, conducting businesses in a high-risk environment, unremoved solid waste, etc. The observation was performed with a checklist guide which contained the following elements—physical setting, participants, activities and interaction. It was also supported by taking plates (see appendices) to consolidate other findings.

3.7 Data Analysis Procedures

The qualitative data generated from the interviews, FGDs, observation and documentary review was subjected to thematic analysis. The thematic analysis involves examining and classifying qualitative data based on emerging patterns or themes as informed by the objectives of the study, in addition to making sense of the evolving thematic structures by noting similarities, differences, relationships, central patterns, theoretical and analytical constructs or principles (Braun & Clarke, 2006; Creswell, 2009). The thematic analysis in this study involved six major stages: Familiarisation with the data, generating the initial codes, searching for themes, reviewing the themes, defining and naming the themes and producing the report (Braun & Clarke, 2006, p.87). However, the data analysis for the present study was not a linear process but a recursive one, as it involved moving around and returning to the analysis for affirmation, clarifying and cross checking throughout the various stages.

Familiarisation with the data involves reading and re-reading the data and making notes of any initial ideas. This step started with data collection in this study. Apart from the data collection, the researcher also transcribed the audio data as one of the preliminary steps toward grasping and familiarising myself with the data. The researcher then read and re-read the field notes as well as the interview and group discussion transcripts throughout the process to gain an overview of the data so collected.

The transcribed data files were then imported into NVivo 11 Plus software. Prior codes/nodes were created with respect to the research objectives, literature, and theories to form a basic skeleton for the preliminary categorisation to begin the data exploration. Moreover, empirical codes/emerging codes were generated by examining the data. The created main codes (parent nodes) contained sub-codes (child codes). Extracts of data from the individual transcripts were then dragged into the relevant nodes. Both the inductive and deductive approaches were applied during the coding.

Another important phase began after all the data had been initially coded and collated, with a long list of codes identified across the whole data set. This phase also entailed re-focusing the analysis to the broader level of the themes, rather than the codes, entailed sorting the different codes into potential themes and collating all the relevant coded data extracts within the themes identified before reviewing the themes to devise and then refine a set of candidate themes. During this phase, several candidate themes collapsed as there was insufficient data to support them. Meanwhile, others were either combined or separated. Another phase involved defining and naming the themes. The themes were defined and refined by identifying the essence of each and then determining what aspects of the data each theme captured. Finally, this report was written and produced.

The quantitative data gathered via the questionnaires using closed-ended items were entered into Microsoft excel. The cleaned data set was exported to STATA 14 software, where the coding and labelling were performed. The next step involved the actual data analysis stage. The researcher used simple descriptive statistical data analysis procedures to calculate the frequencies, percentages, and tabulation to compare, contrast, and interpret the data collected during field research. After that, the data were presented in tabular and graphical form.

3.8 Limitations of the Study

Three major limitations were encountered. First, the number of female respondents in the questionnaire survey was far smaller than that of male respondents, exposing

gender disparity in participation. Specifically, only 14 (9.33%) of the respondents were female respondents. It may have affected the female voice in this study. However, this was mitigated by ensuring that more qualitative data through Key Informant Interviews (KII) was collected, most of whom were female, though some were also men. It helped to get the additional female voices that were underrepresented in the general collection of quantitative data.

The second limitation was the issue of access to the study's related documents from the offices visited. The most common answers can be summed as they do not have, will share afterward, and cannot share since they were operating under the government order of "Machinga IDs." Nevertheless, the researcher collected enough primary data and inputs from published and unpublished materials.

Another limitation was the failure to get some key informants for interviews after making at least five appointments. However, the number of such cases was so small (3 out of 29) that it could not affect the overall outcome of the information sought. The number of participants (26) obtained was sufficient to answer the research questions to reach data saturation.

3.9 Validity, Reliability

3.9.1 Validity

Various strategies were used to ensure the trustworthiness of the findings of this study. The strategies used to ensure validity included the following:

(a) Triangulation

Triangulation is accomplished by asking the same research questions to diverse study participants, gathering data from multiple sources and using various methods to answer research questions. As a result, triangulation is divided mainly into three types: multiple-methods (methodical), multiple-sources (data-source) and multiple settings (site) triangulation (Cohen *et al.*, 2007; Ryan *et al.*, 2007; Bryman, 2012). Using methodical triangulation, the data were collected using more than one method: face-to-face interviews, focus group discussions, questionnaires, observation and documentary review. The use of different data collection methods

in this study helped to compensate for individual limitations of any data collection method and exploited their individual benefits. The data-source triangulation employed in this study involved collecting data from more than one data source or using a wide range of participants. Apart from using documents as data sources, the study involved different categories of participants. Here, individual perspectives and experiences were corroborated by others, and, eventually, a rich data set was generated based on the diverse participants' contributions.

(b) Thick Description

Thick description, as described by Guba and Lincoln (1985), involves outlining a phenomenon under study in sufficient detail to allow the conclusions drawn from the study to be transferable to other settings and situations. In this study, the researcher details every stage of the present study's design, including clarifying explicitly the study context and the problem statement, methodology, data collection, presentation and interpretation processes. During the data presentation, the researcher describes and analyses the data by integrating participants' evidence in the form of verbatim quotations and explanations, as well as the context in which the participants' words were articulated. Such in-depth treatment enables the reader to understand and validate the instances and events described in this study by those who experienced these situations. The thick description of every stage of the data collection, analysis and interpretation also enables the reader to judge whether proper research practices were followed in this study.

(c) Peer Review

Peer review is a technique that entails the regular involvement of other scholars in the research process (Merriam & Tisdell, 2016). This study was shared with several scholars from the proposal stage to writing a final report. Their opinions and suggestions facilitated the undertaking of the critical reflections on the study and addressing of concerns that could otherwise raise doubts about the explanations provided. Specifically, it offered more clarifications to eliminate any misconceptions or provide stronger arguments to address differences in perspectives. Also, the questionnaire and interview guides were shared and

discussed with fellow Ph.D. students and some senior members at the Institute of Development Studies, University of Dar es Salaam. This collaborative engagement helped ascertain the extent to which the questionnaire and interview guides addressed the study's research questions and objectives. Ultimately, adjustments were made accordingly.

3.9.2 Reliability

Reliability in this study was ensured through the testing of questionnaires by administering them during piloting with similar categories of respondents as those involved in the actual research. The questionnaires were pre-tested at Mnazi Mmoja in Ilala Municipality, Dar es Salaam region. The exercise involved four other trained research assistants (RA). Twenty respondents answered and took part in interviews. After that, all the emerging limitations, such as coverage, ambiguities, and other language issues, were revised and addressed accordingly. Similarly, triangulation and peer review discussed in section 3.9.1 helped to ensure consistency and dependability or reliability of the study and its findings.

3.10 Ethical Issues

Ethical considerations were important in this study. In this regard, the study was guided by the principles of research protocol observation, informed consent, confidentiality and anonymity.

(a) Research Protocol Observation

For ethical purposes, the researcher applied for a research permit from the University of Dar es Salaam and submitted it to relevant authorities at the regional, district and local levels.

(b) Informed Consent

Informed consent was obtained from participants after making sure that they were aware of the purpose of the study, the type and uses of the information being sought and the implications of their participation in the study (Ryan *et al.*, 2007; Cohen *et al.*, 2007). Participants were informed about the amount of time required for participation, the methods and devices used to collect the data, how the data would be used, and issues related to confidentiality. The participants were also

assured that the study's report or subsequent publications would not disclose their identities. These explanations were provided before data collection, using both verbal and written approaches. Only respondents who voluntarily agreed to participate in the study did so.

(c) Confidentiality and Anonymity

In addition, the researcher ensured the respondents' confidentiality, whereby the names of the respondents were neither recorded nor written down by the researcher. The participants were assured that the information provided would remain confidential and be used for this research purpose only, with anonymity being preserved while reporting the findings.

3.11 Conclusion

The chapter has presented and discussed the methodological design that shaped the study and described its research context. The methodological design helped to clarify and justify, among other things, the selected research design, study area, sources of data and data collection techniques, as well as the analysis procedures. It has shown how the study followed all the required research procedures relevant to accomplishing research tasks and met its specific objectives. Moreover, it has clarified and delineated the scope and nature of the study based on the specific research objectives, which were also briefly discussed to provide the context and focus of the study. The following chapter (Chapter Four) starts by presenting, analysing and discussing the findings related to the study's first objective.

CHAPTER FOUR

INITIATIVES FOR FORMALISING STREET VENDORS' BUSINESSES IN DAR ES SALAAM CITY

4.1 Introduction

The study's main objective was to explore why street vendors in Dar es Salaam city are not formalising their businesses despite government's initiatives toward this end. The study had four specific objectives, which were to analyse the available initiatives to formalise street vending businesses in Dar es Salaam city; examine the extent of the participation of street vendors in the formalisation process in Dar es Salaam city; establish the reasons behind the success and failure of formalising street vendors' businesses in Dar es Salaam city; and, lastly, to propose ways of formalising street vendors' businesses in Dar es Salaam city. The study's findings for each of these specific objectives are presented separately in chapter four to seven, respectively. Chapter four presents findings, analysis and interpretations of the data collected from interviews, FGDs, direct observation and document review.

Specifically, the chapter presents and discusses study findings related to the first specific objective that sought to analyse the initiatives available for formalising street vending businesses in Dar es Salaam city. It begins by profiling the street vendors, based on their characteristics, who operate in the selected three municipalities of Dar es Salaam. The chapter is divided into five sub-sections as follows: Introduction (4.1); the profiles and characteristics of the survey respondents (4.2); business information about the street vendors (4.3); initiatives available for formalising street vendors' businesses; (4.4) simplification of laws and regulation (4.4.1), allocation and construction of business sites (4.4.2), training and capacity building (4.4.3), the identification and introduction of Machinga IDs (4.4.4), vendors' initiatives and organizations (4.4.5), and the enforcement of the regulations (4.4.6); and the conclusion (4.5).

4.2 Profile of Street Vendors and their Key Characteristics

The main purpose of including Table 4.1 is to help readers understand the group of respondents (street vendors) covered in this study. Also, the information helps to situate the analysis and inform of what is expected in the analysis. Establishing the demographic characteristics of the group might produce insights into how these influence the type and size of the business, the decision-making, and the group's organisation. The profiles and characteristics of the street vendors have relied on four variables employed to examine the respondents' attributes: Age, gender, education level, and marital status. The same applies to the FGD participants who were purposively selected from the same survey group. Each variable is presented and analysed individually in the subsequent sub-sections.

4.2.1 Gender

The street vendors who participated in the study consisted of male and female members, as both genders participate in vending activities. As such, an analysis of the gender composition of the participants in this study was crucial for understanding the gender status of the vendors. Table 4.1 shows that 136 respondents were male, whereas only 14 were female. The results indicate that most respondents (90.67%) were male, and only a few (9.33%) were female. It shows that the vendors consisted of males and females, albeit with more males than females. Several reasons were obtained via informal observation, interviews and FGDs that might explain this gender gap. It was reported that traditionally, street vending is a male-dominated activity. Second, it was reported that there were few females because, for many years, the vending business had been characterised by violence and struggles against the city police that women purportedly could not withstand. As a result, most women preferred to sell their goods in the formal markets.

Third, due to traditional or cultural practices, women are responsible for cooking as well as dealing with food crops; as such, more women who work on the streets are food vendors (*Mama Lishe*) and sell food products rather than new industrial manufactured consumable products, which were the focus of this study. It was also

established that more females engaged in domestic responsibilities, including taking care of children, than their male counterparts. These responsibilities limited the females' opportunities of participating in vending activities.

Table 4.1: Respondents' Profiles and Characteristics (N=150)

Respondents' Characteristics	Variable	N	Percent
Age group (years)	Below 17	0	0
	18-24	37	24.67
	25-35	78	52
	36-50	34	22.67
	50-above	1	0.67
	Total	150	100
Gender	Male	136	90.67
	Female	14	9.33
	Total	150	100
Education level	No formal schooling	6	4
	Primary education	5	3.33
	Ordinary secondary education	87	58
	Advanced secondary education	19	12.67
	Tertiary education	33	22
	Total	150	100
Marital status	Single	66	44
	Married	80	53.33
	Widowed	1	0.67
	Separated	1	0.67
	Divorced	2	1.33
Total		150	100

Source: Field data, (2019)

Some of the studies conducted in Tanzania reaffirm the dominance of males over females in informal activities in Dar es Salaam city. Babere (2013) studied the struggle for space appropriation and regulation of prime locations to sustain informal livelihoods in Dar es Salaam, Tanzania. Her research indicated that there were more males (80.5%) than female operators involved in informal livelihood activities. Similarly, informal economy studies conducted in 1991, 1995 and 2008 also produced similar findings indicating male dominance (URT, 1991; URT, 1995). Madihi and Mushi's (2008) study on the constraints affecting informal

livelihood operators also reported a similar finding regarding male dominance in the informal sector.

Furthermore, the integrated labour force surveys of 2001, 2006 and 2014 acknowledged that male operators dominate the informal sector in urban Dar es Salaam (URT, 2001; URT, 2006; URT, 2014). The previous explanation for such lopsided representations cited the traditional division of labour, whereby women are supposed to be responsible for domesticity, particularly household activities (Ellis *et al.*, 2007; VIBINDO, 2010), with males much more predisposed to participate in outdoor activities. Another proposed explanation is that cultural practices portray women as dependent upon their male counterparts, contributing to these occupational differences even in the informal sector (VIBINDO, 2010).

4.2.2 Age

The respondents were further asked to indicate their age in the questionnaire based on the five age categories: 17 and below, 18-24, 25-35, 36-50 and above 50. An analysis of the age groups in this study was relevant to establishing whether street vending businesses constitute a steppingstone/transition job for youths who later migrate to other activities or accommodate different age categories, including some who will engage in street vending throughout their life. Table 4.1 indicates that no respondent was aged below 17 years; 37 (24.67%) were aged 18-24; 78 (52%) were aged 25-35; 34 (22.67%) were aged 36-50; and one (0.67%) was aged above 50 years. Overall, the study reveals that the overwhelming most of those involved in the survey (76.67%) consisted of youths within the second and third age categories. Relatedly, Hansen (2010) and Kamete (2010) acknowledged the dominance of youths in informal activities in prime locations in Lusaka, Zambia, and Harare, Zimbabwe, due to the ability of youths to respond to evictions and harassment whenever the city authorities swopped on them.

The findings (see Table 4.1) also show that the third category (those aged 25-35 years) contained more youths than the second age group (those aged 18-25 years). The findings indicate that there were more youths in the third category because most youths in this age group are independent; they work for themselves, and most

of them had completed school, as opposed to the second category, which consisted of more youths who were still studying or dependent on their parents/guardians. Another possible reason why most of the respondents fall in the 25-35 age group is that this is the age when most individuals detach themselves from their family and take responsibility for providing for their parents and younger siblings while establishing their household. Their participation in economic activities is, therefore, inevitably higher than that of other age groups.

The fourth category (aged 36-50) contained a relatively large number of survey respondents (22.67%). Only one respondent (0.67%) was from the fifth category. The fact that some participants were above the youth age limit suggests two things. First, some vendors have been in business for a long time (over 10 years) and are satisfied with the activity or for some reason, have failed to move up to the next level of business. Second, in some cases, some became vendors an advanced age due to life difficulties in a bid to generate an income.

4.2.3 Education level

Educational attainment was another important aspect in understanding the characteristics of the respondents. The street vendors were asked to state their level of education to learn how their education level contributed to business performance. It was a crucial variable because education exposes individuals to the knowledge and networks that can lead to various opportunities crucial in strengthening their capacity to organise and empower themselves. The results in Table 4.1 show that about 92 percent of the street vendors had an ordinary secondary education or above. These results contradict earlier studies, such as that of Olomi and Charles (2016), which found that about 35 percent of the studied street vendors had at least a secondary education and above, while about 61 percent had primary education. It might mean that the terrain has changed and is now accommodating those with higher education than the formerly primary school who are becoming the minority. Also, the employment challenge and the introduction of Wamachinga Identity Cards, which give freedom and fewer operation costs, might have attracted more people, including more educated groups into street vending.

4.2.4 Marital status

Regarding the marital status of the 150 respondents involved in the survey, those who were married constituted the largest proportion (53.33%), followed by those who were single (44%). This variable was found to be important in establishing the vendors' responsibilities regarding supporting their families and whether a family, as an institution, plays a role in influencing the types of work individuals pursue. Vending activities have mainly served as a transition job performed by youths seeking permanent employment, but our findings do not reflect this. The fact that most informal livelihood operators are married indicates that informal livelihood activities are an important source of income for households, i.e., they are a survival strategy (Cross & Karides, 2007; Berner *et al.*, 2008). It was also found in a study performed in Nairobi, where the operators involved in these activities had from three to six dependents each (Musyoka *et al.*, 2010). Previous studies also affirm that the family responsibilities of individuals affect their decision to engage in informal livelihood activities (Schneider *et al.*, 2001; Gerxhani, 2002).

4.3 Business Information Regarding the Street Vendors

This sub-section provides brief business information on the respondents to the questionnaire. In this sub-section, nine variables were employed to explore the respondents' business information; namely, the type of product sold, occupation status, full- or part-time, merchandise acquisition, source of capital, estimated capital, profit, income and experience. It was crucial information to obtain.

Table 4.2 shows that footwear was the most popular product sold by the street vendors (25.33%), followed by clothes (20%) and then electronic devices (17.33%). Significant factors that influenced the choice of the products sold were the demand for the products and the ease of storing, packing, and unpacking them. Further, it was noted that most of the respondents (95.33%) were self-employed, and seven (4.67%) were paid workers. These findings explain one of the essential characteristics of informal enterprises run by self-employed people, whereas footwear tends to dominate the vendors' business as it is in many nations. For

example, similar results were established in the study by Babere (2013) that the majority (93%) of informal livelihood operators were self-employed where the majority engaged themselves in selling footwear. Moreover, the Indian National Policy on Urban labels street vendors as self-employed workers in the urban informal sector who offer their labour by selling goods and services on the street without any permanent, built structure (NPUSV, 2006).

Table 4.2: Respondents' Business Information (N=150)

Business Information	Variable	N	Percent
The main type of product(s) sold	Footwear	38	25.33
	Domestic utensils	10	6.67
	Clothes	30	20
	Electronic devices	26	17.33
	Children's toys	7	4.67
	Bags	14	9.33
	Stationery	2	1.33
	Cosmetics	17	11.33
	Other	6	4
	Total	150	100
Occupation status	Self-employed	143	95.33
	Paid workers	7	4.67
Full- or Part-time	Full-time	150	100
Modality for obtaining merchandise	Cash	145	96.67
	Purchased on credit	5	3.33
	Total	150	100
The main sources of capital	Personal savings	128	85.33
	Informal loans ³	2	1.33
	Formal loans ⁴	7	4.67
	Support from relatives or friends	12	8
	Other	1	0.67
	Total	150	100

Source: Field Data (2019)

The study also explored whether the respondents worked in their respective businesses on a full- or part-time basis. All 150 (100%) respondents stated that

³Borrowing from family members, relatives, and friends usually with no interest rates.

⁴From financial institutions registered/unregistered or individual money lenders usually with interest rates

they worked full-time. This suggests that street vending has become a primary job on which vendors depend as their sole source of income to sustain their livelihood. Related to this result, Nilakusmawati *et al.* (2019) pointed out that most street vendors in Indonesia are full-time and come from different areas. Furthermore, the researcher examined how the vendors acquired their merchandise and found that about 145 (96.67%) used cash to obtain the goods to sell, with only five (3.33%) obtaining goods on credit from wholesalers. Likewise, regarding the primary sources of business capital, as Table 4.2 illustrates, 128 (85.33%) of the respondents stated that they obtained their capital from their savings. In comparison, 22 (14.67%) obtained their business capital from informal loans, formal loans, and support from relatives. Implicitly, vendors have limited access to loans from financial institutions due to their informality.

Table 4.3, which is a continuation of Table 4.2, i.e., the respondents' business information, shows that most of the respondents fall within a category of estimated business capital of between TZS 500,001-1,000,000. Generally, most respondents (87%) have an estimated business capital of 100,001-2,000,000, and only (12%) had capital above 2,000,000. Regarding the estimated profit, it was established that only one (0.67%) respondent made a profit below TZS 5,000 per day. Most (90%) of the respondents earned an estimated profit of TZS 5,001-50,000 in a day, whereas 14 (9.4%) had an estimated profit above TZS 50,000 per day. The figures explain that there is a huge variation in both estimated business capital and profits, which signifies that street vendors as a heterogeneous group and may need different considerations and treatments in dealing.

Regarding business experience, Table 4.4 shows that most (76%) of the respondents stated that they had fewer than six years of experience in the street vending but more than three years (the minimum number of years of experience required to participate in the survey). Twenty-six (17%) of the 150 respondents had 6 – 10 years of experience in the street vending, whereas 10 (7%) had over 10 years of experience. Also, there is no direct link between experience in years and the estimated daily profit, so the number of years spent engaging in business did not guarantee more profit. For instance, no single trader with above 19 years'

experience had an estimated profit above 50,000 per day, while about 26 percent of the traders with between four and nine years of experience had an estimated profit above TZS 50,000 per day. Instead, profit was determined by other factors, including the size of capital, items sold and location.

Table 4.3: Respondents' Business Information (N=150)

Business Information	Amount (TZS)	Frequency (N)	Percent (%)
The estimated business capital	100,000 and below	1	0.67
	100,001-500,000	42	28
	500,001-1,000,000	57	38
	1,000,001-2,000,000	32	21.33
	2,000,001-5,000,000	17	11.33
	Above 5,000,000	1	0.67
	Total	150	100
Average estimated profit (per day)	5,000 and below	1	0.67
	5,001-10,000	38	25.5
	10,001-20,000	44	29.53
	20,001-30,000	29	19.46
	30,001-50,000	23	15.44
	Above 50,000	14	9.4
	Total	150	100
Income group	50,000 and below	46	30.67
	50,001-100,000	64	42.67
	Above 100,000	40	26.67
Total		150	100

Source: Field data, (2019)

Table 4.4: Years of Business Experience and Estimated Profit

Estimate Profit (TZS)	Years of Experience							
	1-3		4-6		7-9		10 and Above	
	N	%	N	%	N	%	N	%
5,000 and below	1	2	0	0	0	0	0	0
5,001-10,000	24	39	8	14	1	11	5	25
10,001-20,000	15	25	18	31	4	44	7	35
20,001-30,000	12	20	9	15	3	33	5	25
30,001-50,000	5	8	15	25	0	0	3	15
Above 50,000	4	7	9	15	1	11	0	0
Total	61	100	59	100	9	100	20	100

Source: Field Data (2019)

4.4 Initiatives for Formalizing Street Vendors' Businesses

There have been some organisations such as Government Ministries, Departments and Agencies, research and knowledge management institutions and private sector organisations whose agenda is to promote business formalisation in Tanzania. Some of the key formalisation-related initiatives and approaches to encourage the formalisation of informal enterprises in Tanzania include simplifying the laws and regulation, allocation and construction of business premises, training and capacity-building, identification and introduction of machinga identity cards, vendor initiatives and organisations, and enforcement of regulations. Each of these initiatives and approaches are discussed in detail in the sub-sections.

4.4.1 Simplification of the laws and regulations

(a) Business Environment Strengthening for Tanzania and MKURABITA Programmes

During the questionnaire survey, the street vendors were asked about their awareness⁵ and knowledge regarding specific laws and programmes to formalise informal businesses, and street vendors' businesses. MKURABITA is one of these business formalization strategies. The responses to the questionnaire, as shown in Table 4.5, revealed that most of the respondents (n=128, 85%) had never heard of the MKURABITA strategy, whereas only a few (22, 15%) had. Moreover, out of the 22 respondents, only three (3) knew that the MKURABITA strategy had anything to do with formalisation. In contrast, the rest (19) had simply heard the name and knew nothing about its functions. This reality on the ground implies that the strategy focused less on street vendors at the grassroots level. This observation is supported by Lyons's (2013) finding that, after Mkapa's presidency ended in 2007, MKURABITA's status declined sharply, and there was a pause in its operations. President Kikwete focused the government policy on the World Bank's Doing Business reforms with MKURABITA's agenda side-lined.

⁵ In the context of this study, the word "awareness" in the data collection instruments and analysis refers to "the respondents hav[ing] heard about". It was also clarified to the respondents as well.

Comparing the street vendors' awareness across the different wards generally revealed a low awareness of the MKURABITA programme in all the wards. However, in Kariakoo, followed by Kibonde Maji, at least more vendors were aware of the programme. The greater awareness in Kariakoo might be attributable to Kariakoo hosting all sizes of businesses (small, medium and large), and it is more likely for the *Wamachinga* at this gigantic Kariakoo market area to hear about the programme from other traders. Also, it is more likely for Kariakoo *Machinga* to own land or other properties (due to the capital size and profits generated) elsewhere, which may mean that they had more opportunities to hear about the programme at some point as it deals with properties, land inclusive than those from other study areas.

**Table 4.5: Awareness of MKURABITA Business Formalisation Initiative
(N=150)**

Ward	Yes		No		Total	
	N	%	N	%		%
Buguruni	3	12	22	88	25	100
Kariakoo	8	32	17	68	25	100
Kibonde Maji	5	20	20	80	25	100
Kijitonyama	3	12	22	88	25	100
Mabwepande	2	8	23	92	25	100
Tandika	1	4	24	96	25	100
Total	22	15	128	85	150	100

Source: Field Data (2019)

Similarly, during the primary qualitative data collection, some interviewees mentioned the Business Environment Strengthening for Tanzania (BEST) programme and MKURABITA initiatives to have simplified the registration process and doing of business. In an interview with a VIBINDO Society leader, it emerged that BEST simplified business regulations, including a one-stop-shop strategy at councils, whereby business registration could be completed at a single point. However, the programme was not fully adopted and mainstreamed and developed by the government. Furthermore, in another interview, an informal

sector expert reported that since 2008 MKURABITA had championed the amendment of the Business Laws (Miscellaneous Amendments) Act of 2012. It amended Companies Act No. 12 of the 2006 Act to make it easier to form and operate a limited liability company. A VIBINDO Society leader provided additional information on MKURABITA during the interview, who said:

MKURABITA is a programme under the President's office to co-ordinate the formalisation of property and businesses in Mainland Tanzania. During its formulation and implementation, the VIBINDO society was engaged as a pressure group [advocacy]. MKURABITA has facilitated online and friendly language [from English to Kiswahili] of MEMART. However, I can say that the programme focused more on land than business [issues].

Further probing for specific examples of the business formalisation efforts of MKURABITA from a VIBINDO leader revealed that MKURABITA studied two groups (carpentry and metal fabrication) to establish the formalisation model. Carpentry and metal fabrication were chosen because they were fast-growing, informal businesses. Regarding carpentry, a group from Keko was identified, registered and given a Tax Identification Number (TIN) and a business licence. Regarding metal fabrication, a group, 'Mwanzo Mgumu,' from Tandika received help to obtain raw materials. It was, however, learnt that some TRA staff were unsupportive, as they asked the carpentry group to pay them bribes in return for a TIN, which is otherwise issued free of charge by the tax authority, and for shipping raw materials from Mombasa to Dar es Salaam when, under the East Africa Community (EAC) tariff, the shipment of raw materials was tariff-free. Also, people are largely ignorant of the various laws and regulations. Even then, the study on the two groups remained incomplete, and the objective remained unfulfilled.

Also, one of the informal sector experts, during the interview, appreciated the government's efforts to simplify the business regulations but highlighted some of the challenges related to formalising street vendors' businesses thusly:

Most of the results of MKURABITA's efforts have benefited medium and large sized enterprises and land titling rather than street vendors. For instance, Wamachinga cannot experience the value of the amendments made to the Business Act (2006), since their priority is not to register businesses or companies. You don't help them by registering them through a conversational process because the size of their businesses is not in line with the conventional business model. The conventional model has its assumptions, like a business must be permanent. Wamachinga businesses are different. Most of them start businesses as a temporary or trial livelihood. That is why Machinga may trade various goods at the same time or conduct business seasonally, moving back home to their villages briefly to support agricultural activities before returning to their business or starting other activities in the same area or somewhere else, and that's why, during the colonial era, all the businesses had to comply with the colonial laws and there were no informal activities. The so-called informal activities lay outside the system and were administered by chiefs. We continue the system to independence and beyond. Some business people saw it as an opportunity. It is prudent to simplify the regulations rather than struggle to formalise all of them. Some are too small and will continue to be too small to become formal entities. They need a different system to administer them.

This statement's perspective is consistent with the literature review discussions that during its implementation, MKURABITA programme largely neglected micro-traders (Lyons & Msoka, 2010). These micro-traders remained criminalised, primarily through the informal use of public space, having been forced into public space by a lack of legal assistance.

(b) Nguvu Kazi Policy

Moreover, in an interview, a VIBINDO Society leader said that even before the start of the BEST and MKURABITA, there was the "nguvu kazi" policy as another government's regulatory simplification from the 1980s to 1990s. Through the policy, informal small traders were provided with minor licences to operate in identified areas. Also, during an interview, an informal sector expert explained:

The Tanzania government introduced the “Nguvu Kazi” policy in 1983 to legitimatise informal petty traders by providing them with a minor license. The number of street traders was increasing sharply here in Dar es Salaam city because of migrants from different parts of Tanzania and elsewhere due to joblessness. If you recall, from the late 1970s to the early 1980s, our economy was collapsing. Hence many people lost their jobs in the industry and other public sectors. So, accepting informal petty traders in the city plans was very important in enabling the government to collect revenue and deal with the unemployment challenge.

The VIBINDO Society leader further reported that the bottom of the *nguvu kazi* licence paper stated: “valid for 24 hours”. The bearers did not immediately spot this because licences traditionally last for a year and/or it is rare to ask for details. Thus, this posed a challenge to most of the licence bearers because, every week, the city authorities and security guards could decide to swoop on them and seize their items without telling them why. Later, in the 1990s, the VIBINDO society called for this oppressive licence to be quashed or replaced, and it was silently withdrawn some years later. The VIBINDO leader continued that, according to the Dar es Salaam city master plan, Wamachinga businesses were not permitted. Therefore, the ‘Nguvu Kazi Licence’ was merely a temporary recognition of the Wamachinga and a government strategy to gain revenue. It was a 24-hour licence, and so did not contradict the city’s master plan.

(c) Magulio Initiative

Apart from the *nguvu kazi* policy, Temeke Community Development Officer, in the interview, pointed out “Magulio” (auctions) as another strategy used in dealing with the challenge of small informal traders in urban areas. The officer explained that the strategy was implemented so that the municipalities, through their laws, allowed certain public places, such as open grounds, road reserve areas, individual private land or government agencies, to be used occasionally, at stipulated times, for auctions. Each operator was allocated a fixed slot in each market. Each trading site has leadership that ensures cleanliness and order are maintained. Traders pay a token fee to those who clean the market after it closes.

Furthermore, in an interview, a Trade officer from Kinondoni municipality mentioned Bunju, Goba, Kibamba, and Biafra as examples of *magulio* of recent days. It was further reported in an interview with a VIBINDO leader that, in some places, including Mwanza, the City Council decided to establish weekly markets (*magulio*) on the outskirts of the City to accommodate additional *nguvu kazi* traders. During an interview, a Tandika political leader said:

In our area, we allocated five streets for Wamachinga businesses. Once elected Tandika Ward Councillor in 2015, I co-operated with the Ward Development Committee (WDC) to champion the identification of five streets for Wamachinga operations ‘*magulio*’ at specified hours of the day. These streets include Nasa, Masoko, Malumba, Genesi and Usangi; they are located near the Tandika main market. Wamachinga occupied them even before that. We decided to change the use of the land to ‘*magulio*’ for the council to obtain revenue through levy collection, as stipulated in our by-laws. On the other hand, Wamachinga gains customer access, creating a win-win situation.

Olomi and Charles (2016) explain the “*magulio*” concept as a strategy for providing a temporary workspace for micro-enterprises, with some local governments having established weekly rotating markets allowing traders to move from one market to another. In each market, each trader is allocated a specific slot/area with a unique number. They further showed that in Mwanza these traders paid only a small fee (TZS 200/- day) to keep the market clean.

(d) Business Activities Registration Act (BARA) (2007)

The questionnaire also required the street vendors to indicate their awareness and knowledge regarding the BARA (2007). The street vendors’ responses have been presented in Table 4.6, which indicates that 138 (92%) of the respondents were unaware of the 2007 Business Registration Act, whereas only 12 (8%) were aware of it. In addition, of these 12 respondents, only four could outline what the law deals with; the remaining eight had simply heard its name. This limited knowledge could be attributable to the law being introduced in 2007, and piloted in 2009, and yet the 2012 BARA was still non-operational. It was, however, reported that the BARA Act was shelved following its pilot stage in 2009 for reasons such as the high cost of its implementation and its clashing with other existing laws

(VIBINDO, 2010; Olomi & Charles, 2016). The shelving of BARA Act following its pilot stage in 2009 may account for the low awareness among stakeholders in the wards under review.

Table 4.6: Awareness of Business Activities Registration Act (2007) (N=150)

Ward	Yes		No		Total	
	N	%	No	%	N	%
Buguruni	1	4	24	96	25	100
Kariakoo	4	16	21	84	25	100
Kibonde						
Maji	3	12	22	88	25	100
Kijitonyama	2	8	23	92	25	100
Mabwepande	1	4	24	96	25	100
Tandika	1	4	24	96	25	100
Total	12	8	138	92	150	100

Source: Field Data (2019)

The qualitative data gleaned from key informant interviews exposed Business Activities Registration Act (2007), or BARA, as another government largely failed attempt to formalise informal businesses in Tanzania. It aimed for every business to be registered (formalised) using registrars of businesses in each local government authority. Still, it emerged during interviews the Act did not involve some of the important stakeholders in its formulation, as one VIBINDO Society leader explained:

For any law to work, it should involve the stakeholders in its preparation, regardless of anything else. We [VIBINDO Society] were exposed to BARA in 2009 when we were invited to attend a workshop at the Peacock Hotel to prepare the regulations. The workshop was led by a prominent lawyer, Dr. Hawa Sinare. During the discussion, we requested a brief explanation of the law. After being briefed, we asked to establish whether we could discuss the law first because it contained discrepancies. Thirty-two out of the 34 sections required amendments. From there on, VIBINBO Society championed the process of amending BARA. We first conducted a study and hired a consultant with support from BEST-AC, then carefully reviewed BARA and presented the findings to the then Ministry of Industry and Trade [MIT]. To ensure a good business environment under BARA, VIBINDO Society lobbied various stakeholders, including ILO, the World Bank, and Government institutions. The Word Bank supported us and pressured the government to agree with our proposal by threatening to withdraw \$13 million from the government's basket fund.

Subsequently, it reached a point where coercion was made for BARA to be accepted by threatening its opponents before it cost the government \$13 million. Once accepted under these circumstances, it moved into the pilot stage in 2009, but the government failed to fulfil the inherent terms and conditions. The government agreed to provide equipment, including computers, at the council level to facilitate registration. However, it was only Morogoro District Council, out of eight councils, that received a computer.

Furthermore, VIBINDO Society leader contended that the Act (BARA) proved impossible to implement due to, among other things, the need for a massive technical and institutional public sector capacity at all levels to manage the registration and compliance of millions of micro-enterprises. Also, there were challenges associated with MEMART (there existed only an English version, and it could only be accessed through lawyers), but this was resolved. In January 2010, VIBINDO Society was invited to attend a meeting with the then Ministry of Industry and Trade to represent the private sector. They proposed to continue with the Business Licence Act of 1972 and shelve BARA. These findings relate to what Olomi and Charles (2016) describe as BARA having failed to take off due to a shortage of technical and institutional public sector capacity at all levels that could otherwise manage the registration and compliance of millions of micro-enterprises.

In the same line of simplifying the business registration, a VIBINDO leader and an informal sector expert said in respective interviews that online business name searches and registration are further efforts of the government to simplify business formalisation. Since 2013, BRELA has held an online database of registered business names, which enables applicants to perform a name search. The database system can quickly confirm the availability of business names, thereby reducing the time and cost associated with name searches. At present, it is possible to register business names and companies online.

(e) Municipal by-laws and Regulations

The street vendors were also asked about their knowledge of different by-laws/regulations guiding their business operations. Such regulations included

paying for solid waste levy, space use and health regulations. Table 4.7 presents the responses from the questionnaires administered to the street vendors. Most of the respondents (n=112, 75%) were aware of (have had heard about) different laws/by-laws and regulations guiding their business operations. On the other hand, 38 (25%) of the respondents were unaware of the laws and regulations guiding their business operations. The difference between the street vendors' awareness of the different laws was fairly uniform across the six wards.

Table 4.7: Awareness of Different Laws Guiding their Businesses (N=150)

Ward	Yes		No		Total	
	N	%	N	%	N	%
Buguruni	16	64	9	36	25	100
Kariakoo	20	80	5	20	25	100
Kibonde						
Maji	25	100	0	0	25	100
Kijitonyama	19	76	6	24	25	100
Mabwepande	16	64	9	36	25	100
Tandika	16	64	9	36	25	100
Total	112	75	38	25	150	100

Source: Field Data (2019)

Contrary to the MKURABITA and BARA, which seemed too distant among street vendors, most of them were aware of the regulations guiding them probably because they worked closely with the municipality machinery and lower level government authorities, which are responsible for their enforcement. However, in 2018 there was a relaxation in the enforcement of some regulations due to the government announcement of allowing trading in restricted areas.

On the other hand, in-depth interviews with municipal and lower-level government officials at the ward and Mtaa (street) levels as well as with other interviewees revealed mostly that many small informal traders operated in prohibited areas such as service roads, pathways and open spaces against the by-law on land use plan. Also, other traders operate from formally designated areas such as markets. However, the municipal by-laws cut across all businesses, and no separate laws applied specifically to those operating from prohibited and designated areas. Others regarded the enforcement of some local government by-laws that directly

affected small informal businesses, including street vendors, as having become blunt following the presidential order to let vendors operate freely in the restricted areas after having paid a token of only TZS 20,000 per annum.

In Kinondoni Municipal Council (Waste Management and Refuse Collection Fees) by-laws, 2000 stipulates that the small business (informal) sector pays for TZS 1,000 to 2,000 per month. Likewise, Temeke Municipal Council (Solid Waste Management) (Collection and Disposal of Refuse) by-laws, 2002 affix a charge of TZS 100 and 500 for small business informal sector per day. These statutory instruments are unenforceable when the presidential order holds since the TZS 20,000 supposedly covers an entire year.

Despite the existence of by-laws one street vendor said that the by-laws exclude informal traders in restricted areas. It was not right for authorities to collect charges from someone in the restricted areas and, consequently, not recognised by laws. It is by itself illegal as the by-laws unrecognised working areas. During an interview, the VIBINDO Society leader reported:

There are no laws regarding informal business operations. As I said earlier, informal businesses are operated in places that are not officialised and lack legal documents for their operation. If someone is engaged in business in an area, which is not designated for business, there are no laws that support him/her. One cannot obtain a business license from the municipality or a Tax Identification Number [TIN] from the Tanzania Revenue Authority [TRA]. Consequently, no tax payments will be made to TRA as such. It is challenging to have laws to guide unformalized vendors in this [endeavour] businesses. The government should first find the best way to formalise street vendors' businesses by learning from successful countries, such as India, and then formulating special and specific policy/laws.

This statement demonstrates that the existing local government by-laws are tailored to guide activities or businesses that operate in designated areas. Imposing solid waste charges on traders in restricted business areas amounts to a contradiction. The authorities should first enforce the law to put traders in designated areas, followed by charges collection. The findings further suggest that a specific policy for street vendors' businesses is required.

Moreover, since there are no laws or regulations governing Wamachinga businesses, they are sometimes evicted from undesignated areas or forced to adhere to certain council by-laws, such as paying levies, environmental cleanliness and hygienic practices. The introduction of Wamachinga IDs as part of the presidential order to pay TZS 20,000/= per annum made them unwilling to pay a solid waste levy. During an interview with the Kariakoo West Mtaa official, it emerged that street vendors were no longer willing to pay for solid waste charges contrary to the municipal by-laws. She said that Wamachinga contribute up to 70 percent of the solid waste from their business activities.

At Bunju, a Mtaa official said during an interview that though by-laws such as a solid waste levy existed they were not being enforced following the government's decision to issue special 'Machinga IDs' backed by the presidential decree. In other words, some of the by-laws are now dormant or ineffectual due to the president's orders. During the interview, the Buguruni political leader said:

There are no laws or regulations that govern Wamachinga operations in restricted areas. Wamachinga businesses were unacceptable, disreputable, and chased out of their business areas every other day. Nevertheless, this year [2019/20], Ilala municipality was to come up with Wamachinga by-laws to help Wamachinga carry out their businesses in the city without being disturbed. Under the new by-laws, Wamachinga would be trained to organise their businesses and be safe from road traffic. For your information, Ilala municipal council failed to discuss Wamachinga issues after introducing IDs and the President's order that Wamachinga should be left free. In other words, the council's laws and regulations might contradict the President's order and lead to misunderstandings. We are still waiting and expect to get new orders so that Wamachinga will abide by our laws and regulations.

Similarly, a Kijitonyama official said during an interview that Wamachinga businesses were not running in isolation. As such, Wamachinga with permanent business premises should hold a business licence or operate from allocated formal markets, as stipulated in the regulations. Under the present arrangement, the Wamachinga must contribute to environmental cleaning and pay for public toilets, for example. Municipalities use general by-laws to supervise the activities of stationary Wamachinga.

On the other hand, the LGA officials reported that there were also mobile Wamachinga (“hawkers”), who moved around the streets, offices and residential areas, selling goods. They indicated that this group had not been covered in their by-laws and much more needed to be done to accommodate it. The Ilala Community Development Officer (CDO) reported that in 2017 the Dar es Salaam city board prepared a booklet containing by-laws that guided all the operations. She said that most by-laws are still valid. Still, enforcement ceased due to political interference and sometimes, the Community Development Officers and other government officials use their professional knowledge and experience to deal with matters related to informal traders rather than solely rely on by-laws. Also, some by-laws had lost their relevance due to the occurring changes.

On the contrary, a Kariakoo Wamachinga Association leader said that there has never been a policy or law and that if Wamachinga do not fight for it while President Magufuli was in power, no one else would have considered it to help them. The findings suggest that the authorities have by-laws on how businesses should be conducted, but they need updating from time to time. Specifically, there was no special policy or laws guiding street vending activities. Since most of Wamachinga operate in undesignated areas, they automatically break municipal laws and regulations, although the by-laws are not always enforced for one reason or another. Different scholars have admitted that, in almost every African country, street vendors operate under restrictive policies and regulations that emphasised the illegality of street vending (Bhowmik, 2005; Mitullah, 2003).

The review of the laws and findings from interviews show that there were by-laws guiding businesses and operations in specific municipalities. If effectively communicated to targeted groups and properly enforced, they might enhance formalisation of street vendors’ businesses and maintain proper land use arrangements. Yet, the by-laws do not focus on specific groups such as street vendors, considering their unique characters and needs. Lack of continuous updating amidst ongoing changes was another challenge.

4.4.2 Allocation and construction of business premises

One of the government's initiatives to support the street vendors in the construction of business premises in almost all the municipal councils. It has been one of the attempts to formalise street vendors' businesses by providing them with official trading sites. It is not a matter of moving vendors' businesses off the streets, as many vendors will not earn enough income to rent a stall off the streets. It should include legal access to suitable locations in public spaces and better infrastructure at the vending sites. In this study, street vendors were asked about their awareness of the government's initiative to allocate and construct sites for vending activities to explore whether such areas exist and the street vendors' awareness of them.

Table 4.8: Awareness of Allocation and Construction of Business Premises
(N=150)

Ward	Yes		No		Total	
	N	%	N	%	N	%
Buguruni	17	68	8	32	25	100
Kariakoo	22	88	3	12	25	100
Kibonde						
Maji	23	92	2	8	25	100
Kijitonyama	18	72	7	28	25	100
Mabwepande	15	60	10	40	25	100
Tandika	13	52	12	48	25	100
Total	108	72	42	28	150	100

Source: Field Data (2019)

Table 4.8 shows that 108 street vendors (72%) were aware of the government's initiative to allocate and construct premises for their businesses whereas 42 (28%) were not. In other words, the vendors must be aware of the formal businesses areas and continue working in the undesignated areas because the new areas lie in the periphery, with a low footfall, so they decide to continue operating their businesses in the restricted areas. Furthermore, street vendors were invited to explain their understanding of the allocation and construction of business premises. Most reported that the government had allocated certain areas for their businesses. The

Machinga Complex, for example, was the most frequently mentioned, but it lacked sufficient customers, and its structure did not suit their businesses.

They further mentioned Makumbe's, Mikocheni and Karume and several streets in Kariakoo such as Congo and Narung'ombe. Usangi and Chiota in Tandika are useful allocated areas for their businesses but were deemed too small, given a large number of street vendors. Likewise, Lyons and Msoka (2010) claimed that the growing number of informal operators made it difficult for most of them to access an ideal space, as the demand for this type of space exceeds the supply. Therefore, informal operators must gain access to space to conduct their trading activities, even on unauthorised land.

The local government in Kariakoo allocated some streets for Wamachinga as trading zones. The process of allocating Wamachinga trading spaces along the side road parking spaces at Kariakoo was participatory between the Wamachinga association leaders and local government. The agreement was reached on the size of trading tables, registration and operating guidelines. However, during an interview, a Kariakoo West local government official said:

Some Wamachinga have decided to sell their trading spaces to formal businesspeople and are now hawking or operating by putting their wares in the restricted areas. Others have sold and negotiated to remain and work as employed traders. Wamachinga sell their spaces for about TZS 800,000 to 3,000,000. This is contrary to the purpose of the trading space allocation plan.

On the other hand, a Kariakoo Wamachinga leader said in an interview that they had heard of Wamachinga selling trading tables/spaces to businesspeople and were still investigating to get solid evidence. Implicitly, more control and systems were needed to properly implement the intended purpose of trading space allocations. Otherwise, formal businesses may operate under the name of street vendors and escape from paying taxes and levies while not complying with regulations.

Other areas which the government allocated for business, such as Bunju B (Kinondoni municipality), Tabata Shule, Pugu, Gongolamboto (Ilala municipality), Tuangoma and Charambe (Temeke municipality), were reported to be unsuitable

for their businesses due to the few customers and inadequate infrastructure and services. Other street vendors indicated they were required to move away from the undesignated areas but did not know where to go. Another important category of respondents stated that their Mtaa (Street) and the municipal team had been moving them to designated areas. Still, following the President's order, these efforts came to naught. The order permitted vendors to continue working wherever they found fit for them.

Similarly, findings from FGDs show that street vendors from the areas under review (Kariakoo and Buguruni in Ilala municipality; Mwenge and Bunju in Kinondoni municipality; and Tandika and Mbagala in Temeke municipality) revealed that the government and authorities responsible had allocated and built areas for the vendors' businesses. The allocated were the Machinga Complex, Kigogo Sambusa, Karume, Pugu, Kinyerezi (Ilala), Tandale, Mumbusho, Tegeta Nyuki, Bunju B, Bunju Kisiwani (Kinondoni), Temeke Stereo, Chanika, Tuangoma, Chamanzi, Zakhem and Tandika Sokoni (Temeke). However, most of the areas allocated were unsuitable for the vendors' business activities because of the location of the sites concerning customers' accessibility, the infrastructure and important services, the building structure and the high cost of operations such as transport, security and storage cost based on the evidence from the FGDs. For instance, the Machinga Complex, the most famous street vendors' building, was reportedly unfit for vendors to conduct their businesses. A Tandika ward official explained:

Regarding the issue of formalisation, we, the Temeke Municipality, have never had a building for street vendors businesses like the Machinga Complex in Ilala Municipality. Ilala managed to do that, but also, they faced a challenge. They have built it, but the street vendors are not using it because they need to be in a populated area, with a constant flow of people, where they can sell their goods quickly and return to Kariakoo to get more goods. They also sell their goods at lower prices and don't need to sell the same goods for a month or two. They need to go and buy some goods, sell them all and get other goods.

According to the official from Tandika ward, there is evidence that, even if the street vendors earn only a small profit, they normally receive it within a short

time. Most of them refused to stay at the Machinga Complex in Ilala municipality, despite the government's intention to formalise them by slotting them into the business kiosks within the complex. Had this plan worked, the vendors would have been in a good position to pay taxes and benefit from other government services, but it failed because there were insufficient customers there and, for the vendors, what normally leads to success is customers.

The findings are supported by Babere (2013), who found that footfall was the main factor that informal traders considered when selecting a location for their operations. The informal operators were interested in how much they could sell per day. They were willing to use restricted spaces without reservation if they could sell their merchandise. The best spaces for their activities were usually in busy streets, bus terminals/stops and any other area with a high and constant flow of people.

One street vendor from Kariakoo said during an FGD regarding the Machinga Complex building:

The government designated the “Machinga complex” as a special place for vendors’ businesses. The place was costly to build, but even now, there are very few vendors conducting business there, like selling second-hand clothes in the building. Apart from that, someone has opened a secondary school on the second floor of the building. Here, the government must acknowledge that it did not conduct research or plan this project well.

Another street vendor from Kariakoo said that the nature of their businesses means they cannot conduct them within a fixed building because many of their customers are scattered all over the city. Hence, they preferred to follow customers to where they were located at a particular time rather than waiting for them in the building. He further explained that the intention of Wamachinga was for passers-by to see their goods for sale at low prices. As part of marketing, they have even recorded several songs to attract customers to their business places. The results agree with earlier literature reviewed that emphasised that accessibility of customers is a crucial consideration of street vendors, and they strategically locate themselves on

the streets to hunt for customers (Mitullah, 2003; Yutmo, 2008; Ndhlovu, 2011; Steel *et al.*, 2014; Njaya, 2014; Mramba, 2015; Uwitije, 2016).

While exploring why the Machinga is uninterested in remaining within the Machinga complex building, it was established that during the 2015 General Election, there were more Wamachinga in the building, but later, most of them returned to the streets, particularly at Kariakoo. One vendor in Kariakoo said during an FGD:

I was given a business space there at the Machinga Complex and have my name still written there. While working from the Complex, we once blocked President Magufuli on his way from the airport to the State House. We marched on the road to express our grievances. We wanted to talk to him, but the police used tear-gas to scatter us. We kept marching to Mnazi Mmoja grounds, where the President said to us: “Go and do your business where you used to do it.” That’s when we returned to Kariakoo. I should add that, in short, street vendors have yet to have their designated area or the government has not secured a special business place for them. I don’t think that, even if one decided to ask the Regional Commissioner or District Commissioners, they would have the right answer to that. In short, for us street vendors here in Kariakoo, we have been here for so many years, but a designated area for our businesses is not yet established.

The statement suggests that the government constructed the Machinga Complex to offer spaces to street vendors where they might operate their businesses, and also as a strategy to collect revenues. Unfortunately, the building has not been fully utilised as planned due to the lack of customers and the inappropriate structure of the building. Also, politics has been seen to play a role in the absence of use of the complex, as it was reported immediately after the 2015 General Election that Wamachinga had moved from Kariakoo to the complex. Still, the President allowed them to return to Kariakoo and operate in restricted areas. Holland (2014) argued that enforcement preferences differ for actors who design and enforce a law or policy.

Apart from the Machinga complex, located in Ilala municipality, which was widely discussed, other locations in the municipalities that were mentioned included Karume, Kigogo Sambusa, Jangwani, Tabata Muslim, RTD, Pugu,

Chanika and Kinyerezi. Among others, Karume was referred to as one of the vending sites in the city centre that was suitable for most vendors. However, the space paled before the vendors' demand. Initially, Karume was a botanical garden but was invaded by vendors. This led to an extended battle with the government, which finally changed the land use to a vending site. A Kariakoo ward official said during the in-depth interview:

Wamachinga are unwilling to move to other allocations because they believe that they are the ones who should look for customers, not the opposite. Places like Kariakoo, Posta Mpya, Mnazi Mmoja Buguruni, etc., are temporarily used due to the President's order. We have not passed a law to change land use.

During an interview, a Buguruni political leader said:

In Ilala municipality, we have business sites at Chanika, Pugu, and Kinyerezi, but Wamachinga have not agreed to move their businesses to these areas. The allocation of areas for Wamachinga businesses is a continuous exercise. We have no specific official area available for Wamachinga businesses in Buguruni Ward. Nevertheless, we have now started allocating informal areas, so that they can continue their businesses to adhere to the Presidential directives. That is why we have come up with a strategy of improving where they work. However, I know that formalisation should accompany the provision of infrastructure and necessary services like toilets and water, which cannot be accommodated on the path, road reserve, and bus stops where they are now.

One of the challenges and concerns reported by the official from Ilala municipality was the high expectations they had had for the Machinga complex project, which was a huge, expensive project that ended up yielding little. The second challenge was obtaining areas in the city centre where vendors are willing to trade because these are expensive. Third, Wamachinga were unwilling to move to areas outside the centre, with a lower concentration of passers-by (customers). For example, Lindi Street was identified by Ilala municipality and SUMATRA⁶ was asked to organise commuter bus routes via that street to stimulate Wamachinga businesses, but the exercise failed because the Wamachinga did not occupy the area due to a low number of customers and, instead, remained on the roadside.

⁶ Surface and Marine Transport Regulatory Authority.

A long distance from where vendors buy their goods (Kariakoo) to the allocated areas was reported to be a constraint in all three municipalities. One Machinga reported during a Kariakoo FGD:

It is a challenge because some street vendors have limited business capital, so a good place would be one that would enable Machinga to buy goods and sell them close by rather than having a travel a long distance. If someone is conducting a business in Gongo la Mboto or Bunju, this person might need five particular items for his business. The bus fare is TZS 1,200 and the journey takes three hours. It will be difficult to make a profit from these five items. That's why we prefer to remain around the wholesale points for our goods.

The presence of wholesale shops is another important factor that attracts informal operators to a specific location, making it easier for them to access merchandise supplies (Babere, 2013). Although the municipality ignores this factor, it is essential to emphasise its influence in attracting the presence of informal operators to an area. The convenience of accessing merchandise and other services, such as storage space, plays an essential role in keeping the operators in prime areas.

In Kinondoni municipality, during an interview with a Wamachinga leader it emerged that the Machinga Complex located in Ilala municipality was a special business premise for vendors in Dar es Salaam city. Identified areas in Kinondoni municipality were Makumbusho, Tandale, Kawe, Africa Sana, Tangi Bovu, Tegeta Nyuki, Bunju B and Bunju Kisiwani. However, during the FGDs, street vendors expressed the opinion that the government has set aside areas for Wamachinga businesses but that the areas are unsuitable. Most Wamachinga had not shifted to the officially-allocated areas but remained in the unofficial places, like Makumbusho bus terminal, Mwenge, and other bus stops. Mwenge, which is the most famous Wamachinga centre in Kinondoni, is not a designated business site but just a temporary trading place. A participant in the FGD in Mwenge said:

As far as I know, Wamachinga all over Tanzania could not receive recognition from the first to the fourth leadership regimes. It is in the fifth leadership regime, under President Magufuli Wamachinga, that we have received recognition and been close to the government. See, now, we are allowed by the government to possess IDs and trade even in restricted areas. Most of the areas used by Wamachinga here in Mwenge are business restricted areas. They belong to some government institutions (TANESCO⁷ and TANROAD)⁸. TANESCO has agreed that Wamachinga can use the area now, waiting for TANROAD. Since the extension of Bagamoyo road has been approved by parliament, we keep on waiting, but I think there has been a good plan for Wamachinga.

On this topic, one of the Wamachinga leaders from Mwenge in the interview said:

... yes, in the past, the LGAs used to chase us, but they didn't tell us where to go. You had to work it out yourself. We were not considered people who also provide a service to the community and support our own lives. We were seen as people who make a mess and so they had nowhere to take us to conduct our businesses. It was in the fifth leadership regime that Machinga received due appreciation and came close to the government.

Additionally, a related message emerged during the interview from a Mwenge Mtaa official who said:

There is no permanent official site allocated for Wamachinga businesses because there is limited space here in Mwenge and there is no remaining area for such a purpose. Where you see Wamachinga now, a long time ago, was a marketplace used by street vendors. However, the market was demolished to make way for road construction. See, now a thousand vendors keep coming, and we have no means to stop them. Remember, the honourable President said, 'Small traders should be allowed to conduct their business anywhere. However, just wait, a project is coming soon to expand this Bagamoyo Road from Mwenge to Moroccho. They must move out.

Moreover, during the FGD with street vendors in Mwenge it emerged that assigned business areas such as Tangi Bovu, Tegeta Nyuki, Bunju Kisiwani and Bunju B, have poor infrastructure and lack other necessary services, like electricity, water, toilets and security. What the government does is to provide a

⁷ Tanzania Electric Supply Company.

⁸ Tanzania National Roads Agency.

cleared space and tell street traders to move there. The findings indicate that it had been left up to the street vendors to build their simple stalls, huts or tables or display their goods on the ground. When night falls, they must remove their goods and find somewhere to store them at their own cost. They cannot leave their wares where they trade due to a lack of security and uncertain weather. There is a lack of essential facilities, like high quality tables and roofed structures to protect vendors' goods from damage by rain or sunshine. The situation differs from the findings by Bénit-Gbaffou (2015) in Johannesburg, South Africa, which showed that the relocation of street traders from dense, congested city centres towards peripheral or peri-central vending spaces led to increased access to the infrastructure, safety, and hygiene for traders. These assigned business areas also reportedly had very few customers since they were located along far from where many people live and so have a very low footfall. The Bunju B Mtaa officer provided more elaborations during the interview as follows:

Kinondoni municipality designated Bunju B as a special area for vendors' activities, but they did not want to move there. They complained that there was no necessary infrastructure, such as toilets, sheds or enough customers. We improved the market by providing toilets and sheds and the responsible authorities extended the commuter bus routes to include the market. Yet, very few moved their businesses into the market. Many still operate their businesses on the main road where they see more customers.

However, during the FGD with vendors in Bunju, it emerged that it was tough for street vendors to conduct their business in Bunju B market and that, after the vendors agreed to move to the market as directed by the government, most of them lost their business capital due to the lack of customers. The market was reportedly removed from a high level of human traffic. Despite the government's efforts to arrange a commuter bus route, most passengers ended their journey before reaching the market. During data collection, it was observed that there was a downward movement of people in the market compared to the restricted areas along the road at Bunju A and B. Relatedly, Bénit-Gbaffou (2015) in South Africa found that the relocation of street traders from dense, congested city centres

towards peripheral vending spaces led to a loss of income. Appendix 4A shows Bunju B market, where street vendors were relocated, but most did not stay.

As mentioned earlier, Temeke municipality allocated different areas for vending activities, such as Zakhem market, Temeke Stereo, Tandika Sokoni, Keko JKT, Tuangoma and Kiramba, but, despite this, the respondents raised various concerns. For instance, in Kibondemaji ward, the main challenge reported was that there was only one council market, Zakhem Market, which did not meet the demand. Moreover, there was only a small established market at a football ground, which is also on a TANESCO High Voltage Power line and, hence, a temporary and risky zone.

Like other municipalities, Temeke also faced a challenge regarding the locations of the vending sites. The FGD with the street vendors in Kibonde Maji revealed that the government provides market areas for Machinga businesses in unsuitable environments, such as Kiramba and Tuangoma. These areas are unsuitable because Kiramba market has a low footfall, with the inhabitants of Tuangoma having only a medium income and so tend to purchase items from large wholesale markets like Tandika. The street vendors are grateful to the government for allowing them to operate their businesses on roadsides and in other restricted areas, where they can access more customers and earn their daily living.

Accommodating the rapidly increasing number of street vendors in the Central Business District (CBD), which most vendors would prefer, tended to be a difficult exercise. A Tandika political leader stated that obtaining sufficient space in the busy business centres to accommodate all Wamachinga would cost a lot of money in compensation to the existing establishments. Allowing vendors to do their businesses on the streets and formalising it was a short-term plan. However, the presidential order to allow vendors to operate anywhere had led to congestion. For example, it was reported that, at times, cars could not drive down Chiota Road due to the high number of street vendors there. Previously, street vendors had not been allowed to operate there from the morning until 4 pm but had to remain in the allocated areas. Others were moved to a market nearby called Kampocha.

According to the Tandika ward official in Temeke, the street vendors were allowed to build their stalls and become recognised street vendors using the places provided by the council. Permission to build their stalls enabled the Wamachinga to start paying a levy to the council. After the President decreed that street vendors should not be disturbed in the country, in Tandika, street vendors flooded and built stalls in the areas that had been previously closed to them. In the streets were many unlicensed stalls operated by vendors who believed they could not be moved on.

4.4.3 Training and capacity building

The study explored the training and capacity-building on formalisation, including efforts made by the government and non-governmental actors through offering training to enhance skills to increase productivity (growth), financial knowledge and awareness of the procedures involved in formalisation process and operating formal businesses. During the investigation, several respondents from different locations indicated that they had been offered training and had attended it or not for various reasons. Others had neither heard of nor participated in any training. The training was offered by different institutions with different purposes, including group formation to access entrepreneurship skills and loans. From the government's perspective, the condition that each municipality should set aside 10 percent of its internal revenue to give interest-free loans to women (4%), youths (4%) and people with disabilities (2%). This has encouraged the offering of training to the beneficiary groups to use and return the loan properly. A Buguruni political leader said during an interview: "Wamachinga, like other groups, need to organize into a group consisting of at least five members, register and access entrepreneurship and financial training, and provide them with an interest-free loan of up to three million."

Also, during an interview, a Bunju ward officer said that, at present, the government was providing loans to small entrepreneurs through groups of women, youths, and people with disabilities, whereby they receive entrepreneurship training and how to manage the money although the training was rare cases. Moreover, the Community Development Officer from Ilala municipality reported,

during the interview, that sometimes they train vendors on how to keep records. The officer alleged: “You cannot conduct a business without writing things down. Otherwise, you may end up losing your business capital. Every bought and sold item must be written down so you may know their income, expenditure and profit”.

Similarly, in an interview, a Kibondemaji political leader in Temeke mentioned the provision of training to entrepreneurs thusly:

We have capacity-building programmes for all citizens. As a councillor, I visited youths and women, and I have fulfilled my promise by providing entrepreneurship training to 20 youths and 20 women from each street. The training venue was DAR LIVE⁹ for seven (7) days. Also, I facilitated the training of some VICOBA¹⁰ members from several streets in my ward.

Also, during an interview, a Tandika Mtaa official revealed that in rare cases, training was provided by non-governmental institutions, although there was a challenge related to poor attendance:

We are thankful that there have been NGOs and other institutions, such as financial institutions, that approach our office wanting to provide business-related training. Such institutions include banks. When they come to our offices, we normally support them by arranging a meeting place and making announcements to the targeted group. However, the response and attendance are always low because these people have their minds on their businesses. When you invite them to come and sit down for three hours, they consider that they are losing money, although the few understand the importance of this normally come. I normally tell them this is for their good because they are taught how to apply for loans and everything that will help them.

The officer said the number of entrepreneurs attending the training was low because that training was only offered to the residents of that locality. It was reported that Temeke municipal council offered capacity-building programmes, particularly entrepreneurship, that the community development department implemented. In addition, other capacity-building trainings were offered by

⁹ A famous club in Mbagala Dar es Salaam.

¹⁰ Village Community Banking.

different stakeholders, including non-governmental organisations. However, the training sessions targeted Tandika residents only. Wamachinga from outside Tandika were excluded because not all of them worked in Tandika. During an interview, a Buguruni ward political leader said: “Yes, we have a capacity-building programme, especially for Wamachinga leaders. I remember there has been training on financial issues by some private financial institutions, but I can’t remember its name.”

Moreover, the Councillor indicated that Ilala Municipal Council often organised entrepreneurship training with the help of marketing and co-operative officers. Yet, few Wamachinga participated, as they were usually busy running their businesses. Thus, more awareness education was needed for vendors, with well-planned meeting times and locations and probably training tailored to more specific groups.

During the FGDs with the vendors, the respondents seemed to provide views that differed from those of the officials on the training provided to street vendors. Most of the FGD respondents stated that they were unaware of any such training opportunities. One FGD participant from Tandika said: “I have been running my business in Tandika for four years, but I never heard of any training.” Another FGD participant from Mwenge said:

We’ve never received capacity-building training, but formal entrepreneurs do get it. It should be known that Wamachinga receive appreciation only during the current leadership regime. During the previous leadership regimes, Wamachinga were seen as hopeless people doing illegal or dirty businesses. We haven’t got any opportunities and are not very close to the government.

Also, during the FGD, the street vendors from Bunju declared that they had not received any training and could not do so because their relationship with their local government officers was poor. The reason provided for this was that the local government officials did not want Wamachinga to operate in undesignated areas. A vendor who participated in the Kariakoo FGD highlighted their need for training and their willingness to attend:

We never had an opportunity from the government to train us on business-related issues and how to improve our output. It has never happened. I think some will be ready for it, like us here today. When I return to my business today, the traders there will also want to know what we discussed. I think we are ready for training and even those who don't attend will get the information from those who can attend the training. Also, if they set a suitable time and share the information well in advance, people will attend because time matters greatly in our businesses. We tend to operate our businesses mainly from 2:00pm to 8:00pm. Outside that time, they can set the time for the training; for example, 8:00am to midday or at some time during the weekend, when people have time.

This statement implies that the Wamachinga were willing to attend capacity building training if planned in a time that favours their business time with relevant content. Similarly, Uwitije (2013) reported that up to 80 percent of the respondents in Rwanda stated that they wished to receive training on entrepreneurship to improve their business. The vendors believed that training would allow them to improve how they run their business and so help to increase their income.

In addition, during an interview, a Wamachinga leader from Kariakoo added that no training programmes on capacity-building, financial or entrepreneurship skills have been offered in Kariakoo. Also, a Wamachinga leader from Mwenge said that whenever there is training in his area, it is always provided by a microfinance institution seeking customers to take out commercial loans. The street vendors' leader added: "No training has intended to build our capacity since I became a small trader over 15 years ago."

Likewise, some local government officials further revealed that there was no training for vendors organised by their offices, but other stakeholders have provided some training. During an interview, a Buguruni Ward officer said: "My ward doesn't have any capacity-building programmes for Wamachinga but collaborates with stakeholders [organisations and individuals] who prepare entrepreneurship training sessions and sometimes provide fliers." In another interview, a Mtaa officer from Mwenge, who is responsible for and deals closely with street vendors and their operations, indicated that there was no official guidance on providing training but that vendors should nevertheless be aware of the procedure for formalising their businesses. In this regard, she said:

Throughout Tanzania, we lack a policy of capacity-building through training. What we have is that if you wish to start a business or company, you go to a business officer and they explain the procedure to you: You need to go to BRELA to register the name of the business and then to TRA to obtain a TIN. Street vendors do not have any procedures to start a business and that's why someone may secure 20,000 and start a business. We don't give them any business training; there's nothing like that. Otherwise, people from banks and other private organisations come and say they want to provide business training to boost their businesses. These are private institutions and it's like they're doing marketing to get more customers. We normally allow that so that they can teach them how to save. There's nothing like that provided by the government.

Also, it emerged that there was a challenge regarding the department responsible, as the Municipal Community Development department primarily co-ordinated capacity-building activities. Still, there was a shortage of funds to implement its mandate, including the provision of capacity-building activities for different groups. An Ilala Trade Officer said: “We have skilled human personnel in our [Trade] Department, but we are not given adequate funds. Rwanda is doing very well in this area because they have a specific institution that oversees Wamachinga businesses”.

It was further reported that, even though the government did not arrange training for traders, some awareness, common knowledge and information on how to conduct businesses may be provided based on individual traders' requests. It was supported by the Majimaitu C Mtaa official who said during an interview:

Whenever someone needs advice, the community development officers are always there, and the ward office is free for all. We can easily direct them there or give them contacts; they meet and become educated. Even on the issues related to preparing a constitution when they wish to form a group, the community development officer is responsible for assisting them.

Another note regarding capacity-building for the small informal business traders was business training programme through Mzumbe University. The VIBINDO Society indicated that they had an arrangement that allowed its members to attend entrepreneurship training at Mzumbe University—Dar es Salaam Campus. Most attendees witnessed changes, including joining the health insurance programme

and strengthening their groups, for example, the onions and potato traders' association at Mabibo market in Ubungo municipality.

During an interview, an informal sector expert said that the government's efforts to build the capacity of street vendors faced various challenges after failing to identify or budget for these groups very well. The vendors reported a lack of education on important issues, like the by-laws, what kinds of payments they are required to make, and finance and savings. Some government officials indicated that there were training and capacity-building programmes through government and other stakeholders, while some officials uncovered no such opportunities. The side street vendors and their leaders showed that they had not received any training and were ready for such opportunities if arranged at a conducive time to their businesses and with relevant content. Capacity-building through training remains an important component in the business formalisation process as it gives awareness and understanding of better ways of doing things.

4.4.4 Identification and introduction of Machinga identity cards

The Machinga Identity Card is a strategy that was introduced in December 2018 by President Magufuli to identify, recognise and assist small entrepreneurs in operating their businesses anywhere in the country without being disturbed or harassed by anyone. The president issued 670,000 IDs, each region allotted 25,000 IDs and the regional commissioners were required to oversee the distribution (The Citizen, 2018).

It was reported by the Tanzanian Revenue Authority (TRA) Taxpayer Services and Education Director that a total of 1.59 million IDs worth 31.86 billion had been distributed up to June 2020 (Daily News, 2020). Before the exercise, the President said Tanzania's tax base was very poor compared to neighbouring countries, including Kenya, since only 2.2 million people in the country, with a population of 55 million were taxpayers.

Specifically, Table 4.9 indicates the number of Wamachinga found with ID Cards in this study. Nevertheless, no single office in the municipalities under review provided the number of the distributed IDs in their areas, but they worked hard to reach the given targets.

Table 4.9: Street Vendors with IDs (N=150)

Machinga ID	Freq. (N)	Percentage
Yes	145	96.67
No	5	3.33
Total	150	100

Source: Field Data (2019)

Table 4.9 reveals that out of the 150 street vendors involved in the survey, 145 (97%) possessed a Machinga identity card. Only five (3%) did not. This shows that there had been a positive response by the vendors regarding paying for, owning and operating their businesses without harassment. The IDs were provided to every small Tanzanian trader with a business not exceeding a capital of four million (4,000,000) Tanzanian shillings, including those operating businesses in unsafe, unauthorized areas, such as fire escape lanes, pedestrian lanes, service roads, sanitary corridors and public open spaces. The IDs were awarded annually at the cost of TZS 20,000. The order was that all traders should possess an ID card, or they would be unable to continue trading because they were not street vendors. This policy is monitored by the Local Government Authorities (LGAs).

During the survey, the street vendors were asked to explain how the special Machinga ID could enhance the business formalisation. In the questionnaire, the most common response from the street vendors was that they now recognised and could conduct their businesses anywhere in the country without harassment from government officials or police. Others said that their businesses were already formalised and trading areas legalised, which suggested a degree of confusion regarding business formalization and the enforcement of the related laws. Meanwhile, others stated that the ID had nothing to do with formalization because there was no law behind it, and they were trading in undesignated business areas. They also claimed that the purpose of the ID programme was to gather statistics

for plans. Still, others claimed it was a government policy aimed at revenue collection despite not being required to pay any other kind of levy. Generally, the responses suggest that most street vendors treated the introduction of ID cards as a positive move but lacked sufficient information and education to understand the intention behind this strategy.

During the in-depth interviews with different key informants and FGDs with street vendors, different but related views were expressed when asked about their understanding of Machinga ID cards. Also, during an FGD in Mwenge, one vendor said:

I have been engaged in a Machinga business since 1997 and we have faced many challenges in the past. We organized ourselves into groups but were disturbed and evicted every other day by the Dar es Salaam city militia. Still, now we should agree that our President has saved us by providing us with a Machinga ID card and, if that were not enough, on March 1st, 2019, he issued an order that Wamachinga should not be disturbed wherever they operated their businesses.

Similarly, during an interview, the Majimaitu C Mtaa officer stated:

The introduction of Machinga ID cards has significantly helped the street vendors. They have gained the freedom to operate their businesses. They can go anywhere and conduct their businesses, unlike a few years ago when, in two minutes, the militia from the municipalities would arrive and chase them off. Nowadays, Wamachinga are operating their businesses like kings since they received instructions from the Honourable President.

Also, other study participants treated the Machinga ID initiative as a strategy for identifying the number of small entrepreneurs in the country's plans. By establishing the number of street vendors, the government should allocate and build special, permanent places for their businesses, calculate how much revenue could be collected from the vendors and estimate how many new street vendors were emerging annually. Moreover, the ID strategy could play a pivotal role in safety and security issues, as it was difficult for local government officials to issue a card to someone who was not Tanzanian. During an interview, a Mwenge Mtaa official said:

I think that the Machinga ID programme has simplified the plans because, firstly, a long time ago, the street vendors and local government leaders had a difficult relationship. Here in Mwenge, for instance, the Wamachinga leadership considered itself to be more powerful than the government since the Mtaa government did not know how many street vendors there were. When you asked them about their number one day, they'd say 3,000, but the following day, they'd say 2,000 or 800, so it was impossible to supervise or know anything about them, such as how much revenue you might collect from them. Ultimately, the President introduced the IDs and after we distributed them, they helped collect data on the number of street vendors operating here. It has simplified things greatly because you cannot lead people if you don't even know how many of them there are.

Indeed, the Machinga ID initiative had enhanced security, according to a Kijitonyama ward official, who indicated during an interview that the provision of ID cards was mainly overseen by the Ward and Mtaa officers, who live near people and know each other well. For that matter, the officers seldom provided an ID to someone who was not a Tanzanian. She said Dar es Salaam had a wide diversity of people from Burundi, the Congo (DRC) and other countries. Some may use vending as a hiding ground and, consequently, endanger the country's security, so it was essential to check that someone is a Tanzanian before giving him/her an ID card. Also, the exercise entailed a risk that ID cards might be given to people who were merely pretending to be street vendors, including thieves and other undesirable people; for example, in Mwenge, the people shouting out to customers to come and buy clothes may be thieves.

Moreover, it emerged that the introduction of the small entrepreneurs' IDs (created some sort of equality in revenue contribution since the street vendors started to contribute to the government revenues, unlike previously. Most Wamachinga conducted their businesses in undesignated areas without paying taxes/levies. In Tandika, Temeke municipality, an interview with a Mtaa officer yielded the following response:

I must congratulate President Magufuli for coming up with the idea of ID cards. Firstly, it has brought some income to our nation and some equality. The situation was that a formal businessperson would be operating his business from a shop and another trader would come and start selling similar goods in front of it. The customers would buy from the latter. Since the one at the front of the shop doesn't pay any tax, rent, etc., he can sell his goods at a lower price than the trader with the shop. As you know, we all normally prefer lower prices at the expense of other things, like national revenue contribution, goods being in date, and quality.

Moreover, some people believe that the goods from shops are older than those of street vendors, who sell their goods faster and obtain other goods; hence, street vendors always have fresh goods. Given that perception, the trader in front of the shop will sell more than the one inside. I was afraid that, ultimately, shops would close, and everyone could aspire to become a vendor.

This extract attests to how display mixed results stemming from the participants' knowledge of the small entrepreneur's IDs and whether they could enhance the formalisation of street vendors' businesses. The street vendors and local government officials welcomed the programme for fostering freedom to operate businesses without harassment, ease of obtaining vendors' information, ability to manage and plan for this group, stronger security and equality due to street traders contributing to the government revenues as other formal businesses do. It also emerged that before the introduction of the IDs, there was a combative, hostile relationship between the street vendors and the government officials.

A discussion on the Machinga ID initiative included exploring the challenges and weaknesses associated with that programme. One of the stated challenges was the design of the cards themselves. The cards did not contain any names or photos of its holder, so, if lost, anyone could pick them up and falsely claim to be a street vendor. It was difficult to identify the actual bearer of the card, so anyone could use an ID, which did not belong to them, and they were not easy to recover if misplaced. It was reported that a Machinga had once asked the Kinondoni District Commissioner (DC) together with the Municipal Director what to do if an ID got lost or misplaced. The response from the DC was to buy a new one for TZS 20,000. In other words, no research had been undertaken before introducing the Machinga IDs and improvements were necessary. Appendix 4B shows the front

and back sides of the small entrepreneur ID (Machinga ID), showing the issuing authority, card number and validity period. The card lacks important information such as name, photo, signature of the possessor and the business type and location.

Another challenge was the absence of a practicable inspection and enforcement of the ID programme. The Machinga ID cards resulted in every small trader with a business capital not exceeding four million Tanzanian shillings getting an order to possess one. There is no difference between those with an ID card and those without one, and some traders have not bothered to obtain one. Those with an ID card were discouraged as no steps had been taken against those who refused to get them, which means they may also decide not to buy one in the future. It was confirmed during the Kibondemaji FGD thusly:

We are in a dilemma because there is no difference between those with ID and those without it. We all continue running our businesses peacefully. Earlier, it was announced that every Machinga must have an ID, and there will be an inspection, but we do not see anything happening.

Conversely, another participant, during the Kariakoo FGD, expressed an opposing view:

I see the difference. Those with a Machinga ID card are more confident about running their businesses than those without one. I say this because, when it comes to inspections, everything will be disclosed.

Unless the responsible authorities enforce the cards and conduct thorough, regular inspections, some traders can be discouraged, while others can use the loophole to avoid paying for an ID.

Additionally, the President's order that Wamachinga should not be disturbed by the authorities or moved on from their business operating areas, mostly undesignated sites, and the provision of Machinga IDs, fuelled space conflicts in some areas of Dar es Salaam. Traders fight for business space as a result. Some traders, for example, had decided to stop doing business due to the continuous police harassment and other business hardships, so they had to move elsewhere to engage in other activities for about two years. Then after having heard about the

Machinga IDs and President's protection, they returned to reclaim their spaces. Indeed, this development posed challenges to Local Government officials because there were many conflicts over business areas. During an interview, one Tandika ward officer said:

Here the stories are; you know, I moved because the city militia was disturbing and chasing us, but now we have been given ID cards. That means we are formalized in these areas without any problems, and we have returned to demand in our business spaces.

Moreover, Tandika ward officer added that another Machinga approached her and said: "I left my area a few years ago because I was ill, or I went to cultivate my farm, and now I'm back and here, in my space, someone else's taken over and now I need my space back." Conversely, ward and mtaa officials said it was difficult to ask a new trader to move on, as he/she may have been trading in that spot for over a year and has the right to that area. The officers explained that if a trader left to take up farming or due to illness and failed to inform anyone of this and simply left silently, that is a problem. Other traders might remember the original trader, but it remains a challenge to restore that spot to him/her, since the new trader also owns that area and has a right to use the space, which is a government area and none of them is paying for it. Thus, the traders ought to negotiate and possibly share the space. There have been many conflicts of this nature. Other studies have also found that conflicting land use is frequently reported as one of the negative impacts of engaging in informal livelihood operations in urban areas, especially regarding unauthorised spaces (Tripp, 1997; Iyenda, 2005; Bromley & Mackie, 2009; Kamete, 2010).

Another mentioned challenge related to the ID initiative in Kariakoo, Buguruni, Tandika and Bunju was the increase in the waste and congestion in the highly populated areas. In this regard, Local Government Officers appreciated the annual contribution of TZS 20,000 to the government revenues by Machinga based on the President's initiative. However, the vendors were unwilling to honour any other requested payments, such as waste management fees, arguing that rubbish collection is a different service. Currently, the Wamachinga refuse to pay the environment cleaning levy, claiming that the President ordered that Wamachinga

should neither be disturbed nor asked for any other contributions once they had paid for their ID.

A ward official from Bunju explained that a large amount of rubbish was simply dumped on the roadside, and the contractor was required to collect it and take it to the dumping site. Nevertheless, the ward official stated that the contractor refused to do this due to late payments. Prior to the introduction of the Machinga IDs, the LGAs used to collect a solid waste levy from Wamachinga and other traders and pay the outsourced private company to accomplish the exercise. The failure to collect the waste regularly poses a serious challenge regarding solid waste management. Similarly, during an interview, a Kariakoo West Mtaa official reported:

Street vending-related activities produce about 70 percent of the solid waste here in Kariakoo. We have been using the amount from formal business people to pay a private company to remove the garbage, but the amount is too low. Otherwise, we have decided to ask everyone to take care of their places, but they are simply putting their waste into the drainage system or piling it up on the sides away from their business spaces. In addition, here in Kariakoo, food vendors (Mama Lishe) prepare food at the roadside using gas stoves placed on the drainage systems and discharge oily water onto the tarmac roads, which is dangerous. Another problem is that vendors put their goods on the pavements along the DART¹¹ project road and force people to walk in the bus lane.

In addition, a Tandika ward officer said:

Don't remind me about these people. They don't want to spend a penny on waste collection and dare tell us that if we keep demanding money from them, they will report us to the President, who ordered them to pay only TZS 20,000 for an ID. Now, we have stopped quarreling with them and tell them that every Machinga should take his/her waste back home or to the correct place, full stop.

These comments show that street vendors' environmental cleaning levy was an important contribution and that their refusal to pay it without it posed a challenge for officials regarding the cleaning costs. This non-payment could lead to a dirty

¹¹ Dar es Salaam Rapid Transport

city and an outbreak of disease. The Wamachinga appear to abuse the President's protection to avoid their important responsibility to keep the environment clean, which may create a hostile relationship between Local Government Officials and informal traders.

Also, there was an increase in congestion, especially in Kariakoo, following the presidential order. During an interview, a Kariakoo West Mtaa officer said that Wamachinga placed their stalls and displayed their goods on the ground everywhere, be it on the road or in front of the doors of formal businesses. Their business activities have extended beyond the agreed arrangement of tables at the roadside parking. The Kariakoo market is very small, but Kariakoo Wamachinga Association has registered more than 7,000 Wamachinga, not to mention those not registered. In other words, the number of street vendors was high, hence the congestion. Uncontrolled congestion, especially traffic jams and fast buses, might cost pedestrians' lives. Appendix 4C displays that the pavement on the right is blocked by vendors' businesses, forcing people to walk on the road intended for cars and the bus lane.

In both interviews and Focused Group Discussions, some respondents mentioned that the ID initiative might be somehow politically driven rather than a serious, sustainable move aimed at supporting small businesses. They thought that politicians do things that seem positive on the surface to gain support or weaken other political parties/competitors. Some street vendors in the FGDs and local government officials in the interviews stated that the previous government, led by President Kikwete, used to be very humble and supported the street vendors, promising many benefits if they voted for the CCM candidates to continue in power. The authorities stopped enforcing the laws, including evicting traders operating in restricted areas; however, once elected, the contract ended, and the Wamachinga were no longer allowed to work in the restricted areas. Similarly, they also treated President Magufuli's introduction of the ID programme as a strategy for weakening opposition parties and being assured of the street traders' votes. During the Mwenge FGD, one participant said:

In my opinion, the Machinga IDs are politically-driven. I say this because, during the last general election [2015], bodaboda and Wamachinga supported the coalition of opposition parties [UKAWA],¹² which threatened the ruling party [CCM]. Now, the President has decided to win us over using the ID strategy, with no supporting law, bearer photo or other personal information. The move to give more freedom to Wamachinga was pronounced when UKAWA was preparing for a demonstration across the country [UKUTA],¹³ as a strategy to weaken it. The President uses the Machinga IDs for political gain to encourage a large group of Wamachinga to support him, which is a politician's game.

Similarly, an informal sector expert said during an interview:

The Machinga ID is highly politicised because the group can be a source for overthrowing the government. We have observed this in other countries, so politicians consider this group carefully. Also, Wamachinga is potentially a vote bank, and every politician wants to be on their side. To facilitate this, the politicians must ensure that Wamachinga need politicians. This is achieved by ensuring that Wamachinga are vulnerable by threatening that they are operating in illegal areas and need to be protected, and guaranteed protection comes from politicians. Once politicians protect Wamachinga, Wamachinga must protect politicians by offering them their votes and supporting their agenda. That is the relationship between politicians and the informal economy. Then, there is no way that the Regional Commissioners or the President [politicians] can evict or enable them to stay there legally. Politicians don't like this because this will deny them votes. Therefore, the Machinga ID can be associated with this because the ID does not even show the bearer's photo.

These responses imply that the politicians have been promising vendors a good business environment in return for their votes. Still, the traders have not benefited from these promises as they expected. Hence, during the last general elections, they rejected the incumbent party (CCM). To win the vendors' political support back, the President introduced IDs to attract their votes and weaken the opposition parties in the upcoming elections. Shami and Majid (2014) affirmed the same when they asserted that the informal sector might function as a vote bank. Because informal operators do not live by the law, some politicians exploit this

¹² A Kiswahili abbreviation for a coalition of opposition political parties.

¹³ Aug. 2016 – CHADEMA (the main opposition party in Tanzania) announced a policy called UKUTA, meaning an alliance against dictatorship in Tanzania.

vulnerability to trade protection for votes. The situation is explained by the forbearance theory adopted in this study, whereby politicians constrain the enforcement of laws and regulations for their political interests (Holland, 2014).

Moreover, interviews with local government officials at municipal and lower levels showed that the Machinga ID strategy and related orders catalysed informality. First, the freedom given to street vendors has encouraged more people from Dar es Salaam and from upcountry to join the sector. Some of them are invited by relatives and friends who already operate businesses. Second, it is prudent for formal businesspeople to pay TZS 20,000 per annum for a Machinga ID and run their businesses rather than remain formal and pay around TZS 3,000,000 per month (on rent, a business license, a solid waste levy, VAT, electricity costs and a service levy). The situation was worse on Narung'ombe Street, where formal businesspeople sell shoes, with Wamachinga selling the same items outside their shop doors.

Besides, in the interview with Kariakoo ward and Kariakoo West local government officials, it was reported that some businesspeople owning formal medium and large size enterprises exploited the ID cards strategy by recruiting youths and buying them a Machinga ID card so that they might sell items on their behalf to evade tax and impede the tax compliance efforts. The findings are similar to a study by Berestein *et al.* (1995). They found that informal operators, categorised as paid workers, accepted merchandise from shop owners to sell at premium prices while taking a commission from the price difference. Mfaume and Leonard (2004) also reported a tendency among shop owners to collaborate with informal operators by providing them with merchandise to sell for a commission. Generally, the findings support the exit view of informality, which assumes that some enterprises may opt to operate informally to escape taxation and regulations by comparing the costs with the benefits of formality (La Porta & Shleifer, 2008; Mramba, 2015; Granström, 2009). Appendix 4D and 4E illustrate Narung'ombe Street in Kariakoo where on both sides of the road are formal shops, with street vendors selling the same products (mainly shoes) on the road.

In addition, the introduction of the Machinga identity cards was also largely uncoordinated, non-participatory and poorly implemented since no thorough assessment was carried out beforehand to establish whom to target, the nature of the businesses, and where the street traders were based. It would have seemed more logical for the LGAs to handle the Wamachinga affairs from the start; they also needed to have an implementation plan rather than the Head of State simply issuing a public order that the local government officials had to implement suddenly as in this case. The strategy was not devised by the authorities responsible, and some LG officials did not know what it was or where it might lead. One LG official stated: “You can’t touch any Machinga who has an ID because he is known by the President and is formalised”. Similarly, several Wamachinga shared the same misconception. For instance, in one FGD, a Machinga participant said: “When you receive an identity card, it’s the same as a business license. It means that the government recognises that you’re a street vendor and that you’re formalised”. Implicitly, the vendors and officials were not fully informed about the exact meaning and purpose of the Machinga ID strategy.

The vendors further claimed that after receiving their IDs, they were already formalised, and even boasted about their newly-acquired status before those with a business license that, too had an identity card and that the president recognised them. A Mtaa official at Kariakoo said during an interview:

Let us be faithful to our nation, and note my words: Any society should be guided by laws and regulations and not by a politician’s emotions and personal interests, which sometimes override institutional mandates. In a planned manner, people should do business and pay a levy, even if it is TZS 200. It will be a lot of money. Now, these political statements that ‘people can do business anywhere and don’t touch them’ has resulted in even those who were well-established in the market left. They have moved onto the streets. Therefore, politics is messing up the council’s plans; a mere statement is now considered a law. The LGOs are worried that they will lose their jobs if they fail to sell the full quota of Machinga IDs allotted to them. Others are forced to sell to anyone, provided they get TZS 20,000 or pass on to other places, so the government will finally have incorrect statistics regarding the number of Wamachinga in a particular area/municipality.

This statement attests that, since the ID initiative came from the top authority (the President), together with the order that street vendors with IDs should not be harassed, the street vendors, on the other hand, were taking advantage of the protection from the Head of State. At the same time, the President's appointees (e.g., Regional and District Commissioners) put pressure on the implementers (local government officials) who do not completely understand the programme, were scared about losing their jobs and sometimes find themselves working outside the stipulated laws guiding them or not enforcing the rules.

Furthermore, the political at Buguruni insisted on adhering to the President's orders but also advised that the implementers should devise appropriate strategies for executing the orders. He explained that they were not opposing the orders but that the LGAs should come up with a clear reflection of the presidential directives. The political leader emphasized the implementation based on the available laws and regulations governing conducting business. The political leader provided examples of such laws and regulations for service roads. He believes that professionals in the President's office or elsewhere could develop guidelines of the order so that it could remain in place without flouting the existing laws and regulations.

Finally, respondents were asked about better ways to improve Machinga ID initiative. There were repeated concerns from the respondents and they called for necessary improvements in the IDs by including their specific personal information such as names, location, and type of business, as well as having a photo of the bearer. Such features could add value to these IDs, so that even when they get lost, one can report the case to the police and get another issued after getting a Police lost report. Also, someone else may not appropriate it and use it because of the photo and other personal details. They insisted on Machinga ID having features of a bank or staff ID with particularised features of the owner's name and photo. Also, in an interview, a Kijitonyama ward official observed that the Machinga ID did not indicate the business location, which can pose a challenge in getting a correct statistic of the number of Wamachinga in Kijitonyama ward, for example. In Kijitonyama, one officer sold Machinga IDs to someone doing business in Kimara and another in Mbagala. Another suggestion for improving the

ID features that emerged from the discussion was the need to formulate specific policies to guide and support street vending activities. In this regard, one of the street vendors at Kariakoo said during an FGD:

We are living out of the honourable President's mercy; we are asking the Prime Minister that there should be a policy that will give birth to a law that will identify a street vendor. Looking at our constitution, we can see that the President has the time to be in power, but not only time because he has a lot to do to ensure the country is in order, not only dealing with street vendors. It may be right now we have identity cards, and we are doing our business, but no law legalises and protects street vendors.

Another piece of advice was for the government to use the 2019 Machinga ID programme as an experiment and advance it in subsequent years. It would be convincing to have IDs that consider the size and value of the business as the base for tax revenue contribution. For example, the one with large businesses should get a different ID. As such, there could be vendors who cannot pay 20,000 despite being a reasonable amount and very little to others. Some said it was unfair for a woman selling bites (*vitumbua*) to pay 20,000 to get an ID. At the same time, someone else who is selling cosmetics or footwear in a small shop on the street pays the same amount. The IDs should be provided by considering the value of businesses. For example, small street vendors should pay TZS 10,000, the medium ones TZS 20,000 and follow by TZS 30,000 up to 50,000. Also, these payments could be made in installments.

In addition, it is prudent for TRA and municipal councils to clarify the eligibility criteria for the Machinga ID since the order of the President says any trader with capital less than TZS 4 million should pay for Machinga ID without specifying the business premises. However, the tax law is talking about four million as annual turnovers and not business capital. In other words, the statement is concerned about those Wamachinga whose sales volume is less than TZS 10,000 per day. However, about 90 percent of the people provided with Machinga ID make sales over TZS 10,000 daily.

Table 4.10 shows that 62 respondents out of 150 had income below TZS 50,000 per day. About 88 out of 150 respondents had a daily income above TZS 50,000

per day. Nevertheless, very few respondents (6) had a daily income of TZS 200,001 and above. Furthermore, Table 4.10 indicates that Kariakoo, Mwenge and Tandika respondents had a better income than those from Buguruni, Kibonde Maji, and Bunju. This discrepancy is attributable to Kariakoo and Mwenge being much more centrally located in business hubs and was much more populous than the other areas.

Moreover, in the former, the people who frequented those areas had different incomes. Tandika is outside the town centre but a fast-growing town with a high population density and many customers from within and outside the area. Buguruni is somehow close to the town centre but somehow less populated and dominated by the food crop market.

Table 4.10: Respondents' Daily Income Distribution across Different Trade Centres/Wards (N=150)

Ward	income group					Total
	Below 50,000	50,000-100,000	100,001-200,000	200,001-300,000	above 300,000	
Buguruni	12	10	3	0	0	25
Kariakoo	6	8	11	0	0	25
Kibonde Maji	10	11	3	0	1	25
Kijitonyama/ Mwenge	5	9	8	3	0	25
Mabwepande/ Bunju	22	3	0	0	0	25
Tandika	7	7	9	1	1	25
Total	62	48	34	4	2	150

Source: Field Data (2019)

Also, Kibonde Maji, commonly called Mbagala, is outside the town centre, densely populated but dominated by relatively low-income people. Finally, Bunju is the furthest centre compared to other sites; it is less populated with fewer customers and few street vendors, who also have relatively less business capital and profit. The data in Table 4.10 and statements from other respondents suggest that some vendors earn more but contribute less and thus should be treated differently.

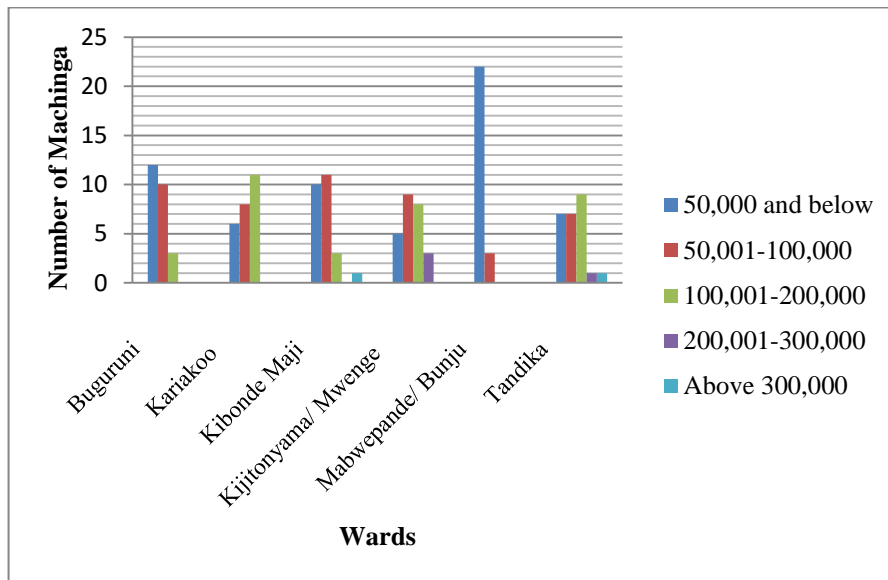


Figure 4.1: Respondents’ Daily Income Distribution by Location

The study’s participants further advised that the ID programme should be more participatory, involving the Wamachinga and LGAs. It emerged that more research was important to learn more about the nature and features of the various Wamachinga categories. Regarding the Machinga ID cards, areas such as Kariakoo and Mwenge were supposed to receive different treatment because of their huge business potential. Further, one local government official said: “You know, the issue of Identity cards is from above. We came to learn about it from the head of the department. Perhaps our head of the department knew (I’m not even sure) about it, but, for us, we just came to hear about it from him”. This statement proves that the government officials had limited participation in this regard.

Generally, the findings showed that Wamachinga wants their identification to go hand in hand with capacity building, which should include improving the trading environment – access to selling spots, toilets facilities, portage services, a clean and secure environment, harassment-free markets and so forth. There is a lack of a clear definition of who is a “machinga.” – the sector has evolved tremendously in the last decade (Steiler & Nyirenda, 2021). Wamachinga have creatively and innovatively ventured into a range of new products and services, using cutting edge selling strategies, making the Machinga sector wide and fluid. A lack of clear criteria for defining Machinga has made it harder for the ID provision.

Local Government Authorities collected trading fees from ‘Machinga’ that were used for servicing trading areas – i.e., cleaning, security, and infrastructure development – among other things. Now, all of these funds will be going to the central government, a phenomenon that will not only handicap LGAs from performing their functions better due to lack of resources but also likely fuel conflict between Machinga and LGAs. Machinga will have higher expectations on service delivery now that they are identified through the President’s Office IDs (which means they are recognized). Still, LGA’s will have low capabilities to deliver those services – given resources are now channeled to the central government contrary to fiscal decentralization.

4.4.5 Street vendors’ collective organisation towards formalisation

This section discusses various efforts made by street vendors to find a better and more conducive business environment and looking for government recognition and favour. The collective organisation facilitates the forging of solidarity that may exert pressure that leads to direct or indirect negotiations between vendors and government on business formalisation. In other words, efforts to make their voices and contribution/charity are noted and considered by the government and community. Moreover, the organising is a means through which vendors position themselves for easy support from government or other stakeholders, but more importantly, supporting themselves on economic and social matters. The researcher considered such efforts imperative and, hence ought to be captured, although they may be implicitly linked to formalisation processes. The efforts are important hotspots to begin or continue formalisation processes. Such efforts included vendors’ economic groups, social self-help groups, community social support and participation in government events.

Data were further collected to establish whether the street vendors had undertaken any collective action to have their businesses recognised, such as making efforts to organise, formalise, and support the community. In-depth interviews with key informants and FGDs with vendors revealed that the vendors’ organisations vary from place to place. The vendors in business centres (such as Kariakoo, Mwenge

and Buguruni) are more organised and more active in approaching government authorities and participating in national and community welfare initiatives than those operating businesses outside the business centres (in areas such as Bunju, Tandika and Majimatitu C.).

It further emerged that Wamachinga organise themselves to achieve certain objectives, including supporting each other for social difficulties (self-help groups) and economic groups through which members accumulate their money and lend it to each other. Also, some street vendors organised themselves in groups as a necessary condition for receiving government financial support and training from different institutions. They also elect representatives to address the government authorities through a common voice. In addition, the vendors participated in national events and offered help to the communities in support of the President's/Government's efforts to serve people. However, this aspect emerged as a strategy to maintain the President's protection of their business operations on the undesignated premises.

At Mwenge, for example, the vendors reported having participated in a national campaign to plant trees, renovate Mwenge Police Post and maintain a rough road. It was confirmed during the FGD with the vendors:

Wamachinga planted the trees you see along Bagamoyo Road at Mwenge. We planted them from ITV to the junction of Sam Nujoma Road. We also rehabilitated Kambarage Street Road at Mwenge by buying gravel rubble and levelling it at our own cost. Finally, we contributed to and renovated Mwenge Police Post, which was not in very good condition.

Similarly, during an interview, at Kijitonyama ward political leader claimed: "At Mwenge, Wamachinga contributed about 250 items of sportswear and footballs to Makongo Secondary School students during the UMISETA¹⁴ competition." This gesture is a testimony of what they can give back to the community.

¹⁴ Inter Secondary School Games.

It was also established that, at Kariakoo, the vendors, through their association, the Kariakoo Wawachinga Association (KAWASSO), directly supported the people in the Kagera region following an earthquake there. During an FGD with street vendors in Mwenge, one participant said:

The first thing that we did was to contribute to the earthquake efforts in Kagera. We were able to hand over our contribution to the Prime Minister. We bought children's clothes, bedding and toys because we believed some children had lost their clothes and so, if we gave them toys, they would be comforted. Another time, we participated in cleaning Mnazi Mmoja Hospital and provided various items to the patients, like soap, mosquito nets and other things. We supported the maternity ward in Mnazi Mmoja last year, on the 9th of December 2018.

This comment raises the question of how street vendors, who are struggling to survive, can offer the said support. Why did they do that and what did they gain from it? Was it on their initiative, or were they asked to portray this picture by some other body? It suggests that street vending may be being conducted by people struggling to survive as well as rich businesspeople and that there may be people outside the group who are using street vendors to pass on their messages due to certain personal hidden interests.

Moreover, the vendors made efforts to convince the central government to initiate a bus route via Mwenge Street vendors' business centre to stimulate their businesses and simplify and reduce their travel costs to and from where they collect their merchandise in Ilala and Kariakoo. This was achieved by the Wamachinga leaders writing a letter to the President, requesting a bus route via Mwenge where they operate. Most of their merchandise is obtained from Ilala and Kariakoo, and there was no direct public transport from such areas to Mwenge. A return journey involved taking four different buses, hence making the cumulative fare expensive and the vendors sometimes had to pay someone to carry the merchandise from a distant bus stop. During an interview, a Mwenge Wamachinga leader said:

When we wrote a letter to the President asking for a *Daladala* [public commuter bus route, two months later, there was a tree planting project in which we participated, we planted trees between ITV and Mwenge traffic lights, and we met District Commissioner Ally Hapi, who told us that we needed to meet the Prime Minister in Oyster Bay. We were able to meet him with the Vice President. We explained to him how we had been contributing to our district's development. When it was time for the Prime Minister to introduce Mwenge street vendors and say how we had supported him by planting trees, the Vice President said, 'Very well. I have your letter in my office. I'm working on it'. This was a letter in which we'd asked for a public transport route. Instantly, she ordered the Regional Commissioner, Paul Makonda, to work on our issue and devise a route that did not conflict with the existing *Daladala* routes. A month later, they invited us with SUMATRA¹⁵ [now LATRA] to a meeting and asked us to choose where we wanted the bus stops to be and which route we wanted the bus to take. The decision was that all buses which passed through Mburahati from Kariakoo would continue to Mwenge via Kambarage Road, which is this one here. These buses [daladala] are very helpful because most street vendors get their goods from Ilala or Kariakoo, so those who come from Kariakoo, need only take one bus to Mwenge. The same applies to those who get goods from Ilala, mostly second-hand clothes or shoes. This also brings more customers and, thus, we now work closely with the government.

The leader further indicated that in 2016, the vendors joined President Magufuli in providing free education to students from primary to secondary. Vendors in Kinondoni (at Mwenge) took part in the drive by buying exercise books and pens worth TZS 7400,000. They supported children with special needs. Their contribution was handed to the District Commissioner and District Education Officer in 2016. The extracts above suggest that a mutually beneficial relationship exists between the street vendors at Kariakoo and Mwenge and the government. In other words, the two parties support each other. However, on the government's part, the relationship is more with politicians than with LGOs, as the responsible authorities. This raises the question of whether politicians respect the city laws and LGA plans.

¹⁵ Surface and Marine Transport Regulatory Authority; it has changed after study's fieldwork and is now called Land Transport Regulatory Authority (LATRA).

In addition to the vendors' initiatives, some vendors in Buguruni and Kibondemaji wards revealed in the FGDs that they had formed economic and social groups as entities that can meet with the municipal authorities to request free interest municipal loans, business spaces, solve workspace conflicts and help each other in times of difficulty. At the same time, they mentioned using the group VICOBA¹⁶ to support each other in terms of loans. The groups also serve security purposes as well. Lyons (2005) also noted the value of networking and referred to the concept of social capital as being evident in Kenya. Also, at Kariakoo, the FGD with vendors uncovered that the Wamachinga association has a SACCOS¹⁷ department that street vendors join, remit their contributions, apply for loans, and repay together with agreed upon interest. Seventy five members had already started to make contributions, although it was reported that the department was still in its infancy.

It was also reported in an interview with key informants that Wamachinga, as a group, is respected due to their support, ideas and participation in various national and local events. A ward officer at Kijitonyama said:

I can say that having their leadership is a good initiative because it is not simple to organise 1,000 people and bring them together. I acknowledge that Machinga has got constructive ideas [initiatives] because Kambarage Street in Mwenge was a Wamachinga idea.

Furthermore, a Buguruni ward officer and the political leader said during an interview that Ilala Wamachinga had a football team and had organised savings and credit schemes amongst themselves. Moreover, at Kariakoo, Wamachinga came up with the idea of using numbered stands, and a proposal to undertake nightly environment cleaning at Kibondemaji was made by Wamachinga and initiated at the Mtaa (street) level.

Also, it was revealed that the Kariakoo vendors' association made efforts to register its members on a database, whereby all registered members with a

¹⁶ Village Community Bank

¹⁷ Savings and Credit Co-operative Society

smartphone could download an application form and access information through a message. The use of smartphones was reported to be the most advanced self-organising invention done by Wamachinga themselves. It is considered the most reliable data set on Wamachinga, but further financial support is required to run the system.

Impliedly, supporting and extending the innovation by the Kariakoo Wamachinga Association to different places could provide a reliable data source for the government and other stakeholders to manage and make plans for street vendors. In India, Bhowmik and Saha (2011) note that the National Association of Street Vendors in India (NASVI) is a successful, membership-based organisation that works exclusively on behalf of street vendors. It is an important source for data collection, together with the Self-Employed Women's Association (SEWA). Information from NASVI and SEWA provides insights into how these organisations help vendors access credit. During an interview with the Wamachinga leader in Kariakoo, it was reported that the street vendors had been supportive of the 5th phase government, which in turn had recognised them and allowed them to operate without harassment from the authorities. This was confirmed by the Kariakoo Wamachinga leader, who said during an interview:

We've been supporting the President. Wherever he launches a project, we tend to show up. When the first aircraft came, we attended. We hired about 10 buses to take us from Kariakoo to Mwalimu Nyerere Airport to welcome the new aircraft in the first round and the second round. Also, we participated in the launch of various projects in the Dar es Salaam region; we participated in the opening of Kigamboni Bridge, Kimara Road construction, and the launch of an electricity project at Kinyerezi. I remember that at Kinyerezi, it was raining heavily that day, but we stayed until the end; the same happened during the opening of the Salender Bridge construction project.

During interviews and FGDs, the participants mentioned Wamachinga's full participation in national events like the Uhuru Torch run in 2017 and 2018. They added that they never had the Uhuru Torch retained overnight at Kariakoo. The environment of Kariakoo did not seem conducive to this, but the street vendors assured the District Commissioner that they would guard the torch safely and

nothing would happen to it, which proved to be the case. They patrolled the entire area of Kariakoo all night long and in the morning, the Uhuru Torch team left Kariakoo safely. The Dar es Salaam Regional Police Commissioner commended the vendors' well-organised actions.

Although the support and participation of the street vendors in the government activities and events were coated with a sense of patriotism, it was suspected to be used to induce the government's favour and protect their informality. However, the same spirit could be wisely used as a good negotiation platform to enhance formalisation. Moreover, Wamachinga at Kariakoo, through the Kariakoo Wamachinga Association, established a department to oversee security issues. This was partly because people used to label street vendors as thieves or accused them of conspiring with thieves, so they created a security department to ensure the safety of the whole of Kariakoo and its neighbouring areas. The street vendors and their leader indicated that the number of theft cases had drastically fallen in Kariakoo, and that one might visit Msimbazi police station (at Kariakoo) and compare the theft rates before and after they started engaging in security measures in collaboration with the police.

Moreover, the Kariakoo Machinga Association has a football team which participates in the "Ndondo cup."¹⁸ In 2018, the team progressed to the football league's fourth and third divisions at the district and regional levels. The Buguruni ward official insisted that the presence of the Kariakoo Wamachinga Association, as a registered entity with its leadership, was a major milestone. Secondly, organising a football team also showed the government and community that street vending should not be viewed as an illegal activity but as a worthy endeavour that is worthy of legal protection. In addition, he said that Wamachinga in Buguruni had also actively participated in weekly environmental cleaning and contributed five bags of cement for the construction of Madenge Street office.

¹⁸ Games organized at District levels

However, in places such as Bunju, as mentioned earlier, the Wamachinga were reportedly divided; it seemed everyone wanted to be the leader, possibly due to tribe-related issues. A street vendor from Bunju said during an FGD: “We are not united and we lack leadership, so it is difficult to organise for any collective action.” Furthermore, during an interview, a Kibondemaji ward political leader said that there were no initiatives because most of the Wamachinga who were operating businesses in that ward were not residents. The findings from Tandika are like that of Kibondemaji, whereby the Tandika Mtaa official stated that he had not seen anything related to Wamachinga’s initiatives in his area. These responses show that the government and community have negatively labeled the street vendors. They appear in many people’s eyes as people who operate outside the law, thieves or people who associate with thieves. Yet, they are now confounding the critics as they start to erase that notion through practical action by positioning themselves close to supporting the government’s development initiatives and the community.

4.4.6 Enforcement of regulations

In the questionnaire survey, the street vendors were invited to list the strengths and weaknesses of the formalising bodies (the government and its institutions) in performing their responsibilities, including enforcing the regulations. Some street vendors responded that they did not know any strengths of the government’s formalising institutions or agencies since they were unaware of who is responsible and had never seen any responsible officials visiting their business areas. Another group of respondents stated that the responsible officials were strong in fulfilling their responsibilities because they formed part of the government, which is always powerful. Officials are professionals that are more educated than street vendors. The law protects the officials; they walked with armed police and tear gas; they were strict and even destroyed the vendors’ tables and confiscated their products.

Another group of respondents to the questionnaire faulted the implementers of formalization as weak for reasons such as corruption, use of violence instead of knowledge, and an inability to educate street vendors on business formalisation.

Government officials were further termed failures in resolving the Wamachinga's challenges; they were also accused of staying in their offices instead of making field visits and lacking creativity (as the ID cards could have been available far earlier). Also, when making their decisions, they had inadequate information about who were Wamachinga and their needs, lacked co-operation and normally used non-participatory methods when dealing with Wamachinga, thus creating hostility.

During the survey, the street vendors were asked to describe how they avoided enforcing formalization regulations. Various views were expressed in this regard. The street vendors reported that, at the time of the data collection, the police and officials were no longer chasing them from the streets, following the President's order to leave them alone, but, in the past, when they saw the city police, they used to close their business and run away, only returning once the police had gone. When unsure about a situation, they would take with them only a few items so they could easily run away. Others would open their business after most police officers stopped work for the day, usually from 4:00pm. Another reported that street vendors in different areas would continually communicate with each other about what was happening around them.

At other times, some vendors would chat with the city police or municipal officials to probe into their schedule for evicting vendors. Occasionally, the street vendors would bribe the law enforcers either not to visit their business area or to warn them when they were on their way to confiscate their goods. The street vendors further revealed that, when caught by the city police, they would pay a bribe of TZS 2,000 to 10,000 to be released. However, at critical moments, they might end up paying the government officials a fine of TZS 50,000 or lose their belongings.

According to Olomi and Charles (2016), if any framework for managing informal operators is to work, enforcement is essential and in Tanzania, different strategies have been used by the Local Government Authorities to deal with informal businesses, including evictions, penalties, arrests and the confiscation of property by the municipal councils. It is common for local governments to hire security personnel to evict, fine and/or arrest traders operating outside the permitted

framework. This approach has had only limited and often temporary success, mainly because politicians typically intervene to protect the street vendors. In some areas, local government staff or, in some cases, security personnel have an arrangement with the informal business operators, whereby the latter pay an agreed sum in return for informal protection by the former. The former could, under this arrangement, forewarn the latter whenever an inspection is imminent, and the latter would suspend their operations until after the inspectors have gone. Moreover, collaborative inspection and enforcement are other mentioned strategies.

4.5 Conclusion

This chapter has presented and discussed the findings on the initiatives taken to formalise street vendors' businesses in Dar es Salaam. The purpose was to understand what has been done, how, the awareness of stakeholders and the outcomes. It shows that the government's efforts to formalise street vendors' businesses in Dar es Salaam date back to the 1980s. The chapter specifically analyses six government initiatives aimed to formalise street vendors' businesses: Laws and regulations simplification; allocation and construction of business premises; training and capacity-building; introduction of Machinga special IDs; street vendors' collective organisation and enforcement of the regulations.

Before the 1980s, the city by-laws generally dismissed street trading as illegal. However, later in the 1980s, the by-laws began to recognise petty trading in the town centres, under the Human Resources Deployment Act (1983) as potential sources of public revenue. Moreover, the simplification of laws and regulations formed part of the continuing efforts to facilitate the conducting of businesses. MKURABITA, which resulted from BEST, and the Business Registration Act (2007) were an integral part of the regulatory simplifications to formalise businesses. Yet, there was low awareness of the MKURABITA and BARA (2007) amongst street vendors in all the wards under review. The findings suggest that these two programmes were too poorly-crafted and implemented to enhance the operations of street vendors as a group. Also, there were municipal by-laws and regulations that street vendors were more familiar with than the intervention

measures. Some of those regulations were either no longer being enforced or the implementers were reluctant to enforce them due to Presidential decrees, statements, or orders.

Furthermore, the study observed that the city land use master plan did not consider space for small traders' operations in the Central Business District, where street vendors prefer to work due to the high footfall. In the early 1990s, the VIBINDO Society was involved in the planning and implementing of the Sustainable Dar es Salaam Project, which was introduced in 1992 by the UNDP and UNCHS and led to the acceptance and formalisation of street trading in certain areas, as well as the development of new markets for traders who had been evicted from streets, which had been designated for clearance (Lyons & Brown, 2010). The National Income Generating Programme developed markets in several cities, such as Stereo Market in Temeke, and Makumbusho, in Kinondoni.

Also, the Machinga Complex was built by Ilala Municipal Council following advocacy efforts by the VIBINDO Society. Still, this complex remains largely a white elephant as it is grossly under-utilised for various reasons, including the high rent charges, lack of customers parking spaces, low footfall, poorly-designed structure (a six-storey building). In addition, some Wamachinga at Kariakoo sold their trading spaces/tables to formal business people at a price of between TZS 800,000 to 3,000,000, contrary to the government's intention. Also, the three Dar es Salaam municipalities under review have allocated several vending sites, mostly located outside town centres. The findings suggest that these sites are largely uncondusive for conducting vendors' businesses due to the low footfall, poor infrastructure and necessary services such as security, water, toilets and electricity, and long distance from the merchandise warehouses.

Additionally, there had been little or no training provided to street vendors by the government in relation to formalisation or boosting their productivity and business-related skills. The few training sessions hosted by the financial institutions aimed to persuade customers to take out loans. The most recent government initiative for formalising street vendors' businesses was the

introduction of the Machinga special IDs in 2018 by then President Magufuli. The strategy was accompanied by an order to recognise and allow Wamachinga operations nationwide, even in restricted areas.

During the data collection, it emerged that the ID programme had no legal basis beyond the Presidential utterance. The ID strategy was associated with several challenges, such as the low engagement of the LG officials during the planning phase and its contradicting by-laws and regulations. Other weaknesses included lack of personal details on the ID cards, limited education and understanding of the stakeholders and vagueness surrounding the sustainability of this strategy. On the one hand, this strategy halted intermittent harassment of small traders by the authorities; on the other hand, it increased congestions in town centres while fuelling space conflict. It was also increasingly difficult for LGAs to enforce by-laws, particularly the collection of waste management levies and land use from these traders who had the protection of their special IDs.

Moreover, street vendors collectively support themselves in handling socio-economic and security affairs. This street vendors' organisation helped them find a better and more conducive business environment while seeking government recognition and favour. They participated in various government events and supported important social services such as health, education and security. However, their participation was linked to the political agenda essential in safeguarding their informality status. Finally, enforcing the laws and regulations constituted another important aspect of formalising street vendors' businesses. In this regard, the enforcement exercise was implemented by the city's para-military personnel hired by the municipalities. Coercion by the city police led to widespread hatred among the street vendors' ranks. To escape such harassment, the street vendors applied techniques such as running away, opening their businesses late in the day, bribing the enforcers, and getting tip-offs ahead of crackdowns.

Generally, this study on the formalisation of street vendors' businesses highlights the need for a sustainable model since the authorities cannot ignore their teeming

numbers. This challenge continues growing since even high school and university graduates were now opting for businesses, albeit in a modernised way in the face of ever shrinking formal employment against a huge tide of job-seekers. As such, there was an urgent need for a policy, laws, and regulations to deal with the unfolding scenarios. After all, the formalisation programmes already instituted have faced challenges due to the inadequate understanding of the complex formalisation process amidst the heterogeneous set of firms and workers that form the informal economy (Oviedo *et al.*, 2009). Not all firms are informal for the same reason(s). Some firms are launched out of necessity, others due to unfolding opportunities. Some have workers, some simply consist of self-employed workers, some are informal by choice, and others have no alternatives. For each of these firms, the ability or decision to formalise can stem from a multifaceted set of interlinked factors that affect both the businesses and the workers.

CHAPTER FIVE

PARTICIPATION OF STREET VENDORS IN THE FORMALISATION PROCESS IN DAR ES SALAAM CITY

5.1 Introduction

The chapter focuses on the second research objective of the study, which was to examine the extent of participation of street vendors in the formalisation process in Dar es Salaam city. The key research question, which is addressed here is to what extent street vendors participate in the formalisation process in the city. The chapter discusses vendors' organisations and associations (5.2), leadership and representation (5.3), involvement and negotiations (5.4), the relationship between Wamachinga, government and other stakeholders (5.5), and the conclusion (5.6).

5.2 Vendors' Organisations and Associations

The section aims to assess the presence of the formal groups and associations, which represent vendors and speak out about their concerns but also participate in the formalisation process. Representation implies the "protection of a collective voice in the labour market, through independent trade unions and employers' associations and other bodies able to represent the interests of workers and working communities" (Standing, 2002, p. 442). The respondents involved in the survey and interviews revealed that, in different areas, various organisations and associations existed, ranging from formal to informal, and from weak to strong, while in other places vendors lacked organisations. These associations and groups were formal as they have been legally and formally established and recognised by the government, whereas the informal ones remained legally unregistered and locally organised.

The associations identified claimed to represent the street vendors at the national level, whereas others, formal and informal organised groups - covered only a small area with few members. Membership in associations and organised groups were reportedly discretionary, so vendors could decide not to join an organisation. Different purposes were mentioned for establishing street vendors' representations,

such as lobbying and advocacy, training, financial services, social support and conflict resolution.

Table 5.1: Street Vendors' Representation, % (N=150)

Ward/ Street	VIBINDO		SHIUMATz		Location organization		Others		No Representation		Total	
		%		%		%		%		%		%
Buguruni	1	4	1	4	7	28	0	0	16	64	25	100
Kariakoo	2	8	23	92	0	0	0	0	0	0	25	100
Kibonde Maji	1	4	5	20	1	4	0	0	18	72	25	100
Mwenge	1	4	0	0	19	76	0	0	5	20	25	100
Bunju	0	0	5	20	1	4	0	0	19	76	25	100
Tandika	0	0	0	0	16	64	6	24	3	12	25	100
Total	5	4	34	23	43	29	6	4	60	40	150	100

Source: Field Data (2019)

Table 5.1 shows the vendors' responses regarding their representation. Most of the vendors (n=60, 40%) indicated that they were not represented, followed by 43 (29%) who said that location-based leaders represented them. Thirty-four (23%) respondents said that they were represented by SHIUMATz and five (4%) by the VIBINDO Society. Moreover, the table shows that of the vendors involved in this study, most of them (92%) from Kariakoo were members of SHIUMATz, whereas 19 (76%) from Mwenge belonged to their location organised group. In other words, SHIUMATz, a nationwide Wamachinga association, has a strong base in Kariakoo. The street vendors in Bunju, Kibondemaji and Buguruni were less affiliated with associations and location-based organisations.

Generally, Table 5.1 shows that most of the street vendors who completed the questionnaire did not belong to any formal association, possibly because they were less informed or did not consider these organisations as helpful to them. Sergio and Gomez's (2013) study in Quito, Ecuador found that only 21 percent of the vendors surveyed reported belonging to any vendors' association or organisation.

The main reasons given were that these associations were corrupt. So the vendors felt more comfortable reporting their issues to the unit responsible for implementing the modernisation of informal street vending (UECM). Membership in trade associations is one of the key elements to safeguarding and protecting the group interests (Chen, 2005).

The interviews with the key informants and FGDs with the street vendors produced mixed results. At Kariakoo, the Machinga leader revealed that there existed a nationwide association called “*Shirikisho la Umoja wa Wamachinga Tanzania*” (SHIUMATz), meaning “The Coalition of the Machinga Union of Tanzania,” which represents street vendors and its national leadership is scattered across the country. This association was established in 2017 to co-ordinate and address street vendors' challenges and is further sub-divided into geographical units to cover specific locations. For instance, at Kariakoo, the “*Kariakoo Wamachinga Association*” (KAWASSO) represents Kariakoo Wamachinga. SHIUMATz was said to be particularly strong at Kariakoo, where there was a multitude of vendors who were relatively well-organized, possessed a range of capital from small to large, and were politically influential compared to other Wamachinga elsewhere in the country. During an interview, a Kinondoni Municipal Official said: “Wamachinga in Kariakoo have their association known as the Kariakoo Wamachinga Association. Therefore, when we have meetings concerning street vendor issues, the council invites their leaders to participate in the discussions”. Correspondingly, during an in-depth interview, a Buguruni ward official reported:

The government now recognises Wamachinga. For example, the Kariakoo Machinga Association is a registered association that is well-recognised and incorporated into our meetings. Therefore, the Kariakoo Wamachinga Association's voice is heard because they are invited and participate strongly in council meetings. I remember that even the idea of numbering the Machinga stalls in Kariakoo came from the Wamachinga themselves via the association, and the council approved the idea and implemented it.

Again, during an interview, a VIBINDO Society leader (VIBINDO is an umbrella organisation of economic groups operating in the informal sector in Tanzania) said

that it was reported that VIBINDO was the largest organisation in the informal sector in the country, with over 8,000 members and that, since the 1990s, VIBINDO has been lobbying to secure business working spaces for vendors. He cited the Machinga Complex building and Mburahati market project as some of their efforts. He further explained:

We have a Mburahati market project, which cost around 2.2 billion. Even the Dar es Salaam Regional Commissioner praised us when he visited it. The market can host 350 people at once. One of the objectives of the VIBINDO Society is lobbying, so we lobbied and obtained support from the Danish Development Agency [DANIDA] and Local Government Authority through a Public Private Partnership arrangement. Secondly, we signed a formal agreement with the National Health Insurance Fund [NHIF] and Resolution Insurance Company to provide reasonable, high quality health insurance services to our members. Finally, we have trained many youths. Not only that but also, currently, business training is going on through Mzumbe University as part of its community social responsibility [CSR].

It was noted, however, that, in some areas, the VIBINDO Society had failed to retain its members. At Buguruni, for example, during an FGD with street vendors in Buguruni, one participant said: “We had the VIBINDO Society as our representative at the beginning but, later, it disappeared. Currently, we have Machinga leaders, but there is neither an organized group nor a registered association”. The participant further stated that, in the past, they had had VIBINDO membership cards, but, later, the association vanished and he did not think there were any remaining VIBINDO members in the Buguruni area.

The study results further indicate that, in some areas, the vendors had formal groups such as VICOPA (Village Community Banking) and self-help groups to assist each other in dealing with their business concerns. VICOPA was initially designed to provide credit to low-income people who needed capital to start their businesses. The programme unites a group of 25 to 50 people and allows them to combine their savings to create a community-based bank. The members can then take loans to fund micro-enterprises and self-employment initiatives. Also, registered vendors’ groups, such as VICOPA, help them secure loans from various

institutions, like local government funds and other private financial bodies. This was explained by a Mtaa officer of Buguruni during an interview thusly:

Street vendors nowadays are aware of the groups and different associations. They have formal groups and associations. In their groups to help each other, they organise themselves, prepare constitutions, and bring them to us to review and advise them. Once we are satisfied, we give them the go ahead to register. Usually, they do what they ought to and just let us know the progress and achievements, if any. Others have organised, registered groups that enable them to access credit from financial institutions like Brac and FINCA; also, interest free loans from 10 percent of the total revenue collected by the local government. To us, this is good.

Secondly, the practice among the self-help groups is for the members to contribute and save a certain amount of money that they use to support each other in times of difficulty (illness, death, etc.) and to fund social events. These groups were sometimes known to the lower-level local government leaders. It was also reported that if any of the group members faced conflict in their place of business, the group would help them identify a solution to it.

Another respondent explained during the Kariakoo FGD that the Ilala Wamachinga have a football team and had organised savings and credit schemes for themselves. However, the FGD vendors revealed that not all the vendors at Buguruni were aware of and joined the formulated socio-economic groups. One vendor said during the FGD: “I can say there is nothing like organised groups or associations in Buguruni Ward. Probably, ‘Bodaboda’ and ‘Wapiga debe’¹⁹ associations. Bodaboda and Wapiga debe in Buguruni have their associations and are registered but not Wamachinga.”

On the other hand, the findings revealed that the vendors from Mwenge, Bunju and Tandika had never belonged to any formal organisation or association. One vendor explained, during the Bunju FGD that the Wamachinga are divided there and appear to compete. This was associated with ethnic socio-cultural issues (linked to the vendors' places of origin), and they were not united and lacked leadership, so

¹⁹ City bus workers.

they were difficult to organise. The participant further said that they were uncoordinated because they lacked common objectives, whereas in Bunju there exist personal relationships, and that, for example, people from the Kigoma region stick closely together, share their issues, and help each other out.

The findings in this section indicate that associations, organisations and other groups play an important role in supporting street vendors' wellbeing. Nevertheless, it was reported that most street vendors did not belong to an organisation, some were members of their local, informal organisation and others belonged to national associations that were seen as relatively weak. The implication is that street vendors will have less voice for lobbying on their various issues. In addition, Nkya (2006) asserted that associations representing informal workers could play a critical role by acting as lobbyists and pressure groups to defend workers' rights, secure access to basic services, influence policy and increase this group's bargaining power. Nevertheless, the participation of street vendors in SSA urban planning and development activities, in general, is very limited due to their weak, poorly-organised associations (Mitullah, 2003).

A study by Bhowmik and Saha (2011) of Bhopal city revealed that the street vendors there were not yet organized properly. However, some unions were very active regarding the welfare of street vendors and provided financial assistance to their members. One of the trade unions provided financial aid to the vendors in special cases, like marriage, children's education fees, emergency medical assistance and starting a business. This trade union collected money from the street vendors daily and distributed it to needy people at a nominal interest rate. Furthermore, it emerged that the National Association of Street Vendors in India (NASVI) was a successful membership-based organisation that worked exclusively on behalf of street vendors. It was an important source for data collection, as was the Self-Employed Women's Association (SEWA). Information from NASVI and SEWA provided insights into how they helped vendors to access credit.

5.3 Leadership and Representation

In exploring the presence of leadership or representatives among the street vendors in the areas under review, it was established that, theoretically, there existed both regional and country-wide associations that represented street vendors. These associations were VIBINDO Society and SHIUMATz. However, in practice, these two associations had been unable to make themselves known to or liaise with the street vendors and local government officials in different areas of the country, including Dar es Salaam. For instance, during an FGD with vendors from Buguruni, Ilala municipality, it was stated:

No, we aren't represented at that level. VIBINDO represented us in the past, but not now. SHIUMATz represents Kariakoo Wamachinga only here in Dar es Salaam. However, I know they are in Iringa and Mwanza town centres, although they pretend to represent Wamachinga throughout Dar es Salaam and the entire country. We are unknown to SHIUMATz and have never been at Buguruni or had a representative here.

Again, an FGD with vendors in Mwenge uncovered the following:

We aren't organised to that level, although Kariakoo Wamachinga association claims to represent Wamachinga at the national level. We aren't co-ordinated because we lack common objectives. Since February 2019, we have had no leadership. We've been changing leadership frequently because of selfishness and/or conflicts of interest.

It was also noted during the FGD in Mwenge that the street vendors there lacked any representation, so anyone with an issue had to visit the local government offices (Mtaa or Ward) in person. One FGD participant (with more than eight years of trading in Mwenge) declared that his fellow street vendors occasionally approach him when they have concerns and ask for advice. If he cannot solve the issue, he accompanies them to the Mtaa leader or other government official, such as the District Commissioner (DC). They recognise him as a transition leader. This was because the DC removed the previous Wamachinga leadership in Mwenge due to their self-interest (alleged corruption) and refusal to co-operate with the local government leaders.

Another vendor from Tandika, Temeke Municipality, pointed out that, during his past five years of trading, he had never seen an election of Wamachinga leaders: "What happens is that the older, more experienced or talkative Machinga in this area pretend to represent us. Possibly, they represent the ideas of a few

Wamachinga but not all of us. No, we don't have any leaders to represent us". It showed that there was a possibility of having a leadership that was not recognised by those whom they were leading. It is so because there was no proper way for Wamachinga to elect their leaders, know each other and represent the interests of the group.

Yet, the Tandika ward officer had a different view and stated during an interview that, for over a year at the time of this study, Wamachinga had appointed leaders who represented them at meetings. She said that these leaders were unelected and were not there before the introduction of Machinga IDs:

Street vendors' representation started recently after the President introduced ID cards. We have been having meetings with the District Commissioner and the Municipal Director, who have been inviting their representatives. So, in any meeting we hold about business or linked to Identity Cards, the DC always invites their representatives. This had never happened before. All the vendors do not formally elect the vendors leaders but when they face a challenge, they sit down together and agree on who should go to see the ward officer or district leader, and they may appoint Juma Abdalla. It's not like they call a meeting and elect their leaders. They look for someone intelligent and sharp, who is active and able to make follow-ups. The appointed person goes to explain their challenges and return with feedback, and they may remain in the leadership.

Also, it was reported that, sometimes, vendors chose leaders in the face of a challenge and submitted a specific concern to the office responsible. The leaders could include the chairperson, secretary and accountant. During an interview, a Buguruni Mtaa officer reported that Wamachinga have their way of selecting who represents them regarding certain issues. Normally, in every area where vendors trade, they have their way of organising a leadership that helps deal with any challenges. There was more than one informally-organized group or leadership in the same place; for example, vendors operating their businesses on different sides of the same road may have other leadership.

Regarding leadership, a Majimatitu C Mtaa officer in Temeke municipality said:

First, every group of Wamachinga has its leadership, that is, a chair, secretary and accountant but a few months ago, we had a meeting with the District Commissioner, and he advised us to have a street vendors' leadership for Temeke District. Luckily, someone from my ward [Kibondemaji] was appointed the street vendors' leader. We haven't held an election yet; we were just working on instructions so now, whenever we have any information, we inform him and he shares the information with the rest of the groups. There are also group leaders but the Machinga leader is responsible for the whole of Temeke.

Furthermore, a Majimatitu Mtaa officer elaborated that, for everything discussed in the Municipal Director's or District Commissioner's office, there had to be a representation of street vendors. When there was information or an agenda regarding street vendors being discussed during the municipal council meetings, the Wamachinga leaders were informed about it and invited to attend. So they were involved in every decision affecting street vendors. As a result, street vendors' representatives from various areas, such as Kurasini, Yombo, Buza, and Chamanzi, attended most of the meetings with the DED. Yet, a Tandika Mtaa officer offered a contrasting view during an interview: "The Wamachinga leadership ends at their level, down there where they work. At the ward and district levels, there are government units/departments to speak on their behalf."

At Mwenge in Kinondoni municipality, it was learned that Wamachinga had their separate leadership connected to neither the VIBINDO Society nor SHIUMATz. The leadership was well-connected with certain government officials who offered them protection to continue using the area, even though it was not designated for use by them for petty businesses. At the same time, the leadership was resistant to the responsible local government officials. The Mwenge Wamachinga leadership, which seemed to pose a challenge to the Mwenge local government officials (especially at the Ward and Mtaa levels), was disbanded in February 2019 and, at the time of writing, the Mwenge Wamachinga had no leadership. In this regard, a Mwenge Mtaa officer said:

The Wamachinga leaders were selfish and whenever they faced a challenge, they would go to the higher LGAs or central government levels instead of starting at the Mtaa or Ward offices. It was like that; the government starts from the bottom. They had informal relationships with certain local politicians, whom they supported at elections, and Municipal officials and police, who probably received an amount of the unofficial collections. Besides Mwenge, I think the street vendors at Makumbusho have their leaders. If an issue arises, they will meet with their leaders, who will go to represent them. It was the same in Mwenge and Tegeta but I have never heard of an association representing all street vendors or leadership covering the Dar es Salaam region. I've never heard of that and don't know if it exists.

These comments on leadership and representation suggest that, in various areas of Dar es Salaam, Wamachinga had different types of leadership and representation. Some are organised to a high level and known to many street vendors and government officials. Still, others remain at the micro-level and are known to only a few members and a small group of government officials at the lower level. Some leaderships and representatives occasionally emerge when a problem arises or worsens. Other leaders were street vendors who volunteered due to their experience and intelligence to handle their concerns when the need arose. Even then, some local government officials appeared unaware of the national representation of Wamachinga.

5.4 Involvement and Negotiations

In exploring the extent of the participation and negotiations between street vendors and the government regarding the formalisation process, the study also looked at the involvement of the vendors as a critical component. In this study, such involvement refers to engaging in dialogue with the vendors/vendors' organisations via permanent or temporary collective bargaining forums. Street vendors, like any other workers, have a right to be organised and represented during the policy process. Still, cities can benefit from engaging in a structured dialogue with representative organisations. Like other enterprise operators, vendors need a stable business environment and a voice in the policies that affect them. We asked whether the street vendors had ever participated in the decision-making process regarding the business formalisation of their informal venture.

Table 5.2 illustrates that most street vendors involved in the study (n=118, 79%) had never participated in the formalisation decision-making process, while 32 (21%) had. Those who had participated were asked about which issues they had discussed. Several issues were mentioned as having been on the agenda of the meetings attended, whose elaboration follows in subsequent paragraphs.

The meetings were between street vendors and their leaders or between street vendors and their leaders, on the one hand, and officials from Mtaa, wards and municipal councils, the District Commissioner, TRA and financial institutions, on the other. The issues discussed included the weakness of the Wamachinga leaders, the cleaning of their work areas, security, official and permanent sites for vendors' businesses, the registration of business tables, registering and paying for Machinga ID cards, how to register a business, paying taxes and how to obtain loans. One vendor said during an FGD at Kariakoo:

We met with people from the Municipality to discuss having permanent business premises, but, unfortunately, the plan was shelved after the President made his statement about Machinga ID cards. We also met and planned to buy land and build our premises; we went to the municipality and asked them how we could use our savings for that purpose but later, our group disbanded because most of us had a low level of education which made it difficult to think long-term. Moreover, we had a meeting with the local government leaders and discussed paying a cleaning levy. However, this meeting ended in misunderstanding because they forced us to pay TZS 1,000/= instead of 300/=.

The street vendors, who participated in the Kariakoo FGD, further reported that they once attended a meeting with officials from Ilala municipality to discuss business registration. The vendors were required to have a business licence issued by the municipality and a TIN from TRA. They were asked to conduct their businesses from permanent premises as a necessary precondition. Furthermore, the street vendors attended a seminar with TRA staff to discuss tax payment regimes and business registration. They went a step further by agreeing that the TRA might evaluate their businesses and estimate the tax they had to pay. Before this exercise was completed, however, it was halted by the President's introduction of special IDs that required every Machinga to pay TZS 20,000 without needing permanent

business premises.

From the statements made by the street vendors, it was clear that they had occasionally met with diverse stakeholders to discuss different matters. It sometimes failed to achieve a consensus on some issues, with disruptions by the introduction of the ID programme being another mitigating factor. It also implied that, in the long run, it might be difficult for officials to implement the formalisation policy due to sudden political interference.

Most street vendors participating in this research (118, 79%) (see Table 5.2) stated they had never attended the formalisation decision-making process. When asked about the reasons(s) for this, varied responses were offered, including a lack of time and no one to leave in charge of running the business. They said they had never heard of or been invited to such meetings; the meetings had been held in the past, but nothing had been achieved, so they decided not to attend; the agenda had always been about paying levies and cleaning, not formalisation. They said that the focus was on moving vendors from the streets to permanent business areas rather than registration and formalisation; their businesses were still too small to be formalized, so they found no need to attend, and the meetings were dominated by a few people, including the mtaa leaders.

For example, one vendor said: “I’ve never heard of anything related to what you’re asking. For a long time, we’ve been ignored by the government, so I’ve never been involved in any process regarding business registration/formalization.” Another one said, “I don’t know whether such opportunities exist. I’ve never been informed; otherwise, I’d have participated”. A third respondent said that he did not have time. In most cases, they discussed matters related to cleanness, leadership and the levy but not the formalization/registration agenda, and mostly about the challenges related to acquiring permanent business premises.

These findings indicate a low participation rate in the formalisation decision-making process in all six studied wards. Kariakoo and Kijitonyama (Mwenge) had slightly higher participation rates of 36 percent and 32 percent, respectively, which might arise as Kariakoo is located in the city centre and has a stronger

representation/leadership of the Kariakoo Wamachinga Association. Similarly, Mwenge was found to have strong leadership, although it was less co-operative with the Mtaa and Ward offices, but the Kinondoni District Commissioner sorted this problem out in February 2019.

Table 5.2: Street Vendors' Participation in Formalisation Decisions
(N=150)

Ward	Yes		No		Total	
	N	%	N	%	N	%
Buguruni	3	12	22	88	25	100
Kariakoo	9	36	16	64	25	100
Kibonde						
Maji	3	12	22	88	25	100
Kijitonyama	8	32	17	68	25	100
Mabwepande	4	16	21	84	25	100
Tandika	5	20	20	80	25	100
Total	32	21	118	79	150	100

Source: Field Data (2019)

During interviews with key informants and FGDs held with vendors, it emerged that street vendors from different places were involved in different matters relating to business formalisation to varying degrees. Some also commented that the process of formalising businesses had not been participatory. The issue of the cleanliness of the business areas was one of the issues mentioned that tended to bring together vendors and LGAs.

During an interview, a Mtaa officer reported that shortly after her appointment at Mwenge she sat with street vendors and discussed the issue of cleaning the business areas. At that time, these areas were very dirty, the vendors were not cleaning them and the markets did not look like they were in a town. She called a meeting to discuss how to keep these areas clean. It was a time that an order was passed by the Dar es Salaam Regional commissioner that every citizen should engage in cleaning on the first Saturday of every month, from 7:00am to 10:00am. However, Wamachinga used to wait to open their businesses at 10:00am, hanging around or staying at home without doing any cleanness. The areas became very dirty, even around midday. At the meeting between the Mwenge Mtaa officer and

the street vendors, it was agreed that the vendors would start engaging in cleaning by combining the waste they produced.

At Majimatitu C in Temeke municipality, the presence of rubbish in the business areas was also an issue, which caused the Mtaa officer to summon street vendors and direct them to ensure that they had a rubbish bin. Furthermore, in Buguruni ward, Ilala municipality, waste management brought together Wamachinga and local government officials. The Buguruni political leader said:

At the ward level, we invite Wamachinga to the meetings whenever we discuss their issues. We ask at least ten representatives from different businesses and sometimes write them invitation letters and offer them an opportunity to share their ideas. During the last fortnight, we met to discuss the charges for solid waste. Unfortunately, they refused to pay the fees. The matter was forwarded to the office of the Municipal Director, and we are awaiting a response. You know, Wamachinga produce solid waste and used to contribute towards cleaning the environment and removing the solid waste but with the Machinga IDs and the order by the President that they should not be disturbed after they have paid 20,000 for an annual ID, they stopped paying the waste charges while continuing to produce wastes. This is ridiculous because the contractors keep cleaning and neither of the offices of the Ward executive officer or the Mtaa executive officer has a budget to pay for the service.

A Machinga leader from Mwenge claimed that, at the time of this study, the government was already implementing decisions that had been reached during discussions between Wamachinga leaders and government officials. He added that, at that meeting, the government's plans about the future use of the Wamachinga trading area in Mwenge and its intention to find another temporary trading area were shared with them. In the past, there were no discussions between the two parties.

The study also confirmed from the FGD with the vendors in Mwenge that in the process of registering Wamachinga in their specific business spaces and tables, they told their leader about the need to involve all street vendors rather than only their leaders and government officials. In the past, leadership, which engaged in a related exercise, had made many mistakes. People used to sell or rent business

spaces to each other and make money. To avoid recurrence, the tables were counted and assigned numbers. The exercise involved government officials and all street vendors so that when someone wants to sell a table could be reported and his/her table be taken and given to someone who has applied to the Mtaa office. To reclaim the space, he/she must follow set procedures and explain what happened to him.

During an interview, a Buguruni Mtaa officer stated that, while preparing by-laws for Ilala municipality, Wamachinga contributed ideas:

Ordinarily, we involve Wamachinga and that's why I gave you an example that, even when we're preparing by-laws, we invite them and read them a draft document, and they give us their opinions. This is one way of involving them. We gather their thoughts, write down their comments, and send these back to the Ward council for discussion. Some ideas were approved, and others were not and were set aside. We have now stopped this practice due to the confusion over the Machinga IDs.

Moreover, even though the Wamachinga were involved in different matters, their low level of education emerged as one of the impediments to their involvement. During an interview, a Bunju ward official reported that, from the beginning, the Wamachinga in Bunju were involved in the preparations for the new Bunju Beach Market. Additionally, the Wamachinga leaders were summoned by the Ward office and given directives on handling the cleaning of the trading environment. Despite this involvement, the low level of education of most Wamachinga (i.e., Standard VII, with a few of them being Form Four leavers) was a challenge. So it is easy to speak with, say, 10 Wamachinga (representatives) who would understand the situation clearly. Still, when they deliver the feedback to the other Wamachinga, misunderstandings arise and, finally, they would say that their representatives had been bribed. This implies that Wamachinga did not trust the agreements reached between their leaders and local government officials.

In addition, the process of allocating Wamachinga trading spaces on the side roads and parking spaces at Kariakoo involved the Wamachinga association leaders. After a long discussion between these leaders and government officials, it was

possible to increase the size of the trading tables, which the government had initially designed to be very small (2.5 x 3 and 1 feet high). The Wamachinga joined hands and presented their proposal to their leaders that tables that were 4 x 6 and 2 feet high would be preferable and better for their businesses. The Wamachinga leaders agreed to present the issue to the Mtaa, and Ward councils and met with the District Commissioner. Finally, the proposal was accepted and implemented. During the fieldwork, it was observed that every table was 4 x 6 and 2 feet high.

Regarding the involvement of Wamachinga in the formalisation process, during an interview, a Kariakoo ward officer said that the Wamachinga voices were heard and incorporated into decisions and that the initiatives were participatory. For example, Wamachinga came up with the idea of numbering the tables at Kariakoo and that was implemented. Similarly, the Buguruni ward officer mentioned that at Kariakoo, the Wamachinga were represented at the council meetings.

In Tandika ward, Temeke municipality, the award officer reported that they had involved Wamachinga several times, even though this was challenging, as it was difficult for them to listen to the formalisation agenda brought to them by local government officials. Sometimes, the officials consulted the Wamachinga leaders alone rather than the whole Wamachinga group in the area. According to the Tandika ward officer, Wamachinga are trouble-makers. For some reason, she found it very hard work to talk to them and make them understand. The practice has been, first, to present the agenda to the Wamachinga representatives for them to explain it to the rest of the group. After that, they would gather feedback from the representatives. The same channel was used to collect information from Wamachinga. It was reported that the Wamachinga leaders/representatives at Tandika were not elected by their fellows but self-appointed and this might have caused mistrust from their fellow

Sometimes, Wamachinga felt unhappy or dissatisfied with some of the information they received via their representatives, such as the relocation of their businesses to the designated areas and paying of charges (levies and cleaning). In some of these

cases, the Wamachinga would organise themselves and approach the local government offices. Implicitly, there was a poor relationship between Wamachinga and the local government leaders; the latter perceived the former as struggling to understand matters, whereas the former perceived the latter as mistreating and behaving unfairly towards them.

In some areas within Kinondoni municipality, such as Mwenge and Bunju, the vendors, during the FGDs, indicated a lack of involvement of Wamachinga in the formalisation process and a communication breakdown between themselves, the local government and the central government. Also, during the FGD, a vendor from Mwenge stressed that the formalisation process in Tanzania was non-participatory. Moreover, another vendor from Bunju FGD said:

I know that the government works through their local government officers, but they don't communicate the Wamachinga's views accurately to the top government officers and *vice versa*. For example, we have said several times that the business environment in Bunju B, the new market is not conducive for our businesses but instead of us working to find a solution together, the government local leaders organised a fake Wamachinga group to support them to show that the location is good and that Wamachinga are happy with it.

Another participant from the same FGD stressed the vendors' lack of involvement:

No involvement. The local government leaders do not give us a chance to air our views. They prime some street vendors they know will speak about Wamachinga issues the way they want. For instance, we were not involved in any matter related to the new Bunju B or Bunju Beach Markets; we were simply to move in once the markets were ready. The local government leaders should know that Wamachinga know what they want and the best areas for their businesses. It would have been easy for the government to consider the Wamachinga's ideas and build infrastructure where we wanted it.

However, during an interview, a Mtaa officer from Bunju said that the Wamachinga were involved through their leaders, such as during the initiative to relocate Wamachinga from along Bagamoyo Road to the new market in Bunju B. Based on the vendors' statement and interview with the Mtaa officer from Bunju suggest that some of the decisions and agreement on the formalisation process

were made between local government officials and a few selected Wamachinga representatives, who did not necessarily represent the views of the majority in the area. There is differing interest, as the government publicises what most Wamachinga would reject, which may lead to theoretical and unrealistic formalization.

Moreover, the vendors from Temeke municipality (i.e., Tandika and Kibondemaji) indicated that it was challenging to be involved in the planning and decisions made regarding their businesses. Those from Tandika said that Wamachinga voices were not included in the government's decisions regarding their businesses. For example, the Wamachinga were involved, but only a few were involved, who sided with the government officials. A vendor from Kibondemaji, during the FGD, said: "We don't have Wamachinga leaders to co-ordinate us to be involved. We lack participation; hence, the decisions are one-sided". A VIBINDO Society leader said during an interview that if they sit and discuss with the government the formalisation of street vendors' businesses:

Not really, and take this from me: The formalisation is not participatory. There are challenges. For example, currently, the local government [TAMISEMI] has prepared informal business guidelines. They came to me for input and, when I asked them to bring me at least a draft of the prepared guidelines, they disappeared. Also, I was unaware of which policy document the guidelines were based on. There's a loophole and they're forcing it through the SME policy of 2013. Secondly, why didn't they involve us from the start?

In the questionnaire, street vendors were asked to indicate whether they would be ready to formalise their businesses and for themselves or their representatives to participate and negotiate with the formalising authorities. The results in Table 5.3 indicate that more than half (n=81, 54%) of the respondents were ready to formalise their businesses, whereas 69 (46%) were not. Those who said they were prepared to formalise were asked what issues they would like to be negotiated and agreed on before formalisation. The most common answer was that they would like to receive permanent business areas with a high footfall and necessary infrastructure and services.

Other responses included obtaining loans at low interest rates; having a strong Wamachinga leadership (drawn from among the Wamachinga themselves) that represents all Wamachinga in Tanzania; for all Wamachinga to receive sufficient education about formalization and its advantages; for Wamachinga to have the right to participate fully in different matters; for there to be a policy and laws that recognise and protect Wamachinga; to be easily enrolled in the health insurance system and a pension scheme; for Wamachinga to be taxed at a low level initially to encourage business growth and later be taxed according to the size of their businesses; and a good relationship with all government officials.

Table 5.3: Street Vendors' Readiness to Formalise by Participating in Formalisation Decisions (N=150)

Ward	Yes		No		Total	
	N	%	N	%	N	%
Buguruni	10	40	15	60	25	100
Kariakoo	15	60	10	40	25	100
Kibonde						
Maji	12	48	13	52	25	100
Kijitonyama	14	56	11	44	25	100
Mabwepande	17	68	8	32	25	100
Tandika	13	52	12	48	25	100
Total	81	54	69	46	150	100

Source: Field Data (2019)

5.5 Nature of Relationship among Wamachinga, the Government and other Stakeholders

The researcher also studied the relationship between the street vendors, government, and other stakeholders, grouping elements into positive and negative relationships. However, it emerged that, in many cases, before President Magufuli made his announcement, the relationship was negative, as vendors were constantly in trouble with the authorities due to operating in undesignated street areas. Also, it was reported that Wamachinga were allowed to operate their businesses when it was close to election time. Nevertheless, this does not mean that, in the current situation, the relationship is perfect in every location. Some local government offices have tried to establish a mechanism to develop a closer relationship with the

vendors to identify their concerns and what is happening in their areas, both good and bad.

At Mwenge, the Mtaa officer revealed, during the interview, that her office was constantly open for street vendors to go there for consultations. For those unable to attend or if someone was being mistreated in some way and wished to remain anonymous, the Mtaa officer gave out her mobile phone number for them to report. Street vendors could make contact even outside office hours and obtain a response the following day after the office had launched an investigation to get the correct information on the issue. Using a mobile phone to communicate was useful because someone might possess sensitive information and be unwilling or afraid to report this in person.

In addition, the existence of a good relationship between Wamachinga and the local government officials was reported during an interview with a Wamachinga leader from Mwenge, who said:

Two or three days ago, the Kinondoni District Commissioner was at a meeting with the Mwenge Mtaa officer and me. The agenda was road construction. The DC said that there are some street vendors here in Mwenge who will be affected, as they will have to move out to allow the road construction to go ahead. He asked the Mtaa officer to get their numbers so that he could think of somewhere nearby to relocate them to me. Afterward, the Mtaa officer phoned me and asked me to count the number of street vendors who would be affected. Today, after I finish this interview with you, I will start this exercise.

It further emerged that until February 2019, the Wamachinga leaders and Mwenge Mtaa officer office did not listen to each other. Sometimes, the vendors' leaders decide where to submit their concerns. It was reported that the government had succeeded, given the great achievements registered under the Kinondoni DC. After the DC had heard that the Mwenge Wamachinga leadership was bold, challenging and unafraid of no one, he disbanded the leadership. The Wamachinga leaders took their issues to higher levels whenever they faced challenges and did not bother to consult the Mtaa or Ward government offices. They would rather go directly and informally to someone they knew in the municipal offices, but they

should first have visited the lower-level offices. Implicitly, this scenario exposes a hostile relationship between the two factions before the intervention of the Kinondoni DC.

Similarly, during the FGDs with the Buguruni and Tandika vendors, it was reported that, after President Magufuli came to power, their relationship with the local government officials improved, and they met to discuss the cleaning of their business environment. Some officials and street vendors confirmed that the relationship between them was much better than it was before the fifth government regime. In the past, they used to run away from journalists because, whatever the journalists reported about their business-related problems, would elicit harassment of the street vendors by the city askaris (Mgambo) sent by the LGAs. Nowadays, they work together to arrange their working spaces to enable customers to pass through their stalls to access the formal shops and without blocking pedestrians' movements. Implicitly, the Magufuli leadership forced the government officials to pay attention to the vendors' concerns. Probably, sitting together and discussing issues may have expedited the formalisation process, which in the past, the vendors perceived as unjust treatment towards them due to the non-participatory and brutal methods previously applied.

Similarly, during an interview, a Majimaitu C Mtaa officer commented that their relationship with street vendors improved vastly because they had given the vendors the freedom to carry out their businesses. Also, when there was conflict among the street vendors, the local government officials aided it. Likewise, the FGD participant from Kariakoo confirmed this finding. Different findings emerged regarding Tandika, where a poor relationship between Wamachinga and other formal business groups was reported. During the interview, the Tandika Ward political leader said:

Tandika has an organisation of formal registered businesses [businesspeople with permanent business premises] who are not on good terms with street vendors. However, they sometimes depend on each when doing business. After all, the Wamachinga block the formal shops' entrances and prevent customers from entering them. Similarly, the formal businesspeople appear jealous because the Wamachinga do not pay any rent and need not pay for a business licence, yet they do good business. The relationship between Wamachinga and Mtaa government officers is good, and challenges are solved amicably.

The FGD with street vendors from Bunju reported that the Mtaa government leaders did everything possible to block Wamachinga whenever they held a rally to communicate their messages to the government. The misunderstanding between the two groups existed before and after President Magufuli's announcement. Still, the vendors found a slightly better relationship under the current regime than previously, primarily because the harassment had significantly diminished.

On the other hand, in some areas, the lack of a relationship between vendors and the government or other groups was attributable to government officials trying to fulfill their responsibilities in the areas under their jurisdiction. Also, some officials appeared jealous of the street vendors after getting a presidential stay of execution and permission to operate freely. On occasion, conflict developed between the vendors and the LGOs. At Bunju, the vendors said during an FGD that they suspected the local government officials of blocking information from them to the higher government levels and *vice-versa*. They insisted that even though the government works through their local government officers, the local officers failed to communicate the Wamachinga's views accurately to the top government officers and *vice-versa*, hence a communication breakdown. In fact, on several occasions, the vendors lamented that the business environment at Bunju B's new market was uncondusive. Yet, the Mtaa and Ward offices organised what the vendors dubbed a 'fake' Wamachinga group to win backing for the area.

During the same FGD, a participant indicated the negative relationship between the vendors and local government officials. He condemned the LGOs for refusing to provide requisite support, including training: "No training because we don't have a good relationship with our local government officers. The local government

leaders don't give us a chance to air our views. The prime people whom they know will not support Wamachinga issues." A local government official also confirmed they were not on good terms with vendors. In this regard, a Tandika ward officer said during an interview claimed that street vendors were 'trouble-makers' who were unprepared to offer their time to support the government or public activities:

They don't do anything to support the government, nothing at all. Instead, they are in conflict every day, to the extent that I have planned to chase them out of my office. I don't want them to come because their conflicts do not make any sense and they are counter-productive. It's about solving disputes from morning to evening. I didn't come here just to resolve conflicts; there's a lot of other development work [to do]. There was a time when I thought because there are a lot of potholes on the roads and the roads are rough, I should tell them that there are these rough roads, so could they just do something as street vendors, like fill in the potholes, but I thought there might be some complications following the President's statement. I didn't want to get into trouble.

This statement exposes the dilemma created by the presidential order, which made many leaders fail to act on both instincts and planned actions to avoid antagonising the government and appearing to be headstrong and disrespectful.

5.6 Conclusion

Chapter five has examined the extent of the street vendors' participation in the formalisation process. The findings indicate that, generally, the street vendors' involvement in formalizing their businesses was low. Moreover, the results suggest that there were relatively weak vendors' associations/organisations to present their voices to the government. Less than 30 percent of the vendors are represented by formal, nationwide associations (Table 5.1). Even though the formal, national associations of the VIBINDO Society and SHIUMATz are based in Dar es Salaam and happen to be largely unknown among a significant number of street vendors and local government officials. They were only better known in some of the town centres.

In most places, the representations and leadership of the street vendors are locally-based, volunteers, or seasonal, with little or no participation and weak lobbying power to the authorities. Almost every Machinga had an affiliation with organised

group, ranging from formal and informal to self-help groups. This could serve as a very good entry point for indirect business formalisation. The study revealed that most street vendors had never participated in the formalisation decision-making process for several reasons, including lack of time. Moreover, they had never heard of or been invited to such meetings. Also, these largely failed to bear positive results in their businesses. Furthermore, the agenda was not beneficial to them and the discussions were dominated by a few people who were sometimes prepared to support government agendas.

More significantly, the findings suggest that, to a large extent, the involvement of the Wamachinga and their representatives had less influence on the formalisation of decision-making. The meetings were mainly intended for the government to issue directives based on decisions already made. There was also little room for negotiation, and, on occasion, misunderstandings emerged, with meetings ending without reaching a consensus. It also appeared that, in some places, government officials recruited several Wamachinga representatives and persuaded them to agree with their wishes and disregard the interests of the entire Wamachinga group.

Before President Magufuli came to power, a negative relationship existed between Wamachinga and local government authorities. At the time, government officials used their machinery to harass and oppress the Wamachinga, especially when they operated in restricted areas, acts that President Magufuli's order brought to an abrupt end by recognising and permitting street vending operations in restricted areas. The subsequent introduction of the Machinga IDs reduced the LGOs' legal mandate to supervise street vendors. Consequently, the relationship between the two parties began to improve, that is, because the Wamachinga had presidential protection, with local government officials forced to sit and negotiate with the street vendors on issues such as cleanness, security and space usage. However, there are still some places where local authorities treat the Wamachinga as trouble-makers rather than people with whom one could negotiate.

CHAPTER SIX

REASONS FOR THE SUCCESS AND FAILURE OF STREET VENDORS’ BUSINESS FORMALISATION IN DAR ES SALAAM CITY

6.1 Introduction

This chapter presents findings and a discussion related to the third research objective that explored the reasons for the success and failure to formalise street vendors’ businesses in Dar es Salaam city. Like the previous empirical chapters presented in this study, this chapter is organised into various sections, which present and discuss the findings. This introduction is followed by a presentation and discussion of the findings related to the reasons for success (6.2), which is further subdivided into strong and committed leadership (6.2.1), participation and negotiation between the vendors and the government authorities in the formalisation process (6.2.2) and the strong Wamachinga leadership and associations (6.2.3). This is followed by the reasons for failure (6.3), which is further subdivided into limited accessible designated areas (6.3.1), political interference and the non-enforcement of the laws (6.3.2), vendors’ level of education and training (6.3.3), the resources and enforcement capacity (6.3.4), the costs during and after formalisation (6.3.5) and other factors (6.3.6). Section 6.4 summarises and concludes chapter.

6.2 Reasons for the Success of Street Vendors’ Business Formalisation

The term success in this section does not necessarily mean the accomplishment of the formalisation process, that is, informal businesses successfully transforming into formal businesses. Nevertheless, some headway has been made in formalisation process. The improvements include introducing Machinga IDs, which provide estimated statistics of the number of street vendors, and vendors can conduct businesses without being harassed or confiscating their wares. Such freedom of operation and stability allows them to maintain their capital and sustain their lives in addition to contributing to the government revenues and giving them access to loans from banks. Moreover, negotiations and agreements between government and vendors over different matters, including participatory planning

on space use, waste management and security issues, helped to improve the operational environment for the informal traders. Sections 6.2.1 to 6.2.3 outline and explain the reasons behind the progress towards formalisation.

6.2.1 Committed government leadership

During interviews with the key informants and FGDs with the street vendors, it was repeatedly stated that strong, committed government leaders constitute one of the most important factors in achieving the formalisation of street vendors' businesses. It was said that previous governments used to promise, especially during election campaigns, that street vendors would be recognised and provided with a good working environment in the town centres, but this never happened. Moreover, vendors were promised help accessing financial loans, training and social benefits like health insurance, but, again, this never materialised. What happened was that, immediately after both the 2005 and 2010 general elections, street vendors were chased off their trading sites, with nowhere to go, or pushed to the peripheral areas, which lacked customer footfall and other important services, such as water, electricity and toilets. Past governments considered street vendors as individuals who operated outside the city laws, did not pay taxes and caused theft, congestion and chaos.

Unlike in past governments, the government under President Magufuli displayed a strong commitment to formalising street vendors' businesses. They also mentioned the Ilala Member of Parliament and Ilala District Commissioner as champions who had not only fought for vendors' rights but also ensured that vendors work under a recognised system, with access to financial support to grow their businesses. However, the street vendors acknowledged that, under President Jakaya Kikwete, the government set aside a special fund to support poor people, including Wamachinga. The fund (Mabilioni ya JK or Kikwete's Billions) was improperly managed and coordinated and failed to support and benefit the target beneficiaries directly.

President Magufuli's initiative of introducing Machinga ID cards, on the other hand, was considered an excellent move towards formalisation and revenue

collection. The street vendors are now free to operate their businesses peacefully, without harassment from the city askaris, who used to chase them from the streets. The success of the formalisation of the vendors' businesses can be sustained by the government's commitment to enact policy to protect and accommodate street vendors so that they may operate on agreeable premises. The commitment of the current government to guarantee the safety of vendors was believed to be due to the goodwill of the President. During an interview, one Wamachinga leader remarked:

There is a government's contribution that may not be direct. Their contribution is through not bothering us by sending militia to force us to move on. This was the biggest contribution to making people believe they could operate businesses here without being disturbed. We are not worried about this President. If he stays for ten years, we will stick with him, but after him, we don't know because this President loves us automatically. Maybe it's because he used to come and buy clothes here. That's why he understands the situation. Most of his clothes are second-hand. One of our brothers here used to sell clothes to him. His market was here in Mwenge.

In both interviews and FGDs in Buguruni and Bunju, some respondents described how, in the past, vendors could not operate their businesses in peace but were constantly disrupted but with the introduction of the IDs, this has ended. They were corrupted by political leaders who tended to protect vendors during election times but allowed them to be disrupted after the elections. So, following the intervention by the present government, all Wamachinga feel glad that they can now operate their businesses in peace, even after the election, in any location, provided that they possess an ID.

The President's initiative not only led to the introduction of IDs and the cessation of harassment against street vendors but also compelled all Regional Commissioners across the country to identify and allocate areas conducive to street vendors' businesses. The formalisation of the street vendors' businesses will be realised to a great extent if they are provided with formal and agreeable permanent trading areas. The movement towards overcoming the challenge of business areas provides hope regarding the formalisation of vendors' businesses. At Kariakoo in Dar es Salaam, the FGD vendors expressed their hope that the government was

still searching for a better place for them. They indicated that the government had not failed to plan for street vendors' business areas but lacked political will. But the presidential order to the Regional Commissioner to find a suitable area for small business traders reflects the government's commitment.

The President's statement applied to the whole country and other regions had already identified suitable areas. Mwanza region, for example, had already secured a convenient location where street vendors could operate their businesses. In the case of Dar es Salaam, most of the areas around Kariakoo are occupied, so the Dar es Salaam Regional Commissioner faced the challenge of finding a place around Kariakoo that all vendors regarded as suitable. However, the vendors in Kariakoo considered that there were many open areas and that, if given the responsibility to find a suitable one, they could easily achieve this goal.

Moreover, one of the most promising current developments that come out of the ID initiative was the signing of the Memorandum of Understanding (MoU) between the CRDB Bank Managing Director and Kigamboni Municipality in Dar es Salaam. The CRDB Bank has set aside TZS 10 billion for disbursement as loans to petty traders as "Machinga Loans," divided into individual and group loans. The Machinga ID will be used as the only collateral required to secure a loan and the loans will complement the government's efforts to formalise entrepreneurs. SIM Account mobile services will issue loans to entrepreneurs' mobile phones within 24 hours of applying for one (*Daily News*, 18 September 2019). However, a divergent view was given by an FGD participant in Mwenge who said: "I congratulate the President for his commitment to formalize our businesses. Let it be with no political agenda behind as always the case, and He can attest it by enacting a law." Despite the Wamachinga ID initiative, some Wamachinga are unsure of its sustainability, given that there was no law to support the initiative.

6.2.2 Involvement and negotiations between vendors and public authorities

This entails engaging in a dialogue between vendors/vendors' associations through collective bargaining forums. Street vendors form a large group of workers in developing countries, including Tanzania. Hence, there is a need for them to be

represented before the decision-making bodies. Like other workers, vendors need a stable business environment and a voice in the policies that affect them. Involvement and negotiations are essential for reaching an agreement among the parties, with their varying interests, and are also regarding revenue collection and land use related to street vendors operating in highly-populated cities.

The study findings also indicate that vendors and LGAs sitting together and bargaining have been critical in formalising street vendors' businesses. Taking care of solid waste, as one of the city's by-laws, had a positive outcome after the two parties came together. During an interview, a Mwenge Mtaa officer explained that through discussion with street vendors, it was possible to negotiate the cleaning and removal of solid waste at Mwenge trading centre. The area was said to be dirty despite the order from the Dar es Salaam Regional Commissioner for every citizen to do cleanliness every first Saturday of the month from 7:00am to 10:00am. Impliedly, government orders may be in place, but negotiations are crucial for easy implementation.

In allocating Wamachinga spaces along the roadside parking spaces in Kariakoo, the Kariakoo Wamachinga Association (KAWASSO) leaders attended the meetings and contributed their ideas. As a result, the Wamachinga leaders could raise the size of the tables the government had originally designed. A street vendor commented during the Kariakoo FGD:

Our leaders fought for our proposal regarding the size of the tables, as you can see. Firstly, the municipality designed a table measuring 2.5 x 3 and one foot high, which would have been very small, but we joined together as businesspeople and presented our proposal to our leaders. They met with us, and we explained that a table measuring 4 x 6 and two feet high would be preferable and better for our businesses. Our leaders agreed to work on that and presented the issue to the Mtaa, and Ward councils and met with the District Commissioner and gave us feedback. Finally, our proposal was accepted and implemented. As you can see out there, every table measure 4 x 6 feet and two feet high.

Also, during an interview, a Kariakoo ward officer said: "Yes, Wamachinga voices are heard and form part of our decisions. Our initiatives are participatory. For example, the Wamachinga came up with the idea of using numbered tables in

Kariakoo and this was implemented”. Moreover, a Buguruni ward officer said that at Kariakoo, the Wamachinga, through their association, are represented at council meetings where they negotiate and agree on their business formalisation.

Similarly, Nkya (2006) stated that the Sustainable Dar es Salaam Project (SDP) of 1992-2003 used a participatory, area-based, and street traders-led management. Inclusionary and participatory urban design seek to incorporate the ideas, comments and local knowledge of the citizens and locals to inform urban design interventions (Simone, 2004). Its goal was strategic planning with no master plans, applying practical solutions to urban spatial management problems, which would be continually reviewed and developed (Lyons *et al.*, 2012).

6.2.3 Strong wamachinga leadership and associations

Generally, the study found that there was no single overall leadership or association that closely united the Wamachinga across the six research sites studied. However, relatively strong leadership was noted at Kariakoo under the Kariakoo Wamachinga Association (KAWASSO), as was another leadership at Mwenge up to February 2019. Both played a pivotal role in lobbying the government, security, and by-laws enforcement. All these aspects helped to strengthen the relationship and recognition of street vendors among the government and the community at large. It is a gradual process of business formalisation; for example, the vendors reported participating in the national tree-planting campaign, the renovation of Mwenge police post, and the rehabilitation of a rough road.

Under the KAWASSO leadership, several things were achieved which may directly or indirectly contribute to street vendors’ business formalisation. In an interview with a Kariakoo Wamachinga leader, it emerged that vendors, through their leaders, discussed and agreed with their municipality on how to use roadside parking to conduct their businesses. They participated in the designing, numbering, allocating and registering Wamachinga in the respective trading spaces/tables. KAWASSO leaders are also responsible for ensuring security and cleanness in their areas. However, the Kariakoo Mtaa officer indicated that the cleanness of

trading areas was not very well-attended. In dealing with security, KAWASSO formulated a security department to ensure that the whole of Kariakoo is free from theft. Through this department, theft cases have gone down tremendously. The security exercise is carried out by the vendors themselves with no pay (volunteering) in shifts.

Also, KAWASSO leaders stood to resolve conflicts and emerging challenges among Wamachinga, and play a bridging role between the government and street vendors on different matters. Although Wamachinga association in Kariakoo faces funding constraints, it can develop and maintain a system where they register its members on a database. The database is a reliable source because a thorough and step-by-step assessment is conducted to know who a Machinga is and capture one's personal information. The findings suggest that having an organised group under leadership leads to ideas useful for the formalisation process.

Moreover, a VIBINDO leader reported that through their efforts, they could have the Mburahati market project, which cost around TZS 2.2 billion. Their action had been visited by the Dar es Salaam regional commissioner and praised. The market can occupy about 350 people at once. He further said that one of the objectives of VIBINDO society is lobbying, so they lobby and get funds from DANIDA and TAMISEMI through PPP arrangement. They also signed a formal agreement with the National Health Insurance Fund (NHIF) and Resolution Insurance (a private health company) to provide reasonable and quality health insurance services to their members. Moreover, there was a business training programme going on through Mzumbe University as part of community social responsibility (CSR). The VIBINDO Society co-ordinated the programme.

Furthermore, the vendors' leaders in Mwenge made efforts to convince the government to initiate a public transport bus route via the Mwenge vendors' business centre to stimulate their businesses, and simplify and reduce the cost of their journey to and from the warehouses where they buy their merchandise in Ilala and Kariakoo. It was decided that the city buses that ran to Mburahati from Kariakoo should be extended to Mwenge via Kambarage Road. This was useful

because the street vendors obtained their goods from Ilala or Kariakoo, so only one bus journey was required to reach Mwenge from either place. Previously, this journey had involved taking four buses to go and return, which was expensive in terms of bus fare and, sometimes, having to pay someone to carry the merchandise from the distant bus stop to the vending point. The decision has been crucial, particularly in terms of bringing more customers to the vendors' trading point, and so the vendors were grateful to the current government.

The findings suggest that the associations representing informal workers can play a critical role by acting as petitioners and pressure groups regarding selecting public space for business activities and defending workers' rights. The results agree with what was observed in the literature review chapter that street vendors' associations are crucial for securing access to basic services, influencing policy and increasing their bargaining power (Nnkya, 2006; Muiruri, 2010). Nevertheless, the participation of street vendors in SSA urban planning and development activities is limited due to the weak and poorly-organised associations (Mitullah, 2003). Most associations largely deal with welfare issues, with very few focusing on the business issues affecting their operations, such as services, sites of operation, licensing, policy and advocacy. Furthermore, studies in South Africa, Ghana and Tanzania indicated that the informal small trader's associations provided business services for their members, such as selecting trading spaces, collecting income taxes, procuring bulk purchases, ensuring storage, marketing, training, negotiation and advocacy (Mramba, 2015; Joshi et al., 2013; Lyons & Brown, 2010; Nnkya, 2006; Mitullah, 2003; Joshi & Ayee, 2002).

6.3 Reasons behind the Failure of Street Vendors' Business Formalisation

Figure 6.1 shows that in the survey, most of the street vendors reported that their businesses were too small to formalise (79.3%), lack of formal business premises (77.3%), business flexibility in informal sector (54.7%) and had high perceived recurrent costs, such as taxes, and regulations (53.3%) as main reasons behind the Wamachinga did not formalise their businesses. Also, more than 50 percent of the respondents indicated that they were unaware of the procedures for formalising their businesses.

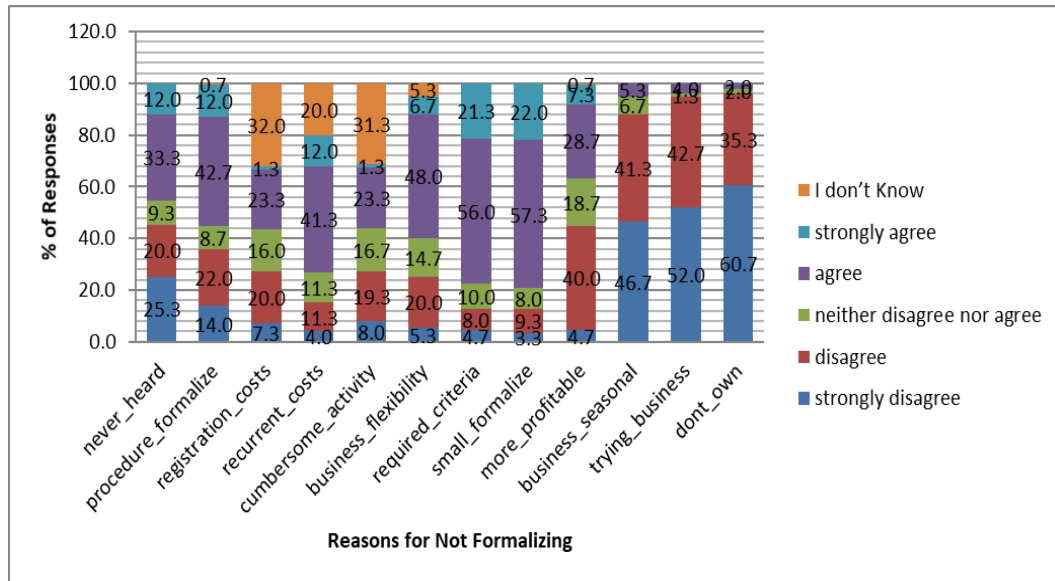


Figure 6.1: Street Vendors' Reasons for not Formalising their Businesses in Percentage

6.3.1 Limited acceptable areas designated for vending

In the survey, (77.3%) of street vendors responded that a lack of formal business premises was a reason for not formalizing their businesses. The lack of well-established designated areas for petty traders' businesses in all the sites visited for this study was the biggest challenge. In qualitative findings, the VIBINDO Society reported that trading space challenges are a historical problem. The city's land-use plan failed to allocate such areas within the Central Business District (CBD). Small traders were believed to be working illegally and should be evicted. Also, from the colonial period to the early 1980s, the number of vendors in Dar es Salaam was small and only began to increase from the 1980s onwards. Furthermore, an interview with Buguruni ward councillor reported that as time passed and the number of street vendors increased, they started changing their style of operations. Most of them began operating at one point due to a large number of goods to carry and the assurance that they would attract customers due to their strategic positioning.

The situation led to a demand for trading spaces in town centres with a high footfall to attract customers. However, there were no designated places for such

activities, which constrained the exercise of formalising their businesses. Most of the areas which street vendors consider suitable for conducting their vending activities are undesignated areas, like road reserves, pedestrian pathways, bus terminals and public open spaces. For instance, during the Mwenge FGD, one participant said:

Brother, I'll tell you what you don't know. A reliable market surrounds Mwenge with many customers: the University of Dar es Salaam, the Institute of Social Welfare, and Tumaini University - Dar es Salaam [TUDARco] as the major institutions. This assures us of very good sales of our goods. Everyone is willing and capable of paying the costs to operate formally, but we can't do so because this is not a proper designated trading place for us; part of this area is a road reserve area and we here just by forcing.

From the same area of Mwenge, a vendors' representative said during an interview:

I think the main reason is that we are in places that are not legally permitted. For example, the areas where we now belong to two government institutions: TANROAD and TANESCO. These organisations will, at some point, need to use these spaces as the city keeps growing. Where will we go if we are formalized? The government will have nowhere to put us, and, at that time, we will have our constitution and laws that protect us; this is where the conflict will begin. That's why the government has decided to leave us alone, so that, when we're told to leave, there'll be no complaints. We may end up complaining but by law, we're not supposed to complain; this's how it is.

Due to the limited designated areas for petty traders' activities in the areas studied in the three municipalities of Kinondoni (Bunju and Mwenge), Ilala (Kariakoo and Buguruni) and Temeke (Tandika and Majimaitu C), which are associated with poor land-use planning. Each municipality has tried to solve this challenge by allocating areas for vending activities that are located outside the town centres, including Tegeta Nyuki, Bunju B, Bunju Kisiwani (Kinondoni), Kigogo Sambusa, Jangwani, Tabata Muslim, RTD, Pugu, Chanika and Kinyerezi (Ilala), Keko JKT, Tuangoma, Chamanzi and Kiramba (Temeke).

However, these places were reported as not performing very well as some vendors shifted to these newly-designated areas but began to return to the undesignated

areas after a time. The reasons for this that were commonly mentioned include a lack of customers, basic services like water, toilets, electricity, security, and other infrastructure, such as good roads, sheds/roofs to protect them from the sun and rain and stores in which to lock their goods at the end of trading. Another reason was the long distance from where they buy their wares from Kariakoo to the new market areas, which led to high costs in terms of transport and time. In this regard, a Bunju FGD participant said:

We have moved to the new market of Bunju B and returned to our original area almost thrice. Whenever we go to a new market, we make a loss, and some have lost their capital completely. I think it would be better for Wamachinga to identify a good area for the Wamachinga market, somewhere that is accessible to customers. We've already formalised our businesses [i.e., by obtaining a Wamachinga ID card] so what remains is to have a good business environment because they force us to move to the new market where there are no customers. This is to say; there is a lack of Wamachinga involvement in the formalization process. Wamachinga know the best areas for their businesses, so it would have been easy for the government to listen to Wamachinga's ideas and build infrastructure.

This statement suggests that the lack of vendors' involvement in the reallocation process may lead formalisation failure. In this regard, Bromley (2009) explained that formalisation failed primarily because the municipality concentrates on pushing informal operators to peripheral and potentially less lucrative locations, which do not match the factors that would naturally influence their choice of working space. This policy continues to influence the negative way the municipality relates to informal operators. This study has largely confirmed these views.

It was further reported, during an interview with the Majimaitu C Mtaa offer, that the biggest issue is access to customers. Initially, in their land-use plans, street vendors were forgotten or even ignored regarding areas that are now central, with a high footfall. These are the same areas where street vendors prefer to operate their businesses. He explained this scenario: "Here, in Mbagala Rangi Tatu, there are hundreds of street vendors working on the restricted roadsides. It's difficult to

formalise them because our by-laws do not allow this”. On the other hand, one vendor in the FGD at Kibondemaji (Mbagala) said: “We need government to legalize our operations in the restricted areas and formalise our businesses.” Moreover, the vending area is located slightly outside the town centre at Chamanzi. Vendors in the FGD insisted that before moving to a new market area of Chamanzi, the Mbagala Rangi Tatu bus terminal should move to Chamazi, for the population of potential customers will also move to Chamanzi. They said the government should have built a bus terminal, shops and other structures to provide services to people before they moved the Wamachinga to that place. Also, put amenities, including transport, so that people would not struggle to access transportation, be forced to carry heavy luggage on their heads or be forced to hire private transport. A Kariakoo ward official added that Wamachinga are unwilling to move to the other allocated sites because they believe they should look for customers rather than *vice versa*. Places like Kariakoo, Posta Mpya, Mnazi Mmoja, and Buguruni are temporarily in use due to the presidential order, and no law has been passed to change the land use.

Similarly, reported by Ilala Community Development Officer in the interview that the municipality has allocated trading sites in Chanika, Pugu and Kinyerezi, but the Wamachinga are unwilling to move their businesses to those areas. Also, interview results from Buguruni (Ilala) ward councillor suggested that the allocation of areas for Wamachinga businesses is a continuous exercise. However, Wamachinga prefer to trade strategically in areas easily seen and accessed by passers-by. Municipalities must find a way to secure sites in the town centres and establish programmes that will boost and attract customers to visit the business sites that lie outside the town centres. Formalisation should be accompanied by providing infrastructure and necessary services, such as toilets, electricity, stores and a water supply, which remains a challenge in those new areas.

6.3.2 Formalisation entry costs and the costs of remaining formal

Figure 6.1 shows that perceived high recurrent costs, such as taxes and regulations (53.3%) as one of the main reasons for Wamachinga not formalise their businesses. The FGDs results also supported the findings. One FGD participant in

Kariakoo said: “Running a formal business is very expensive; you must pay for license, municipal levy, building rent and other costs like fire and other many. You can’t see a profit. Otherwise, you have very big capital.”

Similarly, the exclusion view contended that the large share of the informal enterprises could be explained by the high entry costs to the formal sector and the high levels of taxes, fees and/or contributions associated with becoming and/or remaining formal (De Soto, 1989). The view further explains that the high levels of these costs effectively exclude these informal enterprises from the formal economy. Without these costs, most informal firms would choose to formalise. If correctly helped by governmental policies and regulations, these firms would have the same characteristics as entrepreneurs already possess in the formal sector regarding the returns on human capital, labour conditions and so on (Granström, 2009). Even though many reforms have been applied worldwide to reduce these costs (Bruhn & McKenzie, 2013b), they can still be considerably large. Moreover, several studies show that informal enterprises often have an incorrect idea about the actual entry costs (De Mel *et al.*, 2013). For policies to stimulate informal firms to formalise, it may be insufficient to reduce the entry costs; the business owners must also be aware of the actual costs involved.

6.3.3 Political interference and the non-enforcement of the laws

Figure 6.2 presents the different responses by the street vendors regarding politicians’ support against enforcing the formalisation regulations. As Figure 6.2 illustrates, most of the vendors (80%) responded that, when the general elections approached, the government tended to relax the enforcement of the laws that affect street vendors. About 74 percent stated that politicians at both the lower and higher levels, during election campaigns, promised the street vendors that if they won the elections, they would leave them undisturbed. Moreover, about 55 percent indicated that, due to politicians, street vendors were allowed to operate in restricted and undesignated business areas or influenced land use changes. These results show that, for certain reasons, like winning elections, politicians at different levels used street vendors as voting capital at the expense of failing to enforce the formalisation laws.

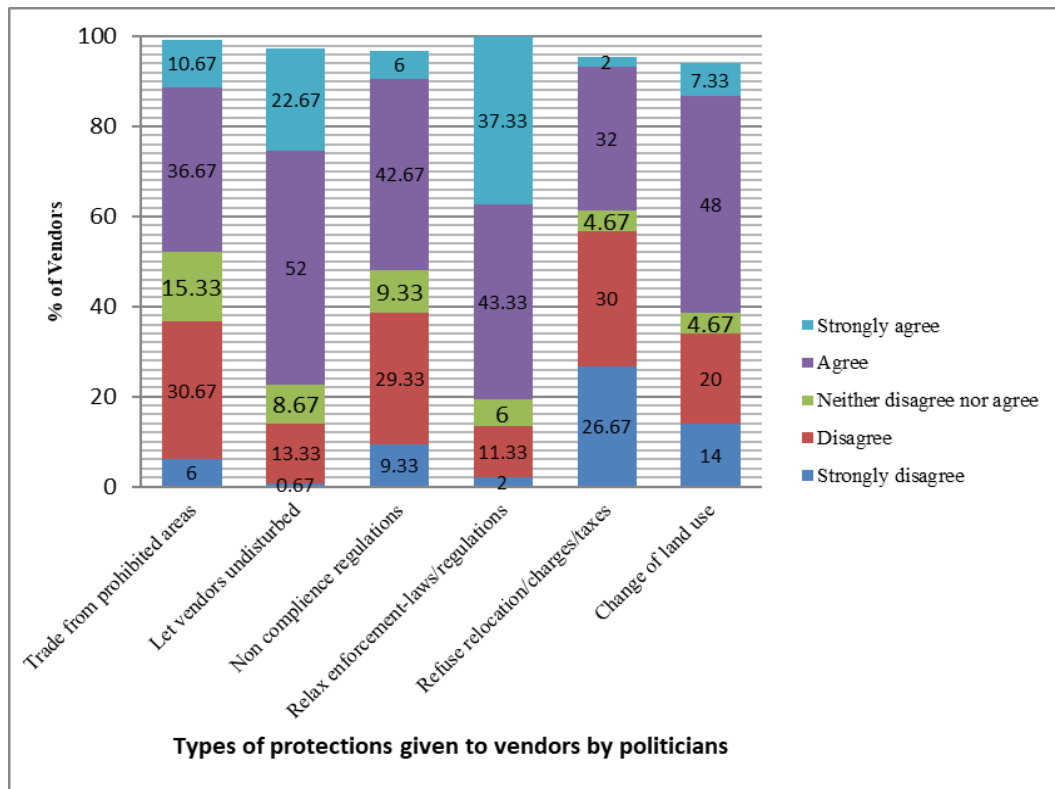


Figure 6.2: Percentage of Street Vendors' Responses to Politicians' Protection

During interviews and FGDs, it also emerged that political interference was another factor that hindered the formalisation of street vendors. This interference led to some government officials failing to implement their plans and, on occasion, stopping enforcing the city by-laws altogether. The politicians' protection of the street vendors was motivated by a desire to gain the political support of the vendors, who constitute a formidable group of voters, particularly in the urban constituencies. These results are also supported by the literature reviewed and specifically the forbearance theory (Holland, 2014; Njaya, 2014; Steel et al., 2014; Ndhlovu, 2011). During an interview, a Buguruni ward political leader, who is also a politician, said that the introduction of Machinga IDs by the President and the order that authorities should desist from disturbing Wamachinga, which in turn triggered conflict amongst the implementers of formalisation:

The order of the President was good because, in the past, there were a lot of dubious businesses on our roads. Wamachinga used to rent a small piece of roadside for up to TZS 100,000 per month. Introducing the Machinga IDs is firstly a solution to Wamachinga harassment. Secondly, [it is key to] stopping tax extortion. Although the ID strategy poses another challenge, Wamachinga feel like they are on top of the city by-laws nowadays and no one should question them. We are experiencing Wamachinga [food vendors] pouring dirty water/oily water onto tarmac roads, which is a serious problem. They produce a lot of waste but do not want to contribute to cleaning up the dirt. We are not opposing the President's order, but it would have been better to engage the implementers [municipalities] rather than issuing it [the directive] out as a final statement from the top authority. I am saying this because we have laws that govern everything everywhere. In other words, LG officials are threatened by the President's order and have stopped enforcing their city by-laws. For example, service roads have laws and regulations.

Furthermore, it emerged during an interview with Majimatitu C Mtaa officer that the Dar es Salaam Regional Commissioner, in collaboration with the municipalities, devised a strategy for ensuring that Dar es Salaam city is clean well-arranged and operates according to the stipulated city laws. The Commissioner involved the national service task force aimed to enforce the city laws, including waste management and space use. They arrested law-breakers and took them to the responsible offices to pay stipulated fines. This exercise was interrupted by some politicians. It was also reported by the Kibondemaji ward officer during an interview that there was a challenge even regarding fulfilling their responsibilities, including moving vendors from high-risk areas. The areas included roadsides and land mass in the middle of dual carriageways (central reservation separating dual carriageways; see annex 4D) and high voltage electricity lines to the designated business areas.

Nevertheless, some politicians would direct the enforcers to leave their voters alone. Even the honourable President's statements had the same impact. During the interview, a Majimatitu C Mtaa officer said:

We have even become toothless in executing some of our responsibilities and we are just watching and seeing how it all ends. For example, if you wanted to fine someone per our laws, you should give him instructions that next time you should not repeat [the offence], and if we were to arrest the law offenders, we could not do it anymore.

Moreover, the Kibondemaji ward officer explained that, in 2017, they had a meeting with the Regional Administrative Secretary and the Regional Commissioner and planned an operation to transfer all the street vendors from the undesignated to designated areas. The planning took all day but later, when the President was in Mwanza; he issued a statement that was aired on television that forbids municipalities from shifting street vendors from the restricted areas without any changes in the laws. In addition, he said that Temeke municipality was one of the municipalities that had succeeded in removing street vendors without any extraordinary use of force or power. From that day onwards, whenever the local officials walked along the streets, they were ridiculed by the vendors, who claimed that the local officials were too impotent to deal with them.

Interviews with the key informants from Buguruni and Tandika revealed that the President's statement shielding Wamachinga from swoops after they had paid TZS the annual 20,000 ID fee caused confusion and consternation. As a result, the Wamachinga do not wish to hear about any other contributions or instructions from the LGAs. To them, the token TZS 20,000 had covered everything; they even refused to pay waste charges and officials feared raising matters with Wamachinga in case they were accused of harassing them and officials could be in trouble with the President. However, officials attempted to explain to vendors that the TZS 20,000 they paid has no relationship with environmental cleaning, which needed their mandatory contributions.

It was further revealed that, in some areas, the LGAs relocated the Wamachinga to the designated areas based on their numbers. However, after the President's announcement that they should be allowed to remain in the undesignated areas, more people from shops and other new businesses joined them, as they found it far

cheaper to operate like a street vendor by paying only 20,000 per annum. This was supported by a ward officer from Bunju who said during an interview:

Today, everybody wants to become a Machinga, including formal business operators. Thus, if we had planned a market place for 100 people, this figure had to change to 200 or 300 people. It is wiser to become a Machinga and pay TZS 20,000 per annum than remain formal trader and pay TZS 80,000 per annum for a licenced business that also attracts other formal costs. At the same time, there are several Wamachinga in front of your shop, running the same business.

Additionally, it was reported in an interview with a Tandika Mtaa officer that, on average, most of the street vendors were less poor than it was thought because their sales might even exceed those of some formal shop owners. She indicated that no serious assessment was undertaken to decide who qualifies as a Machinga. Some people, who owned formal shops, decided to buy Machinga IDs to cheat the system by evading paying due taxes. This was possible because the exercise was not performed professionally by local government experts but introduced by politically-motivated announcements.

On the other hand, a Tandika ward political leader said: “The local government officers are scared to interpret the President's order because of what they call ‘watatumbuliwa’ (literally meaning ‘summarily dismissed from their jobs’). We have the capacity, but there’s a problem when the order comes from above”. In addition, it emerged that the exercise of giving Machinga IDs could facilitate the gathering of statistics on the number of Wamachinga operating in the country. Yet this had not materialised. Explaining, a Kariakoo West Mtaa officer said during an interview that local government officials were given a certain number of IDs that they distributed without worrying about where and to whom they were sold. Again, this order was said to come from the politicians to reach the target, i.e., the Regional and District Commissioners. Likewise, during the FGD with vendors in Kibondemaji, one participant said that the Machinga ID strategy was politically-driven:

I am saying that the President is using the Wamachinga ID for political gain in the sense of attracting a large group of Wamachinga to support him, which has been a politicians' game. Yes, especially during the election campaign, you'll hear, 'Don't worry. You won't be disturbed; keep doing business.'

During an interview, an informal sector expert said: "It has been very difficult to formalize street vendors' businesses because of the top-down decision-making, exacerbated by votes banking." Also, during the interview, a ward officer from Bunju said street vendors were good capital for politicians to win elections. The President, on various occasions, had warned local government officers at all levels not to annoy the Wamachinga, a serious challenge to officials when a politician protects Wamachinga for their votes when they fail to adhere to business regulations. He recalled how Mzee Makamba (a former Dar es Salaam Regional Commissioner) used to say: "Leave the voters alone." From the same area, one street vendor said during the FGD: "The grassroots' political leaders promise support so that we will vote for them but, once elected, they are nowhere to be seen." One of the Kinondoni Community Development Officers indicated that politics was a barrier to the formalisation of the Wamachinga businesses. In this regard, the officer alleged:

In the past LGAs, in their land use plans, ignored to put areas for small trader businesses. But our professionals have been working hard to rectify the challenge and come up with good plans but once the politicians arrive, everything's disrupted. I believe that the town planners and trade officers have good plans. Even in providing loans, politics disturbs us. We're forced to provide loans in favour of political affiliations.

Moreover, a Mtaa officer from Buguruni said:

Yes, there are political issues as well. For example, you may decide something but when the politician comes, they'll say just allow them; if you say the laws do not allow that, they will keep insisting and therefore create some misunderstanding.

The respondents' responses suggest that politicians seek the street vendors' votes. Yet, because people depend on the informal sector for their livelihood and do not live by the law, they need political protection (Olomi & Charles, 2016). Some politicians exploit this vulnerability to trade protection for votes and political

influence (Hoffman & Gibson, 2005; Mahvish & Majid, 2014). The high concentration of informal operators in the urban areas makes them “viable vote banks” for politicians (Chatterjee, 2004). In other words, narrow political interests may exploit the vulnerability to garner votes rather than attempting to find substantial solutions to formalisation (Olomi & Charles, 2016). Tandler (2002), in the article entitled “small firms, the informal sector, and the devil’s deal” on the Brazilian state of Pernambuco, observed an unspoken agreement between politicians and their constituent small firms owners, many of whom operate in the informal sector. The arrangement was that if the informal workers voted for the politicians, according to this exchange, the former would not have to comply with the tax, environmental and labour regulations nor be harassed by the police or inspectors (Tandler, 2002).

Similarly, Steel *et al.* (2014) and Olomi and Charles (2016) found that the exercise of collecting tax from informal operators becomes particularly difficult around the time of national and local elections when politicians prevent the local government officials from taking any strict measures against street traders. In Ghana and Tanzania, for instance, most of the Municipal Assemblies have introduced by-laws that govern the operation of all common income-generating activities conducted by informal operators. However, it is reported that a major reason for the weak, inconsistent enforcement is that, given their large number, informal operators are an important political constituency and so the local and national politicians will always pretend to be on their side, especially around election time. This is achieved by relaxing the enforcement of the by-laws that prohibit the conducting of business activities in streets or other areas not designated for business (Olomi & Charles, 2016).

Holland (2014) introduced the concept of “forbearance” to mean a situation when a government chooses not to enforce state laws and regulations that the poor tend to violate when this is in their electoral interest (Murillo, 2009). A politician must act in some way to change the enforcement outcome, even if this means attempting to demote bureaucrats who enforce sanctions against a particular type of offence or group (Holland, 2016). Zambian presidential candidate Michael Sata, for instance,

pledged to stop using force against all street vendors and squatters to appeal to the urban poor in 2006. Sata justified his position: “If you fail to provide for the poor, don’t bring punitive measures against them” (Resnick, 2013: 78). Forbearance functions as an informal welfare policy when directed at the poor as a class. Voters need a politician to take office to receive forbearance. A politician can withdraw this forbearance at any point if the voters stray from their promises, especially after the election.

6.3.4 Vendors’ level of education and awareness education

The findings from the interviews showed that vendors’ low levels of education and lack of different types of training impeded the formalization of street vendors’ businesses. It was alleged that most of the vendors were standard seven and or form four leavers and few of them are graduates. This low level of education was considered a setback in obtaining the proper, relevant information, organizing, setting goals and finding ways to achieve them. However, this finding of the level of education contradicts with already presented data in section 4.2.3 that about 92 percent of the street vendors had an ordinary secondary education and only 3.33 percent had primary education because the study’s sample size was small and not representative, hence making the results generalisable to the Dar es Salaam Wamachinga and some other areas with similar features but with qualification.

Apart from the low level of formal education mentioned by local government officials in the interviews, lack of awareness among street vendors also emerged as another related challenge. Street vendors remained unaware of the concept of formalisation, the procedures to follow to formalise and the opportunities available. Vendors supposedly end up with no knowledge about the entire idea of formalizing their businesses. This sometimes translated into low trust for their representatives whenever they brought formalisation-related information to them. The low level of education among the vendors hinders their business prosperity despite their desire to grow their businesses.

On the other hand, some local government officials who ought to be responsible for training this group focused on blaming the vendors’ low levels of education

and understanding. Likewise, the matter of low education was also mentioned by Wamachinga representative. During the interview, the Wamachinga leader at Mwenge said:

Many street vendors are uneducated; most have a level of education of either STD 7 or form four, and very few have a high level of education or are university graduates. There are fewer than 20 graduates here in Mwenge, including two lawyers. Since most of us have a low level of education, we don't know the best approaches push forward our businesses. Even when we arrange meetings to discuss issues to make our businesses grow, how to get loans, and other ways to improve our business conditions, some vendors come up with completely divergent ideas from the purpose of the meeting. As street vendors, our dream is to leave our current location and become successful businesspeople. Many street vendors are not achieving that because whenever they get money, they don't know how to invest or manage it.

Similarly, during an interview, a Tandika Mtaa officer indicated that Wamachinga's low level of education had led to misunderstandings between vendors and their leaders/representatives. This threatens the uptake of the government's instructions and orders via the representatives. A Bunju ward officer said that most street vendors are standard seven and form four leavers, so it was easy for them to speak with ten Wamachinga (representatives) and understand each other but when those ten shared the information with the entire group of Wamachinga, misunderstandings arose. The representatives were accused of having been bribed by the government officials.

During the interview, a Tandika ward officer stated that most of the street vendors had trouble grasping ideas and some were completely uneducated, and had not attended even primary school, and thus were illiterate. A ward officer suggested that training in simple book-keeping skills might help them:

Wamachinga have difficulty understanding. They do business and generate a lot of money, but they never leave the informal places. You may not tell them that if they now have 20 million Tanzanian shillings, they can move and open a formal registered shop, pay rent and taxes, and at the same time access formal business opportunities, like loans, etc. They do not dream of growing their businesses but prefer to work under the threat of harassment and confiscation by the city police, which may lead to losing the capital they have saved. They only think that if they get money today, they will also get it tomorrow.

Similarly, a ward political leader from Buguruni testified that it has been difficult to work with vendors even on simple matters, like adhering to the city laws and using spaces. Wamachinga were continuously instructed about simple issues such as ‘don’t block someone’s gate,’ etc. Still, they would never listen or come up with constructive opinions: “I’ve never received any constructive opinions from Buguruni Wamachinga. They only come to us when they quarrel among themselves”. He said that, like many other Tanzanians, vendors have a poor understanding of the laws and, when these are implemented against them, they start complaining they are being oppressed.

An official from Majimatitu C held that his area was about 50/50 in terms of those who fully understand the meaning of formalisation and those who do not understand it. The second group does not even want to organise in groups. Education should be given to such people, and the situation would improve. Specifically, entrepreneurial education is crucial because some people simply wake up one day with an amount of capital and start a business without any business training. If they received training, they would know how to make their businesses grow, rather than simply operating them. Some frequently change the type of goods they sell based on observing what other vendors do, even though this sometimes loses their customers.

Again, the participants stressed that whenever something new is introduced to any community, it is crucial to provide clear orientation or awareness education to avoid misconceptions. Usually, when a policy or law directly or indirectly touches the informal sector or vendors, in particular, no orientation is offered. A good example was the current initiative of Machinga IDs, which the Wamachinga appeared to welcome but did not clearly understand, or what the next steps might be, which complicates the intended goal for both the implementers and the target group, finally leading to stagnation. During an interview, the Tandika Mtaa officer said:

Now Wamachinga have been given identity cards; they consider themselves formalised already; they are boasting to those with a business license that, even though they have a licence, they have an identity card and are recognized by the President. Unless we're careful, those with business licenses will start joining the Wamachinga, as it is cheap to operate. These things should come as a full package, including providing proper training.

During the FGD with vendors in Kariakoo, shop owners wish to start street vending because they think street vendors make a lot of profit. These findings relate to the parasitic views as they hurt growth by being less productive, stealing market shares from formal firms and escaping from taxation and regulations (La Porta & Shleifer, 2008; Mramba, 2015; Granström, 2009). Informal firms charge lower prices for identical products to those of formal firms, hence further distorting a creative competitiveness process. Government policy should, therefore, aim to eradicate informal firms by reducing tax evasion and increasing government regulation enforcement. Doing so could boost the market share of formal firms and hence stimulate the growth of the formal economy.

Though the local government officials interviewed identified a low level of formal education by the majority of street vendors as a setback to business formalisation, the study concludes that it was a lack of entrepreneurship education and formalization-related education that constituted the main constraints.

6.3.5 Resources and enforcement capacity

In response to the open-ended questions, the key informants mentioned resources and enforcement capacity as critical obstacles to the formalisation of street vendors' businesses in Dar es Salaam. When the participants were asked to indicate which factors made street vendors fail to formalise their businesses, they cited land, fiscal, and human resources as limiting factors in the formalisation exercise. In town centres, the preferred potential areas for operating their businesses, there exists limited space for vending activities. Moreover, it was costly and difficult for the municipalities to acquire land and pay compensation in town centres, and find funds to set up necessary infrastructure and services in designated areas. Also, the inadequate number of experts with the relevant skills who were innovative and motivated emerged as another challenge. During an FGD

with vendors from Kibondemaji, one Wamachinga said:

I believe there's a lack of practical skills among local government officials. We have a Ward Community Development Officer (WCDO) who deals with Wamachinga, but she has only managed to register Wamachinga in groups. After that, we expected to attend a meeting to discuss how we could benefit from the 10 percent of the revenue collected by our municipality geared towards supporting women, youths and people with disabilities. Surprisingly, she has nowhere to be seen and did not respond to our questions about whether the fund was there or not.

On the contrary, Kinondoni Community Development Officer showed that the number of staff was not a challenge; instead, it was the poor co-ordination of the professionals. She said: "We have community development officers, trade and market officers. These people are supposed to work together but, in practice, we work separately. The financial resources are also inadequate". Also, in an interview, an Ilala trade officer reported that Wamachinga businesses were not formalised partly because they lacked a specific section or department to deal with their businesses. There exists a Department of Community Development, but it was dormant, not specific enough and did not interact with the Wamachinga sufficiently to understand their needs and aspirations better. It was also reported that most of the government's efforts focused on revenue collection, with formalisation facing meddling and political interferences, including ad hoc measures such as allowing people to operate their businesses in restricted areas.

Formalisation is not only about random identification and giving out IDs but also about formulating policy, providing acceptable, well-established trading areas and ensuring access to formal services, such as loans and social protection. It was proposed that a specific institution/department with a skilled workforce deal with Wamachinga businesses and be responsible for imparting entrepreneurship skills to the Wamachinga. During an interview, an Ilala Trade Officer said that capacity-building for street vendors was co-ordinated by the Municipal Community Development Office, which lacked the required resources to perform this function successfully.

The challenge of limited space for vending activities in the town and business centres also emerged during an interview with a ward political leader of Tandika, who said:

Tandika is under the CBD area of Dar es Salaam, so obtaining a place sufficient to accommodate all the Wamachinga requires a lot of money as compensation, but we have a few squatter areas, for example, Chiota near the Mpika area and Chiota near the Malumba area. These could be obtained for less compensation but still, we do not have the money to date. The objective of the President was to enhance employment among the youth/Wamachinga and he issued three orders: Wamachinga should not be disturbed, should be recognised [through the ID system], and should be given a formal area in which to operate their businesses. The challenge is that, now, the growing number of Machinga is outstripping the search for and allocation of areas for them to operate. This is a challenge because, when you move, say, 600 Wamachinga from Usangi Street to a formal space, the next day, you'll have another 600 in the same place.

During the data collection, it emerged that the authorities responsible were ineffective in assessing and monitoring traders who qualified for a business license and operated formally. Sometimes, traders who possessed more than the maximum capital level required hid under the umbrella of street vendors and acquired Machinga IDs. They also reported that even people could have a big business operated informally to avoid paying various taxes for various reasons, including this formalisation exercise being costly given the scant resources at the disposal of the authorities and low capacity of the offices responsible and the officials being corrupt, hence lacking an incentive to formalise more businesses.

6.3.6 Other factors

Other factors described as constraining the formalisation of street vendors' businesses included the poor co-ordination among different local government offices that perform related functions. For instance, it was revealed that there was poor co-ordination among staff. Indeed, though there were ample numbers community development, trade, co-operative and market officers, they were poorly-co-ordinated. In many cases, each unit worked independently, without sharing information that could otherwise benefit other units.

It was further reported that the government had been slow in learning from good practices in other countries. In this regard, one informal sector expert said:

We aren't ready to learn from other successful countries. India adopted a township vending model piloted in Ilemela-Mwanza, Tanzania. The model was perfect, so why hasn't it been adopted and scaled up in Tanzania? You may ask the government officials this. Again, the model we're propagating has been piloted in Arusha, Morogoro, and Ubungo municipalities in Dar es Salaam. In all these places, the model has been exciting, practical and yielded positive results. After that, we were asked to approach the ministry responsible [TAMISEMI] so that it could be adopted. We did so, and we need only say they did not object. However, delays continued to be critical, the time ran out and we couldn't implement it in a single council, including Morogoro, were almost ready.

During further discussion, an informal sector expert revealed that there had been a lack of political will to formalise street vendors' businesses, possibly because politicians use Wamachinga as capital to win elections. Moreover, top-down decisions were mentioned as another constraint regarding formalisation. During interviews with the informal sector experts, the street vendors' representatives and several local government officials, it was apparent that the best way to formalise was to start with the vendors themselves and LGAs. In other words, a bottom-up approach or indirect approach should be used. The LGAs should empower vendors' associations and offer them the capacity for self-regulation, as the associations would finally become responsible for overseeing formalisation and supervision.

The street vendors and customers' mindsets also emerged in an interview with a Kijitonyama ward officer to be another constraint regarding the formalisation of street vendors' businesses. The ward officer further said that some customers preferred to buy goods from Wamachinga whenever they encountered them rather than specifically visit markets. This behaviour encouraged Wamachinga to be reluctant to work under formal arrangements at designated sites. They far preferred to attract passing customers rather than wait for them in allocated trading spaces, hence their strategic preference to sell their commodities near bus terminals, places with high footfalls, bars, offices, and cafes. Finally, the ward officer proposed the

by-laws to restrict and fine customers buying goods from street vendors in the undesignated areas.

Again, the respondents were asked to rank, in descending importance, the three opportunities which they thought they missed most due to not formalising their businesses. The listed opportunities were drawn from the reviewed literature (Olomi & Charles, 2016; ILO, 2014; Joshi *et al.*, 2014; Mutakyahwa, 2012; USAID, 2005). Table 6.3 shows that the most important missed opportunity that the vendors perceive due to operating informal businesses is access to financial services. Out of the 150 respondents, 76 (50.67%) ranked it first, followed by 21 (14%) who said that a formal trading space with an established infrastructure and services was their most missed opportunity. The third most frequently cited missed opportunity was reduced harassment by the city askaris and other authorities, which was mentioned by 19 (12.67%) street vendors. A different result from Tanzania was reported by Olomi and Charles (2016). They found that reduced harassment by the city askaris and other authorities in confiscating the vendors' products and goods was ranked first. Several vendors had been beaten by the city askaris and/or prevented from selling their goods in certain locations. This was probably not the case for the street vendors who participated in the current study because most forms of harassment meted out on street vendors had been stopped by the President's order.

Table 6.1: Street vendors' Top Ranked Key Missed Opportunities (N=150)

Opportunities	Freq.	Percent
Access to financial services	76	50.67
Reduced harassment from city askaris and authorities	19	12.67
Reduced unlawful payments; bribes to government officials, corruption, etc.	4	2.67
Trainings and capacity building programmes	11	7.33
Participation in government contracts/tenders and other programmes	1	0.67
Access to a broad market	5	3.33
Social protection (health insurance, pension) and legal protection	13	8.67
Formal trading spaces with an established infrastructure and services	21	14
Total	150	100

Source: Field Data (2019)

6.4 Conclusion

The study findings outlined in this chapter outline the reasons for the success and failure of the formalisation of street vendors' businesses. The results suggest that the successful formalisation of businesses did not necessarily mean that the businesses have become formal in all aspects but, rather, that certain steps had been taken towards formalisation. All the businesses operated informally but differed in how they progressed towards formality. The introduction of the Machinga IDs stemmed from the President's unwavering commitment and was one of the important milestones toward formalisation. However, the ID initiative contained various challenges, including the lack of a common, clear understanding among the stakeholders, limited legal support and skepticism regarding the sustainability of this scheme. Several respondents also claimed that the strategy was motivated by political interests, namely, to obtain vendors' political support/votes. The study findings concur with the assumption of the forbearance theory to the effect that forbearance can be shown to the poor people contingent on political loyalty, as a form of clientelism, or in an unbiased fashion, as an informal welfare policy (Holland, 2014). Furthermore, the chapter has revealed that the involvement and negotiations between Wamachinga and local government authorities were working to some degree and causing vendors to comply with city bylaws, like keeping the trading areas clean.

Additionally, the study found no single overall leadership or association that closely united Wamachinga across the six sites researched during this study. However, the presence of relatively strong leadership in Kariakoo, i.e., Kariakoo Wamachinga Association (KAWASSO), and another leadership in Mwenge before February 2019 was noted, both of which played a vital role in lobbying the government and community, and in social engagements, security and by-law enforcement. All these aspects helped to strengthen street vendors' relationship with the government and the community at large. However, this was a gradual process of business formalisation. Through these associations and leaderships, the street vendors could participate in and support sports, education, health, environmental conservation, the rehabilitation of road public offices and national events, like launching projects and Uhuru torch rallies. All this engagement has slowly begun to convey a positive image and the recognition of street vendors as an important group that needs legal protection. Behind these engagements was a political force and most of the Wamachinga leaders have close links to the ruling party.

Also, the VIBINDO Society oversaw the Mburahati market project, which cost TZS 2.2 billion. The society lobbied and obtained funds from DANIDA and TAMISEMI through a PPP arrangement. They also signed a formal agreement with the National Health Insurance Fund (NHIF) and Resolution Insurance (a private health company) to provide affordable, high quality health insurance services to their members. These were counted as important achievements on the road to formalising informal businesses. On the other hand, the study identified several factors constraining formalisation, including the lack of sufficient, well-established trading sites that the vendors preferred. Also, the land use plan did not apportion any street vending spaces and the places where the traders operate currently are restricted areas and only available temporarily. Furthermore, most of the designated markets lay outside the town centres, with a low footfall and a lack of important infrastructure and services, such as shops, toilets, sheds, water, electricity and security. Also, the distance between where the vendors buy their

merchandise (Kariakoo, Ilala) and the designated areas, leading to high costs in terms of travel and time, were said to be a challenge.

Political interference also emerged as an obstacle to business formalisation. Politicians block the government officials from implementing and enforcing the city by-laws and other formalisation regulations so that the street vendors will vote for them, usually around election time. Holland (2014) argues that forbearance regarding the violation of the laws by poor people is more prevalent in developing countries because the social policy remains inadequate and is hard to expand locally. Without welfare alternatives, forbearance is an attractive tool for mobilising voters, while enforcement carries high electoral costs.

Also, the street vendors' level of education and the lack of capacity building training programmes were mentioned as further constraints. Most street vendors were poorly informed on the concept of formalisation, how to go about it, the possible opportunities and better ways to conduct their businesses. Moreover, the entry costs (licence, time) and recurrent costs (rent, taxes) led the vendors to prefer operating informally. The findings further suggest that a lack of required capacity, experience and inadequate resources have led to the failure of the formalisation exercise. Other factors included poor co-ordination among different local government offices, which perform related functions and both the street vendors' and customers' mindsets regarding their preferred business styles. Lack of awareness of education and formalisation-related knowledge emerged as another main impediment to business formalisation.

CHAPTER SEVEN

WAYS TO FORMALISE STREET VENDORS' BUSINESSES IN DAR ES SALAAM CITY

7.1 Introduction

This chapter presents and discusses the findings of research objective number four regarding viable ways for promoting the formalisation of street vendors' businesses in Dar es Salaam city. Both during the questionnaire survey and FGDs, street vendors were asked an open-ended questions to give their views and suggestions on what they thought to be possible ways to formalise their businesses. Likewise, in the interview, the same question was asked to the key informants. Different ways were proposed and this study summarised them into the following sub-sections: Provision of education and training (7.2), financial accessibility (7.3), simplified registration procedures, affordable costs during and after formalisation (7.4), the participatory approach (7.5), formulation of policy and laws (7.6), allocation and construction of accessible trading places (7.7), strengthened street vendors' association (7.8), identification, registration and improved implementation of the Machinga ID cards strategy (7.9). The conclusion to the chapter appears in sub-section 7.10.

7.2 Education and Training

Awareness education and training on business formalization, steps and procedures, opportunities, and entrepreneur skills, were severally mentioned as a crucial way to stimulate business formalisation among street vendors. In responding to the questionnaire, the street vendors were asked an open question to suggest measures to help them formalise their businesses. Most street vendors revealed that they were largely unaware of what formalisation entails, its procedures, advantages and disadvantages. Hence, they proposed that they needed to receive thorough, regular training from local government officials or Wamachinga leaders. One street vendor in the Mwenge FGD said: "Training on business formalisation should be given to all Wamachinga until we understand it and its importance because most of us know nothing." Related to this issue, street vendors also insisted that it would

be helpful for them to receive training on issues such as entrepreneurship skills, finance and loan management. One FGD participant at Kariakoo said:

We have a challenge that every one of us is just doing business without knowing how to make it prosper. We are happy that the days are passing but knowing how far we have progressed in terms of business, it's a challenge. We also don't have a clear knowledge of issues related to loans and savings. We request that Wamachinga receive business training and be informed about the importance of business formalisation. I tell you, they'll formalise.

Similarly, during in-depth interviews with key informants and FGDs with the street vendors, it emerged that street vendors need to be trained and understand what the formalisation of businesses is and why it is important to formalise. It was reported by one of the informal sector experts that, sometimes, the government simply blamed the Wamachinga for not formalising their businesses. Still, it has not provided sufficient training for them. People need to receive adequate education and change their mindsets. Forcing people to do what they do not understand is difficult, and the government should shoulder its responsibility for providing training, together with meeting related costs. During an interview, a Tandika ward officer said:

I think everyone understands that issues related to formalisation and business are not taught in primary or secondary schools. Wamachinga believe that what they are doing is an easy solution for their livelihoods and now you want them to believe that they should have formal businesses. You must give them training and convince them. Also, we should start giving them business training and on what steps to follow when their capital increases, things like that. They normally have start-up capital. Some can earn good money but lack the knowledge to improve their businesses. Others would like a loan but do not fulfill the criteria; if taught can achieve it.

Commenting on the same subject of education and training as part of awareness in the formalisation of street vendors' activities, street vendors in Mwenge, Buguruni and Kibondemaji, insisted during FGDs that entrepreneurship education was an important step towards the formalization of their businesses. They believed that, without education, they could not become competitive by operating formal businesses. On the other hand, some of the municipal officials suggested that the government should provide training to customers on the importance of buying

items from formal businesses rather than from Wamachinga on the roadsides, with fines for the latter if caught. Various scholars have also underscored the importance of education and training (Nilakusmawati *et al.*, 2019; Kenyon, 2007). Nilakusmawati *et al.* (2019) argued that governments need to have an empowerment programme for those working in the informal sector to upgrade their skills, which could also lead to the facilitation of increased production and financial accessibility in terms of capital and facilities.

Generally, most vendors indicated little access to information and training regarding formalisation, and that limited time to attend training or meetings was also a constraint. However, information sharing and some training may be given through recorded audio voice played at their trading areas for a reasonable sufficient time. Also, short physical meetings and training at less busy hours may be conducted at specific trading stations or nearby places. Simple and reader friendly brochures could be distributed to vendors and displayed in their working areas. They could be financed and/or performed by different stakeholders, including NGOs, CBOs, financial institutions, higher learning institutions and the government. Furthermore, some vendors may be supported to attend special relevant training and later become trainers of fellow vendors.

7.3 Financial Accessibility

Apart from vendors' concern about the need for education and training, the street vendors also revealed how one of the main problems they faced was a failure to access loans from financial institutions as they were unable to fulfill the requirements/lack of collateral. Some indicated that they tried to take loans from informal money lenders, but the interest rates were astronomical. Also, they were not guaranteed to obtain a loan when needed. Some indicated that their businesses were too small to formalise; as such, they needed access to loans and increased their capital before formalizing their businesses. The street vendors suggested that the government help them obtain loans by establishing a special SACCOS for Wamachinga or specific bank unit, local government, or other financial institutions, without additional requirements apart from their businesses.

Moreover, they insisted on the simplified, user-friendly repayment of loans at lower rates. On the questionnaire, one street vendor of loan access thusly:

There should be a sustainable plan/strategy of giving loans to Wamachinga who are willing to formalise their businesses; we would like the government to register our businesses, and we get business licenses and TIN numbers so that we can secure loans; a SACCOS or Bank should be established for Wamachinga that will offer loans and enhance formalization. The government should give us loans with affordable conditions.

Also, in one of the FGDs, it was reported that helping Wamachinga access loans would boost their capital and expand their businesses. Another participant in the FGD said: “I suggest the government and other stakeholders should provide loans to Wamachinga for us to grow and graduate to formal business owners.” Also, one key informant suggested that there should be a development bank or government programme to offer affordable loans with fewer conditions solely to Wamachinga. They are ready to formalise their businesses. Such access to loans can be a good incentive to engage in business formalisation; though it is not a condition for undertaking formalization. The access to loans should go with the condition that they operate their businesses in the designated areas.

The suggestion of having a special SACCOS, a bank, or the financial programme to give loans to informal small businesses could be well-managed under financial institutions in collaboration with the government. It is also important to engage lower Local Government offices like “Mtaa” and vendors’ associations or locational-based leaderships for easy tracing and management.

Even though vendors believe access to finance could lead to business formalisation, most of the literature reviewed indicate that access to finance comes after business formalisation (Joshi *et al.*, 2014; Mutakyahwa, 2012; USAID, 2005). In other words, a formalised business is one of the qualifications to access finance. In the context of this study, it is suggested that most Wamachinga are eligible for formalisation, which will then expose them to more opportunities, including access to finance.

On the one hand, the study participants identified the role of access to financial services in driving formalisation. On the other hand, this subject generated less interest and has been ignored by governments and financial institutions. Nevertheless, lack of access to financial services remains a major stumbling block for the growth of informal enterprises. It could—when availed to these vendors—provide a possible incentive for informal enterprises to formalise. Moreover, experiments supported by the International Labour Organisation demonstrate positive results among those financial institutions that train and support their clients in the informal enterprise sectors (ILO, 2016). However, policy measures by the government should incentivise the financial institutions to develop profitable initiatives that enhance and support formalisation initiatives, especially for their informal clients, by offering them a favourable benefits-to-cost ratio. Access to a broad range of financial services could be a significant incentive for informal enterprises, given the current low level of access.

7.4 Simplified Registration Procedures, Affordable Costs during and after Formalisation

The street vendors suggested that registering their businesses could make more sense if the exercise was conducted at lower levels, possibly by their leaders who had received training in this area or the Wards/Mtaa offices near their business areas. They showed that it was time-consuming to visit the TRA and municipal offices, and some also felt afraid or uncomfortable about being in such high-level government offices. They were also asked to be given time from when they register their business and start paying taxes. That means that they are ready to pay levies (daily fees, cleaning costs, security fees, etc.), but the government should allow them to stabilise before they start paying income tax. In this regard, a street vendor said: “Registration costs and other charges like tax should match the size of the business. Friendly and reduced tax rates will attract formalisation”. Another street vendor said: “The authorities responsible for registration should delegate the registration duties to Ward Executive Officers.”

The findings further show that Tanzanians tended to avoid paying the tax due to reasons such as a lack of tax education to change their negative perception of taxation, high tax rates and sometimes too multiple taxes. It was said that, in the past, some Wamachinga operated in private areas by paying more than they would have paid had they operated formal businesses. They were comfortable simply because they had not received any appropriate training and, sometimes, held a negative attitude toward paying taxes. Another street vendor suggested that one way to reduce the formalisation cost for the government was to provide enough user-friendly business areas at rent levels that Wamachinga can afford. The dominant strand in the existing research argues that firms will formalize if the benefits of formalisation outweigh the costs. The costs of formalization include registration or obtaining a license, tax compliance and following the labour laws and other regulations.

Surveys in Sierra Leone, Liberia and Madagascar showed that a significant proportion of informal firms had at some point attempted to formalise, but they were deterred by the exorbitant cost of doing so (Everest-Phillips, 2008). Usually, the costs of formalisation may be high, and the benefits less accessible when the governance is weak. In Kenya, significant attention has been paid to creating a simplified 'single business permit for small firms.' Consistent with expectations, Devas and Kelly (2001) reported that these efforts encouraged some degree of formalisation and improved the conditions overall for small firms. Sander (2003) reports the results of a similar pilot project that was carried out in Entebbe, Uganda, where a 43 percent increase followed reforms that reduced the costs of formalisation in compliance with the requirement to register. Similarly, Garcia-Bolivar (2006) reports that lowering the cost of formalisation in Bolivia resulted in a 20 percent increase in firm registrations, and similar increases in Vietnam. These increases notwithstanding, there were limitations, as the informal sector remained large in both countries even in the post-reform period.

The findings further signal that in some areas, the street vendors' acceptability of formalising their business is still challenging due to associated costs. Similar results were also reported by Jaramillo (2009) in Lima, Peru, where a randomly-

selected group of firms was offered free business licences and support with the registration process. It was reported that only one in four firms was willing to formalise, even after the registration costs had been largely eliminated. He attributed this reluctance to the recurrent costs of being formal, along with the perceived low benefits of formalization, limited growth ambitions and low trust in the government.

The messages from these studies appear to be twofold. On the one hand, there is little doubt that reducing the registration cost has led to expanded formalisation among at least a significant minority of firms. On the other hand, even extreme cost reductions have failed to encourage compliance among most informal firms, owing to the low benefits, limited ambition, mistrust of governments and possibility of high recurrent costs linked to formalization (Zinnes, 2009).

The participants also called on the governments should also develop policy measures that provide sustainable incentives to informal enterprises to formalise and remain formal. Effective policy measures would, therefore, not only address the barriers to entering formal status but also develop appropriate, sustainable incentives for enterprises that enable them to remain formal. The governments could also intervene through formal intermediary institutions that engage with the informal sector, such as trade unions, business associations and financial institutions (particularly those focused on MSEs). The government's formalisation initiatives could leverage the much-needed resources provided by these formal intermediary institutions. The exclusion view of informality assumes that a reduction in the current high level of entry costs, taxes, fees, and social contributions would lead informal firms to switch to formality and potentially increase the economy's overall productivity. Thus, there is a need for central government (TRA) responsible for TIN and municipalities (business licence) to put their desk at ward offices or where there is a high concentration of small informal traders for easy service any inquisition. Also, some taxes and charges may be combined to avoid multiple taxes. Tax rates should be put into consideration of the business reality on the ground and which may support business growth.

7.5 Participatory Approach

It was also revealed by the street vendors via the questionnaire that, for the formalisation of businesses to succeed, street vendors and their leaders should be involved from the beginning of each plan and decision. They said that sometimes they had been invited to various meetings, but all the plans and decisions had already been made. It was simply a matter of giving them the information and starting to implement them. Also, sometimes they might be invited because the local government is stuck on implementing a certain issue. For example, recently, the local government officials had invited them to meetings to discuss the issue of the environmental cleaning levy since the local government could not afford to collect and dump the solid waste since the street vendors were no longer paying for this service, due to the President's order. They had only to pay TZS 20,000 for a Machinga ID, which went directly to the central government. Wamachinga should be involved in all matters regarding their businesses, such as identifying where to build markets for Wamachinga, the structure, security, cleanliness, and hire costs.

The participants in the interviews and street vendors during the FGDs repeatedly mentioned the participation of stakeholders, including Wamachinga, as a key element in formalising vendors' businesses. For instance, during an interview, one Wamachinga representative from Mwenge said:

We need collaborative efforts between Wamachinga, the government and other stakeholders to formalize businesses successfully. I request that government officials work closely with Wamachinga to facilitate the formalisation process. This will help the information flow and allow us to collect our views. On the other hand, since Wamachinga can be organised into zones, having representatives from each zone will facilitate the co-ordination.

Similarly, one Bunju FGD participant said: "Wamachinga should be listened to first, then implementation comes later. The central government should collect our opinions before involving the local government". This was the case because the Wamachinga in Bunju did not have a very good relationship with their local government leaders and distrusted them. Furthermore, a local government official

from Buguruni said, “In my opinion, the formalisation of Wamachinga businesses needs to be participatory, especially for the Wamachinga themselves, to build ownership and sustainability.” Similarly, a VIBINDO leader said:

Formalisation should be participatory at every single stage, e.g., there is one registered and well-organised business group with 131 members. It has a constitution, and leadership, pays membership contributions and members support each other. We can plan to formalize this kind of group.

In addition, one of the informal sector experts explained that once there is a concrete proposal, everything will be possible:

In our case, we did lobby the Prime Minister’s Office [PMO] with the facilitation of the National Economic Empowerment Council [NEEC] and Tanzania Private Sector Foundation [TPSF] on how to proceed with formalising informal businesses, but the government is not ready. To move forward, we need (i) participatory formalisation and/or (2) a town vending committees’ approach. Participatory formalization is about empowering Wamachinga while supervising them. There is no way the government can manage Wamachinga effectively on their own. Financial institutions use Wamachinga groups to manage loans, so the government can do the same. Let them manage themselves. Ideally, one would expect policymakers to empower the poor—most of Wamachinga fall into the poor bracket—but failing to do so and focusing on self-interest means disempowering the poor and that is the cost of politics.

Another informal sector expert added that Wamachinga should be at the centre of the formalisation process/participatory approach and to be helped to develop a stronger association, moreover, capacitated to lead Wamachinga to formalize their businesses but help the government at the same time. Various studies have indicated that the participation of different stakeholders, including the street vendors themselves, is key to various formalisation initiatives’ success. The participatory approach should be applied during the planning, creation laws, relocation to newly-designated areas, etc. In India, for example, the Town/Ward vending Committee sets the terms and conditions (planning) for hawking and takes corrective action against defiant hawkers and is composed of representatives of hawkers, planners, the police, local councillors, resident welfare associations, traders’ associations and municipal functionaries (National Policy for Urban Street

Vendors, 2014). Furthermore, a humanistic relocation model of street vendors and the incentive leadership styles during relocation highlighted the need to involve and foster negotiations between the formalising agents and the street vendors (Warsono, 2016; Permana *et al.*, 2016).

Similarly, the Sustainable Dar es Salaam Project (SDP) emphasizes the use of a participatory policy; area-based and street traders-led management. The key assumption of the project was that people should be the basis of all planning decisions, rather than a master plan with legal force but the little basis in the economic and social reality. The idea is that an inclusionary, participatory urban design will incorporate the ideas, comments and local knowledge of both citizens and locals to inform urban design interventions (Simone, 2004). Its goal was strategic planning with no master plans, but with a practical solution to urban spatial management problems, which would be continually reviewed and developed (Lyons *et al.*, 2012). A Working Group on Managing Informal Micro-Trade was formed and developed action plans in consultation with academic researchers and street trader organisations (Nnkya, 2006).

Even though Wamachinga have their representatives sometimes as a group, they need to have direct meetings for discussion of their issues with the government from time to time. Also, before Wamachinga representatives meet for discussion with the government or other stakeholders, they first ought to meet and listen to the concerns of their fellow and submit the true voices of Wamachinga in the discussions. The representatives should be strong enough not to be influenced for individual gain. There should be a decision that comes from the parties' discussion and not dictated decisions. Wamachinga to be part of the committees and task forces that aim to resolve their matters.

7.6 Formulation of Policies and Laws

Another important suggestion from the street vendors is to introduce a specific policy that protects street vendors rather than relying on individual or politicians' protection. They want to be recognised as conducting legal businesses and have rights like other formal businesspeople. They also wanted a simpler way of

enrolling in the various social protection programmes such as health insurance and pension fund schemes. The street vendors asked for the National Health Insurance Fund (NHIF) to visit them, educate and register them on the health insurance system because they could afford to pay for the services. One specified that the government must prepare a Wamachinga policy and that all the Wamachinga must participate in all stages of its preparation. Also, the parliament must pass a special law to safeguard and protect the interests of all Wamachinga instead of depending on one individual. If Wamachinga were to be recognised legally, this would avoid them being harassed under new government regimes. There should also be a specific institution for dealing with the challenges and Wamachinga issues in general.

Similarly, some key informants suggested that Wamachinga is a larger sub-group in the informal sector with unique characteristics in their operations. It should also be treated as a special group and a specific policy to guide the handling of street vendors' businesses. The first step of which would be to issue a statement that vendors should vacate the streets, especially in those areas which are unsafe places for them and others, like pedestrians, such as those areas where people are forced to walk on the road because Wamachinga businesses block the pavements. The second step would be to introduce a law to manage their businesses. The municipality's by-laws cover all the activities. They do not allow anyone to use restricted areas, so by operating their businesses where they do currently, the Wamachinga are illegally using these spaces. At the same time, different laws (space use, the environment levy) were not enforced on street vendors because of the President's order.

Once an appropriate law has been enacted, it would be easy to organise street vendors, unlike now. An informal sector expert said during an interview that a special policy on the street vending and independent and capable institutions to implement it was imperative. The formalisation process currently leaves many other areas uncovered. Many things need to be done. Firstly, the government should return to the villages and reinvest in agriculture. This would motivate

people to return to the villages, where they could cultivate maize, rice, and cashew nuts. They would return to agriculture because they know that growing cashew nuts is lucrative, and they had moved to Dar es Salaam because engaging in agriculture and other activities in the rural areas had failed to generate sufficient income for them in the past.

Street vendors in India enjoy legal protection through the Street Vendors Act of 2014 (Protection of Livelihood and Regulation of Street Vending), which the Parliament of India enacted to regulate street vendors in public areas and protect their rights. The Bill received the permission of the President of India on the 4th of March, 2014. The Act aims to provide social security and livelihood rights to street vendors, and its key aims are to provide legitimate protection to street vendors against harassment by the police and civic authorities; demarcate vending zones; plan for street vending activities every five years; conduct research on street vending at least once every five years; establish town vending committees; and establish an effective grievance redress and dispute resolution mechanism (India, 2012). VIBINDO Society indicated to have started supporting informal small traders to get health insurance. This could be done more systematically by organising vendors organised under associations or recognised groups. This needs to be done in a simplified way with special consideration for the low earners' group. Health and social security contributions may be combined with their daily or monthly charges/taxes to avoid too many contributions.

7.7 Allocation and Construction of Accessible and Strategic Trading Sites

Street vendors proposed that the government should allocate more vending sites around the areas where they currently operate their businesses, where there is a high footfall. They said that it is essential that their working areas are improved in terms of water, toilets, electricity, and security and that the structures should be appropriate for their businesses, protecting them from rain and sun, with affordable rent. One street vendor said: "The government should come and formalize our business here in Kariakoo because we're operating well." Another Machinga commented during an FGD at Kariakoo:

The government should find other special areas for Wamachinga's businesses, in areas that are attractive to many people, like around the main bus terminals. Also, the government should collaborate with the private sector when building Wamachinga markets. There should be special areas for Wamachinga operations and priority should be given to those ready to formalise their businesses. The areas the government set aside for Wamachinga should be suitable for businesses and easily accessible by customers.

Customers and financial institutions more trust formal businesses, thus access to loan opportunities. A local government official from Mwenge indicated that there exist good open spaces in Mwenge, and the government should change the use of such lands in favour of Wamachinga businesses. The government could also collect TZS 500 per day. The Wamachinga were even ready to incur costs by contributing daily to obtain business land in Mwenge. The Kinondoni Community Development Officer added that to formalise Wamachinga businesses, the government must allocate sufficient good working spaces. For example, in Mwenge, the government could partner with the private sector and build huge structures, like the Machinga complex. She believed that, by adopting this plan, Wamachinga would be motivated to operate their businesses there and pay taxes.

An informal sector expert proposed four ways to deal with the four categories of street vendors regarding business spaces as a strategy toward formalization. The first category is hawkers, who sell goods by walking along streets, bars, offices and sometimes residential areas. This category does not require a designated place to operate its businesses. The second category is weekly market traders, who visit different markets on different days of the week. Each operator is allocated a fixed slot at each market, and each market has leadership that ensures that the market is orderly and kept clean. Traders pay a small fee for the market to be cleaned after use and some to the local government. These markets normally lie outside the town centres but in relatively populated areas of emerging small towns. For this category, the government should plan permanent areas and supply the necessary services, like water, toilets, electricity, security and storage buildings.

The third category comprises Wamachinga, who can use certain streets in town centres throughout the day, at certain hours of the day (e.g., in the evening) or on

certain days of the week (weekends). He said proper supervision and other important regulations should be implemented and enforced. This includes proper use of given spaces and solid waste management. Also, the government should facilitate the availability of important services like water and toilets.

The fourth category is daily and stationary street vendors. He suggested that the government should establish many vending sites, including small sites that sell products inside and outside town centres, but in places with a reasonable footfall. The established sites should be linked to the town bus routes. The cost of the rents and taxes across the different business sites should vary to encourage vendors to remain in their areas. All these alternatives are possible if politicians can support and leave the responsible offices to do their work. In Rwanda, the associations own and manage the workspaces, so when it is time to leave, this is compulsory. The associations have built some structures and rented others, which is possible because the groups have umbrella organisations, which collect their members' contributions, so they have money. Also, they can affiliate with and/or borrow from financial institutions.

Furthermore, at Mwenge, it was proposed that, in the past, there had been an area that belonged to the municipality, which is called 1024. This plot was later taken by the CCM party and another person who built an infrastructure. It was proposed that the municipality reclaim its plot and construct a Wamachinga business centre to find a solution for thousands of Wamachinga working in the restricted areas at Mwenge. It would also serve as a source of revenue for the municipality.

In Kariakoo, it was mentioned that, at Kariakoo, there are old National Housing Corporation houses that were not contributing substantially to government income on Tandamti and Nyamwezi streets up to Msimbazi Police Station. Since these are government houses, they could be demolished/modified to create space for Wamachinga businesses. This would have created thousands of decent jobs, generated revenue for the government and solved the congestion problem in Kariakoo. Also, it was claimed that a large area in Mombasa bus terminal was not being properly utilized, so a way might be found to change the use of this area by

constructing an underground bus station below a multi-storey building with a police station on top so that the street vendors could operate in a safe place. It was clear that areas for Wamachinga businesses could be made available once a firm decision had been made. In this regard, a Kariakoo Wamachinga leader said: “If you can remember where Mwendokasi is today, it used to be a people’s house, but the government decided. Nothing is impossible”. Moreover, during an interview, the VIBINDO leader commented:

First, the idea of the Machinga ID cards was initiated by me. The idea was good but wrongly implemented. The original plan was to transform the informal sector. Two things were required: (i) legal recognition and (ii) incentives. On incentives, we proposed that the ID bearer should contribute TZS 500 per day [70% to be government revenue and 30% to be returned to Wamachinga as incentives] but, currently, they pay only TZS 20,000 per annum. The proposed incentive was permanent business premises in areas of their choice, e.g., Manzese. This would have been possible because we would have 30 percent of the money and so could pay compensation and change the use of the land. We even proposed business structures; it was proposed to construct a three-story building, where Wamachinga businesses would occupy the ground floor, the first floor by wholesalers, and the third floor by services, such as banks, restaurants, etc. Ultimately, the Machinga ID cards could be given to the banks as collateral for a low-interest loan. This was our model for formalizing Wamachinga businesses. There are two approaches: (i) continue with the Machinga IDs but these should be accompanied by incentives, e.g., to identify and build business areas, and (ii) formalization should be participatory.

Furthermore, during the FGDs, the street vendors at different research sites expressed further opinions. In Tandika, for example, the vendors said they would like to be provided with a safe business area. This was possible if the government involved Wamachinga in the plan and, if they could not obtain an area in Tandika centre, the Wamachinga were ready to move to new, user-friendly areas with a high footfall, the necessary infrastructure and transport links. In addition, the Bunju FGD showed that the Wamachinga have been moved to the new market and returned to their original restricted areas almost three times. They suggested it would be better for the Wamachinga to identify a good area for their businesses.

Also, it was reported during the Kibondemaji FGD that Wamachinga do, indeed, search for market areas (natural markets) themselves and that the government should focus on making those areas safe rather than concentrating on building market structures in areas of their choosing. A good example was the Machinga complex, where Wamachinga preferred to display their wares on the ground outside the building rather than using the free space offered to them inside the building. The Kibondemaji FGD also suggested facilitating the formalisation of Wamachinga businesses. They should be allocated areas with a high footfall and equipped with the necessary social services and infrastructures. They argued that the government should change land use in town centres in favour of the vendors' businesses. Wamachinga needs to be involved in such plans and be willing to contribute money to obtain proper business areas, such as in the DARLIVE area.

During the interviews, key informants proposed that the government should devote more effort to improving the allocated sites both in business centres and the periphery. The government should also learn more about how the Wamachinga operate their businesses, listen to their claims and address challenges. They argued that there should not exist different methods for formalizing Wamachinga businesses, but that this should be carefully managed, using the same method everywhere. In Kariakoo, for example, some government buildings could be changed into Wamachinga trading centres. Also, the government should consider creating more infrastructure for Wamachinga businesses in places such as Makumbusho, Tegeta Nyuki, and Bunju while keeping the rents affordable and the building structures user-friendly.

Another informant from Tandika explained that the president's objective was to facilitate Wamachinga's businesses by issuing three orders: that Wamachinga should be recognised, neither disturbed nor harassed during their activities and allocated formal areas in which to operate their businesses. However, the major challenge was the speed at which the number of Wamachinga was growing relative to the ability to identify and allocate business areas. In this regard, a Tandika Ward Councillor explained:

I suggest allocating areas that would accommodate 150 percent to be a safe place in the future. Second, stop using reserved and restricted road areas by introducing strong enforcement mechanisms. All these measures should be implemented step-by-step and in a participatory way.

According to the Majimatitu C Mtaa officer, formalisation might be enhanced by ensuring that traders move into the allocated areas such as Tuangoma, Kisewe Mbande, Kilamba, Chamanzi, Yombo, Dovya, Kizuiani and Kwamangaya. To facilitate that, bus terminals should be built in those areas to facilitate people's conveyance. Furthermore, the government could introduce other services that would encourage more people to visit those areas in addition to allocating special land/plots for private sector investment.

A key informant from Ilala municipality said that Machinga philosophy of doing business is to hunt for rather than await customers. This explains why having a good area with all the necessary infrastructure alone cannot convince Wamachinga to move their businesses there, which poses a huge challenge. Ilala Municipal Council, for instance, was finding possible ways to create simple structures in the restricted areas identified by street vendors. The exercise should also consider the distance from the main road, the cleanliness of the environment; whether other users can pass by; and registering and assigning numbers to traders. Facilitating this development, it was pointed out that an acceptable, simple, but comprehensive design was needed that was attractive and accommodated many traders simultaneously. It was envisaged that this action could contribute to the council's revenues.

Also, they suggested that the government could change the land use and create an infrastructure for Wamachinga businesses. A participant in the Buguruni FGD said: "I'd suggest our experts visit Vila or Kasalo market structures in Kampala before constructing one here. I have been to Kampala; the infrastructure is conducive for our businesses." Likewise, ILO (2000) proffered that the relocation policy aims to solve the problem of urban informality among street vendors, but an empowerment programme should accompany the policy. Such empowerment

could include improving the working condition gradually while raising the productivity and income of the street vendors operating in the informal sector. Ironically, however, the management of street vendors through relocation that the government usually performed was unsuccessful and “failed” (Kamunyor, 2007; Soln, 2003; Swanson, 2007; Ndhlovu, 2011). Research on street vendors show that relocation had been undertaken without any integrated planning or humanistic approaches. As a result, several researchers have noted large-scale conflicts between vendors and the government (Donovan, 2002). There has been criticism of the order enforcement, whereby rude, repressive actions were taken against street vendors by the enforcement agents (Verchen, 2008).

Warsono (2016) remarked that the humanistic relocation model of street vendors could be more relevant to work in modern society. This model helps people to be fully relocated as fairly as possible, according to their needs, throughout the relocation process. Policy formulation under a “humanistic model” is mainly enacted by the leaders of the city government and supported by politicians, in cooperation with public leaders/academics and the mass media, by increasing the relocatees’ participation. Relocatees are invited to participate in and contribute to realising a dignified relocation agenda. The humanistic model highly respects people’s rights. In the case of relocation, people get an opportunity to make suggestions and proposals, which are then incorporated into the framework of government programmes. Relocatees are part of society and must feel empowered. Relocation is realisable through co-operation and negotiation with various groups. When implementing a relocation policy, the city government should be courteous by using the local culture when approaching street vendors.

Moreover, Permana *et al.* (2016) reported two different approaches, i.e., incentives and disincentives, as illustrated by the cases of Jakarta and Bandung in Indonesia. Offering incentives for both street vendors and customers appear to remain the best option for finding a permanent solution to the street vendors’ issue. Disincentives could fail due to the socio-economic conditions of the actors, as both street vendors and customers tend to be socially disadvantaged and economically underprivileged. The former simply implement their constitutional right to earn

money, albeit in the incorrect location. In the meantime, the government can provide neither appropriate areas where they may operate their businesses nor enough formal jobs. The city government should recognise this dilemma in implementing policy regarding street vendors.

The newly-installed city leadership styles in Jakarta and Bandung cities showed two approaches to finding a sustainable solution to the street vendor problem. Whereas the Governor of Jakarta applies an incentive approach to street vendors by transferring them from the streets of Jakarta to an appropriate area, the Mayor of Bandung City applies a disincentive approach by penalising those who make purchases from street vendors located in the “red zone.” The ‘incentive-to-street-vendor’ style, to a certain extent, is the most difficult approach in terms of patience, determination, resistance, planning and time. Still, it also amounts to the most humane and reasonable attitude to adopt. Rational street vendors prefer this approach because of the various incentives they receive, although its implementation was not necessarily smooth or immediately accepted by the street vendors.

The ‘disincentives-to-street-vendors’ style is the best-known, most widely applied approach adopted by different city governments when handling street vendors. This approach is very popular with the Indonesian city authorities for several reasons: it is the easiest method for most city authorities in Indonesia; it produces instant results; deliberative planning is unnecessary; it is inexpensive, and all that is required is physical power. The ‘incentive-to-customers’ approach is rarely implemented. Again, in the post-relocation phase for street vendors in Jakarta, this ‘incentive-to-customers’ is implemented by providing facilities such as free Wi-Fi, escalators, convenient parking, a children’s play area and door prizes to encourage customers to visit and make purchases.

The Mayor of Jakarta organised business-like lobbies by repeatedly inviting the street vendors to free lunches and dinners without mentioning the relocation plan. After more than 50 intimate meetings with the street vendors, Mayor Joko Widodo told the group of the relocation plan, which was then discussed in a relaxed

manner with an honest exchange of views. The discussion led to reasonable proposals and conditions from the street vendors. Three major conditions for the relocation were proposed to the Mayor: The street vendors requested assurance from the Mayor that the building and location of the new location be appropriate, that their existing customers would visit the new location, and that their income would not be affected. Mayor Joko Widodo accepted all three points contained in the proposal.

However, he explained that he could not guarantee that the street vendors' income would be maintained but would make every effort to help promote an increase in their income. To implement the commitment of the Mayor, in parallel with the lobbies, the new area was renovated and restored to receive the relocated street vendors appropriately. The street vendors were also taken to view their new location. Alongside this development, the City government re-routed several city public transport routes to pass by the new location to encourage the citizens to visit and shop there. Continuous commercials on the local media (TV, radio and local newspapers) to promote the new location of the street vendors were also organised. Consequently, the relocation of the street vendors of *Banjarsari* was successful under Mayor Joko Widodo and did not create any social problems.

On the other hand, similar efforts had failed under two former Mayors of Surakarta, the predecessors of Mayor Joko Widodo. The keyword to this success story is 'relocation,' not 'eviction.' 'Relocation' contains the spirit of '*diwongke*' (a Javanese word that means being treated humanely) of the street vendors. The socio-economic rights of the street vendors, as citizens, were respected. Meanwhile, 'eviction' ignores these rights and focuses solely on the authorities' goals, i.e., the pseudo-quality of the city. There is a significant difference between the traditional approach of 'eviction,' normally employed by most Mayors or city authorities in Indonesia, and the new approach of '*diwongke*', as introduced and successfully executed by Mayor Joko Widodo.

7.8 Strengthened Street Vendors' Association

Street vendors' associations play an important role as they represent them and negotiate on their behalf regarding various matters. During the FGDs, the street vendors suggested the need for having a strong association headed by leaders drawn from amongst the street vendors themselves who are committed to helping the vendors. They thought the leaders would be good agents to train them on formalization and directly manage the formalisation process. Such an association should be legally recognised nationally and spread out to specific business centres, as the participants suggested.

One of the key informants said that, in Rwanda, the associations own and manage the workspaces, so when it was time for a trader to graduate, they must rise to the higher level of running a formal business/shop. The associations have built some structures, whereas others have rented premises. This was possible because the groups have an umbrella organisation collecting members' contributions. Also, the associations can borrow money from financial institutions. However, they sometimes faced the challenge of borrowing money from financial institutions to erect a building when they lacked sufficient customers to rent it out.

The importance of having such an association as a tool to facilitate the formalisation of their businesses was also stressed by Olomi and Charles (2016). They noted that the use of indirect formalisation through empowering associations and co-operatives to deliver formalisation services to their members is far more effective and efficient compared with using formal government institutions (direct formalisation). Indirect formalization has a greater potential to be inclusive and reach the base of the private sector pyramid. Furthermore, the study has established how associations represent street vendors in various contexts.

The secondary data analysis indicates that in Dar es Salaam, since the 1990s, the Association of Small-Scale Businesses (VIBINDO) has appeared to influence negotiations with the government over the informal economy (Lyons & Brown, 2010). The association acts as a lobbyist and pressure group and is involved in selecting public spaces for business activities (Nnkya, 2006). For example, VIBINDO was involved in the planning and implementation of the Sustainable

Dar es Salaam Project that was introduced in 1992 by UNDP and UNCHS. This project led to the acceptance and formalisation of street trading in certain areas and the development of new markets for traders who had been evicted from streets designated for clearance (Lyons & Brown, 2010).

From the same perspective, Nnkya (2006) and Muiruri (2010) affirm that the presence of street vendors' associations can play an essential role in the selection of space for business activities, defend workers' rights, secure access to basic services, influence policy and increase the group's bargaining power. Even in countries such as India, the authorities advocate for establishing street vendors associations as a panacea in managing and addressing the street vendors' issues. In this regard, India established the National law known as the Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2013 (SEWA, 2014) to accommodate the needs of street vendors working in the informal sector. In South Africa, associations provide several business services for their members, such as bulk purchasing, storage, marketing, training, negotiation and advocacy (Mramba, 2015; Mitullah, 2003). For instance, the Queenstown Hawkers Association in South Africa represented street traders from various groups during the negotiation of by-laws. In contrast, the Self-Employed Women's Union (SEWU) negotiated with Durban Central Council over-improved facilities for its members, such as water supply, toilets, shelter and childcare facilities (Mitullah, 2003).

7.9 Improving the Implementation of the Machinga ID Initiative

The formalisation of street vendors' businesses using Machinga IDs was mentioned as one of the ways to enhance formalisation for several reasons. Suggestions include allowing for the development of a database for the Wamachinga to facilitate effective planning and revenue collection for street vendors and national development. However, the participants stated that several improvements are required for this approach to yield positive, sustainable results. First, the IDs should contain the entrepreneurs' details, such as their name, photo, type of business, area, etc.

Second, the implementation of the exercise should be more participatory, involving Local Government officials from the municipality down to the Mtaa and Wamachinga leaders. Doing so could ensure that IDs are given to the right people and those accurate statistics are obtained. Several Local Government officials viewed the 2019 exercise of giving IDs to small entrepreneurs as insufficiently participatory; it was an order from above, and there was pressure to distribute the IDs, which could have resulted in these being given to the wrong people and, hence, yielding unreliable statistics.

Third, it is necessary to assess the nature, size and location of the businesses before categorising the traders according to the amount they should pay instead of a flat rate for all. Also, traders can pay in installments. Vendors should also pay other charges, such as for environmental cleaning, either separately or as included in the ID card's annual fees. Fourth, the granting of IDs should be accompanied by the allocation of proper business areas by municipalities, with legal action taken against traders and clients conducting business in restricted areas. Fifth, there should be an enactment of law supporting the initiative and its implementation.

7.10 Conclusion

This chapter has presented and discussed various ways the respondents proposed might enhance and expedite the formalisation of street vending businesses in Dar es Salaam city, Tanzania. Each proposed method will be briefly reviewed hereunder.

Training on the overall concept of formalisation, opportunities and how to go about it as well as capacity-building training on business, accounting and productivity skills, were reported to be crucial. Second, accessibility to affordable financial services was also mentioned as a possible way of motivating vendors to formalise their businesses. Accessing loans would also allow them to top up their limited capital and enable them to grow and develop the confidence to undertake a formal business. It was further suggested that there was a need for simplified registration procedures, affordable entry costs and after-formalisation costs. It was revealed that many informal enterprises could be explained by the high entry costs to the formal sector and the high levels of tax, fees and/or contributions

(multiplicity of taxes). These high costs tend to exclude these informal enterprises from participating in the formal economy (De Soto, 1989). For informal enterprises, the benefits of formalising are not significant enough to compensate them for the costs associated with formalising.

In addition, a participatory approach that brings together different stakeholders from the planning to the implementation stage was recommended. The street vendors' involvement and views should form part of the business formalisation process. Formulating a specific policy to handle and protect street vendors' affairs was essential. It was reported that street vending was illegal conduct. Street vendors normally work under harsh conditions or politicians' statements or favour, especially when the latter seek support around election time. Moreover, affordable, business-friendly trading premises with the necessary infrastructure and services, with good transport links and a high footfall, should be constructed.

It was also suggested that the street vendors' representation (association) across the country should be strengthened to enhance their capacity and increase their independence. This association should be owned by the vendors and recognised as a key agent in formalization activities. The association could identify, train, register and monitor the overall exercise. Finally, it was suggested that the small entrepreneurs' Identity Card strategy (Machinga IDs) should be improved. It was highlighted that the strategy has somewhat reduced the harassment against Wamachinga and contributed to the government's revenues. If well understood and implemented, it could provide an excellent way to identify street vendors and establish their status, marking an important achievement in planning and revenue collection.

CHAPTER EIGHT

SUMMARY, CONCLUSION AND RECOMMENDATIONS

8.1 Introduction

This chapter provides a summary of the study. It is divided into four major parts: An introduction that recaps the main objective of the study, its empirical and theoretical foundation as well as the methodology applied (8.1); a summary of the major findings of the study for specific themes based on the specific research objectives (8.2); a new contribution to knowledge (8.3); and, finally, the policy implications and recommendations for further study (8.4).

This study investigated why the formalisation of street vendors' businesses in Dar es Salaam city has not materialised despite concerted government efforts. Specifically, the study addressed four objectives, which were to analyse the initiatives available to formalise street vending businesses in Dar es Salaam city; examine the extent of the participation of street vendors' businesses in the formalisation process; establish the reasons for the success and failure of formalising street vendors' businesses, and determine viable ways for formalising street vendors' businesses in Dar es Salaam city.

The study used the forbearance theory, supplemented by the key perspectives of informality (exclusion and exit). The forbearance theory was employed based on the existing literature. In many developing countries, street vendors are often ostracised. They are blamed for heightening traffic congestion, polluting the environment, engaging in tax evasion, and raising environmental health issues because of their unregulated, uncontrolled trading environments. Street vendors are widely viewed as promoting a 'backward' picture that conflicts with the future expectation of clean, healthy streets that many emerging cities attempt to achieve. The negative picture associated with street vending has led to aggressive removal policies being enforced in the developing world's cities. Still, these measures have rarely proved successful in the long term. Policies to relocate or remove street vendors often ignore the economic importance of street vending activities. The past research focused on the causes, contributions associated with vulnerability,

and effects of street vending. Several studies in other parts of the world further examined the nature of the relationship between street vendors and the government, the government's initiatives to formalise the informal sector, the reasons why street vendors trade outside the market infrastructures, and the challenges and constraints associated with formalisation (Udoh, 2014; Msoka, 2007, Olomi & Charles, 2016; Mramba, 2015; Mnyawi, 2014; Ndhlove, 2011).

Moreover, most studies were conducted in Central and Latin America and Asia. The studies mainly focused on the causal effect of policies designed to promote firm formalisation (Bruhn 2011; Kaplan, *et al.*, 2011; Bruhn & McKenzie, 2013; Cárdenas & Rozo, 2009; Bruhn, 2013; Mullainathan & Schnabl, 2010; Alcázar *et al.*, 2010; Andrade *et al.*, 2013; De Mel *et al.*, 2013; Giorgi & Rahman, 2013). Most of these studies concentrated on informal enterprises/firms and not specifically on the street vendors' sub-group. Again, most studies reviewed employed a quantitative approach, especially experimental methods. In the case of SSA, and Tanzania in particular, there was a shortage of specific and detailed literature that discusses why street vending flourishes in the "business as usual" fashion, despite the government's efforts to formalise such trading activities and associated benefits. In addition, since the introduction of the small entrepreneurs' Identity Cards "Machinga IDs" as the President's initiative to formalise small informal businesses in Tanzania in 2018, few or no studies have been undertaken to explain its implementation. This study, therefore, employed the forbearance theory (supplemented by perspectives) to study and fill the identified knowledge gap.

The study adopted a qualitative research approach that accommodated quantitative data. Specifically, a "qualitative case study design," which is "an in-depth description and analysis of a bounded system," was adopted. Detailed, in-depth data collection involving multiple sources of information such as interviews, FGDs, observation and documentary review were employed. Moreover, the case study method was employed to facilitate an in-depth understanding of the initiatives and processes of formalization, its successes and its failures. It sought to understand how individuals constructed meaning and interpretation in business

formalisation. However, this study began with a descriptive design using a survey method involving a small sample size of 150 street vendors (a quantitative approach). The survey was conducted using questionnaires to collect information from street vendors to understand the nature of their demographic characteristics, business information, awareness, perceptions and views of formalization processes. The use of a survey elicited a broad, deep understanding of the magnitude of the problem by gathering the voices of a reasonable number of street vendors, but not to the extent of these being generalizable to the population.

Qualitative and quantitative data analyses were performed using the NVivo 11 Plus software and STATA 14 software, respectively. Data were obtained from both secondary and primary sources and then triangulated using interviews, FGDs, questionnaires and observations that helped to validate the consistency of the responses and findings. All the relevant research procedures were adhered to under the researcher's professional code of conduct. Descriptive statistics were applied to analyse and present quantitative data, with results appearing in tables and graphs. The qualitative data were coded and organised into themes informed by the study's specific objectives. Verbatim statements from the interviews and FGDs help to substantiate the main issues that the respondents raised that help to answer the research questions.

8.2 Summary of the Study Findings

8.2.1 Initiatives for formalising street vending businesses in Dar es Salaam

Profiling the street vendors in the city of Dar es Salaam was an important aspect of this study to establish the key characteristics of the vendors and, hence, build a foundation for discussing and enriching the study's main findings. Street vending presents one of the few viable opportunities for many people in developing countries to make a living and earn money, particularly those with little education or few formal skills. Initially, this study found that most vendors surveyed in Dar es Salaam city were male (90.67%), with very few females (9.33%). Several reasons were offered for this huge gender gap: The dominance of males in the street vending business, partly also because in the past street vending was

characterised by violence and even street fighting with city askaris, hence causing women to shy away from such 'risky' petty trade. Also, the patriarchy-based traditional or cultural practices that consider women responsible for cooking as well as dealing with food crops (Mama Lishe) and selling food crop products were other factors. The findings suggest that most urban females engage in food vending and food crops as opposed to industrially-finished goods, which was the focus of this study. In addition, domestic responsibilities such as childcare also tend to limit the women's opportunities for participating in street vending activities.

Moving away from the profile and characteristics of street vendors, the exploration of vendors' business information served as a softer dimension of their estimated capital and average profit from their vending business. The important finding in this study was that most of the street vendors (87.3%) had an estimated business capital of 100,000 to TZS 2,000,000. Only 18 (12%) had capital over TZS 2,000,001. On the other hand, 90 percent of the street vendors claimed to earn an estimated profit of TZS 5,000 to 50,000, whereas 14 (9.4%) had an estimated profit of more than TZS 50,000. A minute number (0.67%) of the street vendors had a profit below TZS 5,000 per day. Generally, based on the business capital and profits, most of the responding street vendors had an annual turnover exceeding TZS 4,000,000. Hence, they are eligible for presumptive tax per the country's rules and regulations (TRA, 2011). However, they still hide under the umbrella of Wamachinga IDs.

The study also explored the initiatives instituted for formalising street vendors' businesses. The results suggest that the development of petty trading and informal use of the urban space have been accompanied by various, at times, conflicting policy responses and interpretations. Other studies found that, in 1963, the by-laws made petty trading illegal, and, in 1974, the city authorities sought to deport all the informal workers back to their villages. This policy proved largely unsuccessful (Lyons & Msoka, 2009). The findings show that the government's efforts to formalise street vendors' businesses in Dar es Salaam, where this study was undertaken, date back to the early 1980s. Six initiatives to formalise street

vendors' businesses have been analysed: The simplification of the laws and regulations; the allocation and construction of business premises; training and capacity-building; the introduction of Machinga Identity Cards; and the enforcement of the regulations. The street vendors' initiative and organisation formed the sixth initiative.

The results from the secondary sources suggest that the Human Resources Deployment Act of 1983 aimed to serve as a disciplinary code that branded all self-employed as "unproductive." It soon became clear, however, that the government lacked the means to continue repatriating "unproductive" elements (Tripp, 1996, 1997). The law allowed local authorities to grant licences for petty trades ("Nguvu Kazi Licence") for which small-scale traders paid a one-off annual fee to honour the pledge. The "nguvu kazi licence" also served as a means of gainfully identifying engaged loiterers, who were forced to return to their respective villages during the crackdown. The "nguvu kazi certificate" was provided to the local government by the Department of Community Development and could be issued only to those operators who possessed temporary premises. The "nguvu kazi" licence somewhat legitimised smallholder traders to engage in productive work and contribute to the government's revenue (Lyons & Msoka, 2009).

Apart from legitimising street vendors by issuing the "nguvu kazi" licences, the study established that other strategies later emerged but were poorly documented, including the "Magulio" strategy (auctions), a common practice in the village framework now being replicated in urban settings. Under this arrangement, the municipalities could allow certain public places, such as open ground, road reserve areas, individual private land, or government entities, to serve as a makeshift market for occasional auctions occurring within the specified time. At each market, every operator is assigned a fixed slot. Every trading site has a leader who ensures maintenance of order and cleanliness in the area is kept clean. Traders pay a small fee to those who clean the market.

Moreover, there have been several other policy-based initiatives aimed at enhancing the business environment in the country. Findings revealed that the following initiatives had been introduced to create a good business environment and provide support for business growth: the Business Environment Strengthening for Tanzania (BEST) programme, which led to the formation of the Property and Business Formalisation Programme (PBFP) or MKURABITA as the initiative is known under a Kiswahili acronym. It is a government initiative that seeks to establish a legal and institutional framework to facilitate the effective formalization of extra-legal real estate and business assets. The Business Activities Registration Act (2007), or BARA, was another government attempt to formalise informal businesses in Tanzania. However, the findings suggest that both programmes were poorly crafted and executed and so failed to accommodate the operations of street vendors as a group. Also, the primary data revealed that most of the responding street vendors were unaware of either MKURABITA or BARA. From the respective municipalities, there were also by-laws and regulations guiding all their operations, enforceable by the municipal authorities. However, politicians occasionally interrupted enforcement, mostly whenever they needed the vendors' electoral support.

Furthermore, the study observed that the city land-use master plan did not consider space for small traders' operations in the Central Business District, where street vendors prefer to work due to the high footfall. In the early 1990s, the VIBINDO Society has involved in the planning and implementation of the Sustainable Dar es Salaam Project that was introduced in 1992 by the UNDP and UNCHS. This led to the acceptance and formalisation of street trading in certain areas and the development of new markets for traders who had been evicted from streets designated for clearance (Lyons & Brown, 2010). The National Income Generating Programme developed markets such as the Stereo Market in Temeke, and Makumbusho, in Kinondoni district. Also, the Machinga Complex was built by the Ilala Municipal Council, following advocacy efforts by the VIBINDO Society, but remains largely a white elephant for various reasons such as the high

rents, and lack of customer car parking, low footfall, and poorly designed building structure (6 storey).

Also, three Dar es Salaam municipalities have allocated several vending sites, mostly outside the town centres. The study found that most street vendors from all the research areas knew about such efforts and allocated areas but continued to operate in undesignated areas because the new areas lie in the periphery, with low footfall. Moreover, the sites are not conducive for vendors' businesses due to the poor infrastructures and lack of necessary services and amenities such as security, water, toilets and electricity, as well as the long distance from where they obtain their merchandise. Similarly, Bromley (2009) argues that because the municipality concentrates on pushing informal operators toward peripheral locations less attractive than the business centres, this policy continues to influence the negatively the municipality relates to informal operators.

The study further explored the capacity-building efforts the government and other stakeholders have made through training to enhance entrepreneurship skills, financial knowledge and awareness education on the concept, procedures and opportunities to operate businesses formally. Generally, it emerged that there was little or no provision of training to boost the productivity, accounting knowledge and entrepreneurship skills of street vendors by the government. Various non-governmental organisations hosted a few training sessions to equip the attendees with relevant business information, entrepreneurship skills and opportunities to access loans from different financial institutions. The training was dominated by the financial institutions seeking customers to secure loans once they met the specified criteria.

The most recent government initiative for formalising street vendor's businesses was the introduction of the Wamachinga identification cards in 2018 by President Magufuli. This strategy was coupled with an order that Wamachinga should be recognised and allowed to operate freely nationwide, even in restricted areas. Data collection established that the programme had no legal support beyond its being a presidential statement/order. The ID card strategy was said to have ended the

harassment of Wamachinga and contributed both to their income and the government revenue.

Generally, the Wamachinga ID initiative appeared to be a cure for street vendors who suffered from harsh treatment, government revenue collections strategy and knowing the group size for the plans. However, the strategy faced several challenges, including the limited engagement of the LG officials during the planning phase, hence making this strategy clash with the existing by-laws and regulations. Other weaknesses included the IDs lacking important personal details, limited training and understanding of stakeholders and the fact that the sustainability of this strategy remains unclear. On the one hand, this strategy has ended the harassment of small traders; on the other hand, it has made it increasingly difficult for the LGAs to enforce their by-laws and business formalisation plans. In some way, it has been viewed as unfair by the formal shop owners who trade similar items and pay different taxes, while Wamachinga pay only TZS 20,000. Also, findings revealed that the strategy was politically motivated and aimed at winning over vendors' political support. This situation is supported by the forbearance theory, which states that politicians may constrain the enforcement of the laws and regulations for their political interests.

In addition, the enforcement of the laws and regulations formed another important aspect of the formalisation of street vendors' businesses. The enforcement exercise was implemented by the city askaris, hired by the municipalities. The coercive methods employed by the city askaris ("Mgambo wa Jiji") sparked hatred among the street vendors before 2018. To enforce the laws and regulations affecting the Wamachinga's operations in the city, the study found that vendors had developed different coping mechanisms. These mechanisms include running away, opening their businesses late in the day, bribing the enforcers, and communicating with each other about the enforcers' movements.

If caught, the street vendors would sometimes offer the city askaris a bribe of 2,000 to 10,000 for their release. However, on critical occasions, they might end up paying the government official a fine of TZS 50,000 or losing their belongings.

Generally, this study cautions against ignoring the need for a sustainable model for formalising street vendors' businesses, since their number is rapidly growing as the sub-sector continues absorbing even graduates at different. Hence there was a need for a policy, laws and regulations.

The study also found that the street vendors' initiatives and organisations were, to some extent, supported by the government in the three municipal councils of Ilala, Temeke and Kinondoni, which have since expanded to five with the addition of Ubungo and Kigamboni District. Such organizations were reportedly crucial in conveying the concerns of street vendors to the city authorities. Moreover, the vendors' organisations, particularly those in the city centre, were more active in national and community welfare than those outside the town centres.

8.2.2 Street vendors' participation in formalisation in Dar es Salaam

The findings show that, generally, there was low participation by the street vendors in the formalisation of their businesses. In Tanzania, Dar es Salaam city, 40 percent of the 150 vendors interviewed reported that they had neither participated in nor been represented regarding the formalisation process, whereas 29 percent said that representatives from their business locations represented them. The remaining 23 percent reported that SHIUMATz and the VIBINDO Society represented them. The findings further indicate that most of the street vendors were unaffiliated with any of the formal associations. Possibly, they were less informed or did not consider the organisation to be useful to them. In many places, the organisations and leaders of the street vendors were location-based, voluntary, or seasonal. They had little or no participation and weak lobbying power before the authorities. Almost every Machinga was affiliated with some organised group, from formal to informal to self-help groups. This affiliation could be a very good entry point for indirect business formalisation.

Moreover, the findings indicate that there was a relatively weak vendors' association/organisation to represent their voices to the government. Less than 40 percent of the responding vendors were represented by formal and national associations (VIBINDO Society and SHIUMATz). Even though the VIBINDO

Society and SHIUMATz are mainly based in Dar es Salaam and some other regions such as Iringa and Mwanza, they were unknown to a significant number of street vendors and local government officials. They were known mostly in some town centres.

Besides, this research shows that associations such as the VIBINDO Society and SHIUMATz created synergy between the Wamachinga leadership and municipal authorities on street vendors' welfare regarding trading spaces and their rights. This research established that, for several reasons, including lack of time, most street vendors have never participated in formalisation decision-making processes and have never heard of or been invited to such meetings. In principle, the meetings have been going on for a long time, but the agenda were reportedly not beneficial to vendors.

More significantly, the findings suggest that, to a large extent, the involvement of Wamachinga and their representatives had less influence on the formalisation of decision-making. The meetings were mainly intended for the government to give directives regarding what had already been decided. There was little room for negotiations, and, on some occasions, misunderstandings emerged, and the meetings ended without reaching an agreement. Also, it emerged that, in some places, the government officials primed certain Wamachinga representatives and persuaded them to promote the wishes of the local government officials and disregard the interests of the entire Wamachinga group.

In addition, before President Magufuli came to power, there existed an unfavorable relationship between Wamachinga and the local government authorities. The government officials used its machinery to harass and oppress Wamachinga during their operations, mainly in the restricted areas. As such, the order of President Magufuli to recognise and permit street vending operations in restricted areas, together with the subsequent introduction of Machinga IDs, crippled the local government officials' ability to exercise some of their legal mandate of superintending over street vendors.

Consequently, the improved relationship between the two parties began to grow to facilitate other activities. Increased involvement and participation of vendors in the formalisation of their businesses have also cultivated trust and created a good atmosphere for street vending activities. The street vendors were involved by attending in-person meetings or represented by their leaders. They met leaders from their wards, municipal councils, District Commissioner's office, TRA and financial institutions. The issues discussed included the Wamachinga leaders' weaknesses, cleaning their work areas, social protection issues, official and permanent areas for vendor businesses, the registration of business tables, registration and payment for Wamachinga ID cards, and how to register a company, pay taxes, and obtain loans.

However, there are still some places (Bunju and Tandika) that still treat the Wamachinga as troublemakers and not people with whom one can negotiate. Viewed from the forbearance perspective, key literature used in this framework shows street vendors in Dar es Salaam city gained more support for their businesses under President Magufuli's leadership. One can witness a fair, friendly relationship between Wamachinga and the local government authorities. Currently, government officials no longer use their machinery to enforce some of its laws, which used to harass street vendors during their operations, mainly in restricted areas. It is because President Magufuli—who died in office on March 17, 2021—recognised and permitted street vending operations in these areas. He had also introduced the ID cards that compelled the local government authorities to adopt a different approach toward street vendors.

8.2.3 Success and failure of formalising street businesses in Dar es Salaam

The research explored the reasons behind either the success or failure to formalise street vending activities in three municipal councils based on various themes. Under this section, the term success was not used to mean the accomplishment of the formalisation process. That is, informal businesses successfully transform into formal businesses. However, an improvement or progress made on the way to formalisation process includes the introduction of Machinga ID, which provides

tentative statistics of the number of street vendors, and vendors can conduct business without being harassed or confiscation of their wares. It allows them to maintain their capital and sustain their lives. They are also contributing to the government revenues and giving them access to loans from banks and other financial institutions. Moreover, negotiations and agreements between government and vendors over different matters, including participatory planning on space use, waste management and security issues, are some of the outcomes.

During interviews with the key informants and FGDs with the street vendors, it was repeatedly stated that strong, committed government leaders are one of the most important factors in achieving the formalisation of street vendors' businesses. Overall, the street vendors admitted that the presence of committed, strong government leadership had created a conducive environment for street vendors in which they felt safer presently than in the past when they suffered harassment they experienced in the past from the municipal security and police. Most of the respondents agreed that the introduction of Machinga ID cards had reduced the amount of disturbance that street vendors experienced, and they were now able to operate their businesses anywhere. Furthermore, it was noted that the President's promises on the right of street vendors to run their businesses had fostered the formalisation of the vendors' businesses. The process entailed instructing all the regional commissioners nationwide to recognise street vendors and assign to them conducive areas for conducting their businesses. The revised literature contends that for the formalisation of street vending, there was a need for strong, committed government leadership (Permana *et al.*, 2016).

The introduction of Machinga IDs was believed among the street vendors to constitute strong presidential commitment and one of the important milestones in the formalisation process. The strategy has helped identify and provide estimated statistics about small traders to facilitate planning and revenue collection. However, the ID card initiative entailed various critics, including confusion among the stakeholders, a lack of legal support and scepticism regarding its sustainability. However, several respondents reported that the strategy was politically motivated to attract the street vendors' political capital (votes). Likewise, Holland (2014)

stated that forbearance could be provided to the poor, contingent on political loyalty, as a form of clientelism, or in an unbiased fashion, as an informal welfare policy.

The study has also revealed that the involvement and negotiations between Wamachinga and the local government authorities had successfully encouraged vendors to comply with city by-laws, including keeping the trading areas clean. The findings also show that street vendors and LGA sat together and bargained was one of the primary factors in the former adhering to the regulations to formalize their businesses. For instance, the Kariakoo Wamachinga Association (KAWASSO) attended meetings and contributed ideas concerning allocating the Wamachinga spaces on the road-side parking at Kariakoo. The Wamachinga leaders managed to influence change in the size of the tables, which the government initially designed, to accommodate more Wamachinga. This helped street vendors to comply with the agreed arrangements.

Additionally, the study has established that there was no single overall leadership or association that closely united Wamachinga across the six research areas. It was noted that the relatively strong leadership at Kariakoo (i.e., Kariakoo Wamachinga Association, KAWASSO) and another leadership at Mwenge before February 2019 positively affected formalisation. Both organisations played a vital role in lobbying with the government and community on social engagement, security and enforcement of by-laws and regulations. All these aspects strengthened the relationship and recognition of street vendors by the government and the community at large. This development amounted to success and a gradual process of business formalisation. Through these associations and leaderships, street vendors participate in and support sports, education, health, environmental conservation, the rehabilitation of roads and public offices and national events, like launching different projects and the Uhuru torch rallies. Such engagement slowly began to convey a positive image and recognition of street vendors as an important group that needs legal protection. However, behind these engagements, there was a political force and many of the Wamachinga leaders have close links with the ruling party, CCM.

Furthermore, the VIBINDO Society oversaw a Mburahati market project, which cost around TZS 2.2 billion. The society lobbied for and obtained funds from DANIDA and TAMISEMI through a PPP arrangement. This project would provide a conducive and proper business site for small traders. VIBINDO Society also signed a formal agreement with the National Health Insurance Fund (NHIF) and Resolution Insurance (private health company) to provide reasonable, high quality health insurance services to their members. These were counted as important achievements in formalising informal businesses.

Conversely, several reasons were mentioned for the failure of formalisation and the street traders' general reluctance to engage in this process, including limited access to designated areas, political interference, vendors' low level of education and training, insufficient resources and enforcement capacity and the costs associated with the pre- and post-formalisation periods. The lack of appropriate, well-established business trading sites that the vendors preferred was a critical challenge. It was revealed that the land-use plan did not apportion street vendors' adequate spaces, and so they traded in restricted zones temporarily. Most of the designated markets lay outside the town centres, with a low footfall and a lack of important infrastructure and services, such as stores, toilets, sheds, water, electricity and security. Also, they were situated far from where the vendors buy their ware (Kariakoo, Ilala), so the high costs in terms of travel and time posed a challenge.

Political interference was another obstacle to business formalisation which featured in their responses. Politicians often blocked government officials from enforcing the city by-laws and other formalisation regulations to gain the street vendors' votes, mainly around election time. In particular, Holland (2014) argues that forbearance toward the poor violates laws and is more prevalent in developing countries because the social policy remains inadequate and hard to expand locally. Without welfare alternatives, forbearance is an attractive tool for mobilising voters, whereas enforcement carries high electoral costs.

Also, street vendors' lack of awareness, education and training about business formalisation, steps and procedures, opportunities and entrepreneurship skills severally emerged as a constraint to business formalisation. Most street vendors were unaware of formalisation, how to go about the process, possible opportunities, and better ways to conduct their businesses. The entry costs (licence, time) and recurrent costs (rent, tax) made the street vendors prefer operating informally. This finding corresponds with the exclusion views to the effect that a large share of the informal enterprises can be explained by the high entry costs to the formal sector and the high levels of taxes, fees and/or contributions that are associated with becoming and/or remaining formal (De Soto, 1989). The findings further suggest that a lack of required capacity experience and inadequate resources on the government's side have caused the formalization exercise to fail. Other factors included poor co-ordination among different local government offices, which perform related functions and both the street vendors' and customers' mindsets regarding their preferred business styles.

8.2.4 Viable ways for formalising street vendors' businesses in Dar es Salaam

The literature indicates that empowering and formalising street vendors' businesses in Denpasar, Bali, Indonesia encouraged those working in the informal sector to upgrade their skills and/or gain access to business capital (Nilakusmawati *et al.*, 2019). Examples of such street vendors' empowerment programmes included improved business capability; easier access to capital; more trade facilities assistance; institutional strengthening; and increased production, processing, network development and promotion. In the primary data, several ways were proposed for formalising street vendors' businesses, including training on the overall concept of formalization, opportunities and how to go about it. Moreover, capacity-building training in business, accounting and productivity skills were crucial. Under this theme, this research established that most street vendors lack the necessary business skills to run their businesses. So most of them reported that the provision of training, particularly related to entrepreneurship skills, financial skills and loans, would help them to conduct their businesses.

Second, accessibility to affordable financial services was also mentioned as a possible way to motivate vendors to formalise their businesses. Access to loans would enable them to top up their limited capital, grow their businesses and develop the confidence to strive towards operating a formal business. Access to financial facilities remained a significant challenge for street traders as most could not access loans from financial institutions because they lacked the requirements/collateral. Easily accessible loans from informal money lenders were reported to have high-interest rates, and, in many cases, there was no guarantee that one could access such loans when needed.

During FGDs, vendors proposed that the government might help them to secure loans by establishing separate SACCOS for Wamachinga, or a separate banking entity, local government or other financial institutions, without the need for any other collateral than their businesses. Whereas vendors considered access to finance could lead to business formalisation most of the literature indicates that access to finance comes after business formalisation (Joshi *et al.*, 2014; Mutakyahwa, 2012; USAID, 2005). In other words, a formalised business is one of the qualifications for accessing finance from financial intuitions.

Other suggestions included simpler registration procedures, more affordable entry and post-formalisation costs. It emerged that a large number of informal enterprises is attributable to the high entry costs to the formal sector and the high levels of tax, fees and/or contributions (multiplicity of taxes). The high costs effectively exclude these informal enterprises from entering the formal economy (De Soto, 1989). Had it not been for these costs, most informal firms would choose to formalise. For many informal enterprises, the benefits from formalising are not significant enough to compensate for the costs associated with formalising.

In addition, a participatory approach that brings together different stakeholders from the planning to the implementation stages was recommended. Street vendors' involvement and the inclusion of their views should form an integral part of the business formalisation processes. Formulating a specific policy that handles and protects street vendors' affairs was reportedly essential. Indeed, it was reported

that street vending was illegally conducted, and they normally worked under harsh conditions or politicians' statements or favour, especially when the politicians were seeking street vendors' support during election times. Moreover, the allocation and construction of adequate, affordable and business-friendly trading premises equipped with the required infrastructures and services were important, and trading sites should be well-linked to transport nodes for heightened footfall.

It was also reported that the street vendors' representation should be strengthened across the country to enhance its capacity, make it independent, owned by vendors and recognized as a key agent in formalization activities. The association should be used to identify, educate, register and monitor the overall formalisation exercise. Finally, it was vital to add value to the small entrepreneurs' Identity Card strategy (Machinga ID cards). They highlighted how this strategy had somewhat reduced the harassment of Wamachinga in addition to contributing to the government revenues. If well understood and implemented and supported by law, the strategy can be an effective way of identifying street vendors and their status, which would mark an important step towards enhanced planning and revenue collection.

8.3 Conclusion

This study has described the formalisation of everyday informal street vendors' activities and practices in three municipals of Dar es Salaam city, Tanzania. The relevance of street vendors' businesses in Dar es Salaam city has emphasised the importance of public space in earning a living for the urban poor. This study has revealed some key issues underlying the formalisation of street vendors' businesses in Tanzania's urban areas today and, more specifically, using the context of Dar es Salaam city. Building on the study findings, the study draws several conclusions.

During and after the colonial period, street vending was ignored in the city land-use plans and considered illegal conduct. Nevertheless, since the 1980s, the government has instituted various initiatives to formalise street vendors' businesses, including the Human Resources Deployment Act of 1983, regulatory simplification, the construction and allocation of vending spaces and the issuing of

small entrepreneurs' Identity Cards (Machinga ID cards). However, these initiatives have not proven effective due to a lack of specificity and supporting laws and inadequate commitment and investment in the sector. Also, inconsistent enforcement of the regulations, which is sometimes interrupted by politicians, mostly around election time, and hostile trading places with poor infrastructure and services.

The study findings have several implications and explanations. The low participation by street vendors in the formalisation process echoes that there is still a need for effort to do awareness on the relevance of such initiative to ensure that all street vendors get their businesses formalized. Since most of the street vendors were unaffiliated with any formal association, then the need to convince them to be in one of such associations needs to be taken on board. Also, the involvement of financial institutions can ensure supporting the associations through loans and business education.

As in most places, the representation and leadership of street vendors were location-based, voluntary, or seasonal, and hence had little or no participation and weak lobbying power before the authorities, capacity-building for such leaders remains pivotal. Having established that almost every Machinga was affiliated to some sort of organised group, ranging from formal and informal to self-help groups, the financial institutions, therefore, can now re-think widening their loans access to such affiliations as a pathway to increase their businesses. The relatively weak street vendors' organisations and their inability to present their voices to the government call for 'inclusive leadership' as the way of recognising vendors who also contribute to municipal revenues through annual Machinga contributions.

Despite the presence of Machinga associations countrywide, the VIBINDO Society and SHIUMATz have their base in Dar es Salaam and were largely unknown entities to a significant number of street vendors and local government officials. Hence, the two associations should provide awareness to their clients to increase their links and networks. Such associations are instrumental in resolving the damaging relationship that existed or may arise between Wamachinga and the

local government authorities. Apart from the raised concerns and way forward, this research also provides evidence that increased involvement and participation of vendors in the formalisation of their businesses has created trust and a good atmosphere for street vending activities.

Overall, this study argues that for successful business formalisation to occur: a committed, strong government leadership, participation and negotiations between street vendors and the government authorities and a strong, well-organised Wamachinga association that can lobby/negotiate and guide collective action. Several reasons contributed to the failure or reluctance regarding the business formalisation processes, including limited access to user-friendly, designated trading areas, political interference, vendors' level of education, limited resources and enforcement capacity, and the costs associated with the prior and post formalisation periods. Impliedly, the authorities responsible for formalisation process need to revisit their formalisation approach to come up with more viable approaches.

Several recommendations were made regarding how to enhance business formalisation, such as providing awareness training on the concept of formalisation, as well as capacity-building training on business, accounting and productivity skills, facilitating access to affordable financial services, simplifying the registration procedures, reducing the entry costs and post-formalisation costs, and adopting a participatory approach that brings together different stakeholders from the planning to the implementation stages. Street vendors' involvement and views should be incorporated into the business formalisation processes, together with the allocation and construction of adequate, affordable, user-friendly trading premises containing the necessary infrastructure and services. The street vendors' representation (associations) should be strengthened nationwide, with an enhanced capacity, and it should be independent, legal and owned by vendors.

Generally, it can be argued that formalisation should be a continuous process that should happen gradually, involving incremental steps towards formality. Further, it should be acknowledged that formalization will not advance quickly or

automatically. For traders who choose to formalize, the government's procedures and incentives for registered informal businesses need to be revised and streamlined, with the political interests consciously addressed.

The existing city planning in Dar es Salaam seems to be entirely based on formal business undertakings, with most of the youths and women who engage in the otherwise neglected informal sector neglected. Municipal planners and policymakers must understand the importance of street vending businesses' contribution to the national economy. The government should also legally recognise street vendors and formulate and implement a national policy related to them. The policy should be drafted jointly by the government, street vendors and other stakeholders and include the vendors' voices, which have been largely omitted from most previous plans. Doing so would build a consensus regarding the regulatory and enforcement issues and, in turn, help the government to identify the actual needs of the vendors instead of responding to their assumed needs. The aim is also for the government to devise policies that will create more formal employment opportunities and reduce costs and increase the benefits of trading in the formal market.

Informal street trade is likely to stay an integral part of Tanzanian city life for some time to come. President Magufuli recognised this when he instructed city administrations to allow traders on the streets. It is too early to assess how deep this latest wave of tolerance will go in changing the attitudes towards traders and easing the tensions in urban spaces, especially since any long-term solution will also greatly depend on the government's ability to facilitate large-scale job creation (Steiler, 2018).

To deal effectively with the informal economy and those who earn their livelihood, the government requires a comprehensive economic strategy with the following interrelated components: To create more employment opportunities through employment-intensive growth and formalise informal enterprises by introducing a context-specific mix of incentives. Such motivations may include reduced tax rates and well-established trading areas with a high footfall. In addition, the government

should consider making the law on the street vending relevant to the current economic situation, with the high unemployment rate. Therefore, instead of treating street vendors as a nuisance and illegal or tax evaders, the government needs to revisit the law on street vending to accommodate vendors who do not fulfill the formalisation criteria. One way to do this would be to allow vendors to sell on the streets after 16:00, when the formal shops are winding up their businesses, and the local authority could devise a system for collecting revenue from these street vendors.

8.4 Contribution to Knowledge and Reflection of the Theories

This study examined the formalisation of street vendors' businesses in Dar es Salaam, Tanzania. Over the years, the Tanzania government has been pursuing formalisation of street vendors' businesses. Regardless of the government's intention and efforts to promote business formalisation as a strategy to slow down the growth of the informal sector, the sector continues to thrive. There are millions of people mostly engaged in vending activities that are unrecorded, have no social security cover, and are legally unrecognised and unprotected. The study employed the political theory of forbearance supplemented with two informality perspectives (the exclusion and exit views) to explain why the formalisation of street vendors' businesses in Dar es Salaam city is not being realised, the government's intention withstanding. The political theory of forbearance explains why governments tolerate violating their laws and regulations and when they enforce them. It describes the intentional non-enforcement of laws and regulations that the poor tend to break when in the electoral interest (Holland, 2014). The findings of this study confirm most assumptions of the forbearance theory and the two informality perspectives of exclusion and exit views.

The findings supported the forbearance theory proposed by Holland (2014). Findings show that occasionally, especially during election times, political leaders at both lower and high government levels intervened and constrained the enforcement of street vending formalization regulations by the local government authorities for their political interests. Not only that, but politicians instructed

municipal authorities not to disturb street vendors to win over street vendors' support/votes at election times and, simultaneously, weaken opposition parties.

Nevertheless, the findings widened further insights and theorisation by showing that, despite the assumption of the forbearance theory that non-enforcement of regulations can be revoked where the poor fail to fulfill their promise, this may not always be the case. Governments in most African countries and Tanzania choose not to enforce laws during elections and restore their enforcement after winning the election. This study discovered that, sometimes, voters/street vendors might decide to support the opposition as an alternative due to unfulfilled promises. This occurred during the 2015 Tanzania general elections with support directed towards the coalition of opposition parties. However, the incumbent party was elected, probably with less support from the street vendors; the elected government continued to seek the support of small traders by not enforcing the laws linked to political tactics to gain future support but is also a way of weakening opposition parties which were growing stronger. Also, the findings uncovered that the poor might go beyond the provision of votes to provide moral and material support for the elected government.

Moreover, the informality perspectives of exclusion argue that most informal firms would choose to formalise but are held back by access to finance and skills, bureaucratic paper walls, governmental regulations, high taxation, etc. Similarly, the findings of this study indicated that the lack of specific policies and regulations that protect and give legal rights to access to prime business areas within the Central Business District, lack of access to finance, formalisation education and entrepreneurship skills formed part of the failure to formalization of street vendors' businesses.

On the other hand, the exit view holds that the decision to remain in the informal economy is a rational one because the advantage of escaping taxes and regulations allows unofficial firms to undercut official firms in prices. Likewise, the findings of this study revealed that some business people owning formal medium and large enterprises were exploiting street vendors to sell items on their behalf to evade

taxes and compliance with regulations. Also, some street vendors avoid recurring costs to maximize profit.

Whereas the theories employed mainly covered political and economic reasons for non-formalisation of street vendors' businesses, this study went beyond to uncover other possible explanations such as committed government leaders, strong street vendors association and involvement. Broadly, the study findings revealed that the nonconformity to business formalisation by the street vendors was due to economic, political and administrative reasons. One of the core discoveries of this was that the formalization of the informal economy entails more than simply providing an infrastructure/trading spaces and a competent enforcement organ. Apart from entry and operational costs, other issues exist, such as political interests, which cannot be dealt with simply by providing infrastructure.

Meanwhile, the ability of street vendors to influence political outcomes is curtailed by their lack of voice in the city planning and policy-making processes, as well as their exclusion from policy circles. The political parties appear to pay lip service to street vending without doing anything concrete to improve their security. However, at election times, the political parties pretend to support and ally with vendors in anticipation of their votes. Also, it was noted that people working in the informal economy form a significant proportion of the voters. Hence, politicians avoid enforcing the law around election times out of a fear of losing votes.

Some of the findings of this study were like those of other studies conducted in Zimbabwe, Zambia and Tanzania (Olomi & Charles, 2016; Mramba, 2015; Njaya, 2014; Babere, 2013; Ndhlovu, 2011; Msoka, 2007). First, the policy ambiguities caused by conflicting political incentives at different state levels have made establishing sectoral governance elusive. Second, the neoliberal by-laws and regulations exclude street vendors from participating in economic activities. The by-laws have failed to adapt to the changing circumstances. Third, street vendors lack a strong formal association(s) that can coordinate the strategies across different groups to achieve sectoral governance. While this study employed forbearance theory with two views of informality, as pointed out earlier, the other

studies mainly used three informality perspectives (the exclusion, exit and dual views) and city theory. Furthermore, most other studies focused on street vending concerning space/land use and relocation policy, but this study focused on the reasons for informality in general.

On the policy and administrative part, the study contributes that apart from the entry and operational costs, other issues exist, such as political interests, which cannot be dealt with simply by providing infrastructure. Political interest plays a major role in the formalisation of street vendors' businesses. Furthermore, the level of development of the economy of Tanzania means we cannot ignore informality. We need to plan for it as we plan cities to demarcate areas for small scale traders that will bring order. Traders have small capital and buyers have lower purchasing power. The two realities are important to note. People buy in small quantities. That is what they can afford. Sellers have small capital and they cannot run supermarkets. City planners must plan cities with this kind of economy in mind.

Moreover, this study revealed that the introduction of Wamachinga ID strategy had constrained enforcement of government by-laws and fuel congestion, unattended solid waste and some formal and big enterprises use street vendors to sell their goods to escape taxes. The strategy was also considered a technique for political support and weakening political parties and their struggles. It was noted that when traders are allowed to operate out of laws and regulations, they abuse the opportunity. They disregard users, uses and activities legally sanctioned in the area, such as pedestrians, motorists, cyclists, hygiene, and food preparation requirements. In addition, the study indicates that even though studies in Tanzania have shown that the Community Development department is responsible for the supervision of street vendors, it is not closely attached to this sub-group, has inadequate knowledge about the group, and is not well coordinated with other related units of trade and cooperative. This study proposes a specific unit to deal with street vendors sub-sector alone. In terms of policy, no particular laws despite the size and characteristics of street vendors as opposed to the rest of the informal sector.

8.5 Recommendations for Action, Policy Changes and Ideas for Further Research

Based on the research findings and objective of the study, actions, policy implications and recommendations for further studies are presented.

8.5.1 Recommendations for actions and policy changes

To successfully formalise street vendors' businesses, various actions and policy issues need to be taken into account to improve the initiatives undertaken by government and various development stakeholders if formalisation initiatives are to create decent employment and contribute to social-economic growth.

(a) Recommendations for Actions

Local government authorities should consider having a well capacitated and committed unit or team to work in collaboration with vendors' associations together with other non-state organisations to offer continuous formalisation education to street vendors. Vendors to be supported understand what is and criteria for formalization, and what are possible advantages and procedures for formalisation. Also, entrepreneurship education to increase productivity and financial management is paramount to street vendors. Furthermore, the support function, in terms of focused efforts to help small operators take steps along the ladder towards growth and independence, should be frequently provided through a sectoral approach, as is happening in support of the large business.

The central and local governments should keep assisting and encouraging street vendors to strengthen and build the capacity of their organisations, which should participate in every stage of the business formalisation process and ensure the livelihood and social security of street vendors. The government should keep explaining the benefits, including easy access to credit, access to training, and fair and timely hearing of street vendors' voices. The street vending organisations could become a forum for interaction with the local and central government authorities, which would help to strengthen the voices of street traders about policy-making and the city planning process. The organisation may effectively

serve as an agent for the indirect approach to formalisation. The use of indirect formalisation, through empowering associations and vendors' groups to deliver formalisation services to their members, is far more effective and efficient than using formal government institutions. The interests of informal operators are best served when they can lobby and bargain from a position of strength and confidence.

Similarly, non-governmental organisations (NGOs), civil society organizations (CSOs), and community-based organisations (CBOs) need to assist street vendors in establishing strong association(s). The association(s) that would be responsible for ensuring the livelihood, legal and social security of street vendors through policy intervention and/or amendment, capacity-building for street vendors' organizations and advocacy.

The Ministry of Industry and Trade, together with the National Bureau of Statistics to conduct surveys from time to time to update its database of informal traders for better planning. The database should struggle to capture important information like capital size, type of business and estimated profitability. Doing so would establish different categories of street vendors and different needed supports and treatments. A thorough assessment may be an important step for effectively implementing the Wamachinga ID initiative.

(b) Recommendations for Policies

The Ministry for Industry and Trade to champion the formulation of a National Policy on Urban Street Vendors that recognise the role of street vendors in improving the livelihood of the poor people in Tanzania's towns. The policy should also address the inclusion of street vending in urban planning regulations and provide guidelines on harassment from local government authorities and confiscating vendors' commodities. The starting point of the policy should be to recognise the positive role of street vendors in providing essential commodities to people at affordable prices and in convenient places. The overall objective of this policy, therefore, is to provide for and promote a supportive environment for the vast mass of urban street vendors to carry out their vocation solving the

unemployment problem while at the same time ensuring that their vending activities do not lead to overcrowding and unsanitary conditions in public places and spaces. The policy will achieve its objectives by providing legal status, civic facilities, transparent regulation, and organisation of the vending, participative process, self-regulation, and promotional measures.

Also, street vendors in Tanzania should get legal protection for their livelihoods and regulation of street vending. The Act should aim to provide social security and livelihood rights to street vendors. Among other things, the Act should give legitimate protection to street vendors from harassment by police and civic authorities; demarcate vending zones; plan street vending activities from time to time; conduct research on street vending after a certain number of years, the establishment town vending committees; and the establishment of effective grievance redress and dispute resolution mechanism.

The municipal authorities should revisit their stance on informal business activities and adopt a positive attitude towards street vendors, who traditionally work in the informal economy. One of the significant focuses would be the issue of space allocation and security assurance for street vendors' businesses. The municipalities should designate vending zones as part of a consultative participatory process to ensure that the designated vending zones are pragmatic and sufficient to meet the existing demand for vendors. Improve the relationship between the city authorities and street vendors and lower the costs of accessing the formal markets, considering the contextual factors. Markets and trading opportunities must be properly planned, bearing in mind the economic needs of traders, the need for more vibrant land use, and the need for an orderly town, spatial and transport planning, as well as health and safety. Attention to the 'natural markets,' i.e., those places where street traders congregate 'naturally' to adapt to flows of passing trade; a participatory process involving various stakeholders; and inventive design solutions to suit vending sites and local configurations.

8.5.2 Recommendations for further studies

This study explored why the formalisation of street vendors' businesses in Dar es Salaam city is not realised despite the government's efforts and associated benefits of operating formally. The study contributed to the limited understanding of business formalisation by street traders as a significant initiative regarding income generation among urban residents, particularly youths working within the informal sector and its contribution to national economic growth. Street vendors in Dar es Salaam city can potentially trigger economic growth in the three municipalities studied. Thus, future research can adopt quantitative and mixed approaches with large samples of street vendors to enrich the various views about how to improve the identification, recognition and formalisation of street vendors, both regionally and nationally.

Thus, such a study might be conducted to investigate the policy context based on the type of businesses operated by street vendors in different regions. Future research on this issue would provide insights into how diverse street vendors in the various regions conduct their businesses for the council and municipality's by-laws. More desk research on the same topic is vital to establish the best practice of handling and formalizing street vendors' businesses. In addition, comprehensive research to clearly and broadly understand the concept of "Wamachinga" and particularly those who qualify for IDs; the size of capital and profit margins. The life span of the Wamachinga and what happens when they outgrow their status in terms of business size/capital and benefits. Moreover, more specific studies may look at the impact of ID strategy on; local government revenue collections, hygiene, space use, local politics and new tensions that have now emerged because different LGAs have different bylaws. Also, there is a need to look at the formal sector business operations' response to the issuance of IDs to Wamachinga, the use and abuse of IDs and, finally, the availability of new and improved IDs.

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APPENDICES

APPENDIX 1: QUESTIONNAIRE FOR STREET VENDORS

TARGET: Street vendors conducting their businesses in the undesignated and temporary designated areas.

INTRODUCTION:

My name is Constantine George, a PhD student at the Institute of Development Studies, University of Dar es Salaam. I am currently doing my PhD study on *Challenges of Formalizing Street Vendors' Businesses in Dar es Salaam City, Tanzania.*

The main objective of this study is to explore why the formalization of street vendors' businesses in Dar es Salaam city is not been realized, despite the government's efforts.

Specific Objectives

- i. To analyse the available initiatives to formalize street vending businesses in Dar es Salaam city.
- ii. To examine the extent of the participation of street vendors in the formalization process in Dar es Salaam city.
- iii. To establish the reasons for the success and failure to the formalization of street vending businesses in Dar es Salaam city.
- iv. To propose viable ways that can be used to formalize street vendors' businesses in Dar es Salaam city.

Therefore, in implementing this study you are one of the important stakeholders, and I am hereby requesting for your time in answering this questionnaire. I also want to assure you that all the information provided will be treated confidential, so, you are requested to participate to give information and your opinions transparently and correctly. I thank you in advance for your time and cooperation.

Date.....

Code No.....

Municipality..... Ward.....Street.....

Instructions: This questionnaire consists of six (6) parts. Some explanations are given to guide you.

PART I: PARTICULARS OF THE STREET VENDOR

From question 1 to 13, kindly, fill in the bracket the number of the appropriate answer.

1. Sex: 1= Male 2= Female []
2. Age: 1= 1 – 17; 2= 18 – 24; 3= 25 – 35; 4= 36 – 50; 5= 50 and above []
3. Education level: 1= No formal schooling; 2= Primary education; 3= Ordinary Secondary education; 4= Advanced secondary education; 5= Tertiary education. []
4. Marital status: 1= Single; 2= Married; 3= Widowed; 4= Separated; 5= Divorced []

PART II: BUSINESS PARTICULARS

5. Main type of product(s) sold: 1= Foot wear; 2= Domestic utensils; 3= Cloths; 4= Electronic devices; 5= Baby playing products; 6= Bags; 7= Stationeries; 8= Cosmetics; 10= Sport and games goods; 11= Others, specify.....[]
6. Occupation status of the respondent in street vending:
 - a) 1= Self-employed; 2= Paid worker; 3= Unpaid worker; 4= Other, Specify..... []
 - b) If you are self-employed or employed how do you work? 1= Full time; 2= Part-time. []
7. How do you get your merchandise? 1= Cash money; 2=Collateral; 3= Sales on credit; 4= Other, specify..... []
8. Main source of your capital: 1= Own savings; 2= Informal loans; 3= Formal Loans; 4= Support from relatives/friends; 5= Others, specify..... []
9. The estimate capital of your business for now: 1= below 100,000; 2= 100,000 – 500,000; 3= 500,000 – 1,000,000; 4= 1,000,000 – 2,000,000; 5= 2,000,000 – 5,000,000; 6= above 5,000,000. []

10. What is the average gross income/earning do you get from your business in a day?
11. What is the average estimate of profit do you get from your business in a day? 1= Below 5,000; 2= 5,000 – 10,000; 3= 10,000 – 20,000; 4= 20,000 – 30,000; 5= 30,000 – 50,000; 6= Above 50,000. []
12. How long have you been in this business?.....
13. Have you hire or sublet someone in this business? 1= Yes; 2= No []

PART III: AWARENESS ON THE FORMALIZATION INITIATIVES

14. Do you know any government's initiatives in place of trying to register/formalize street vendors' businesses? 1= Yes; 2= No. []
15. If yes in 14 above, mention and give short explanations about the initiatives
.....
.....
.....
16. Have you ever heard about the below phrases in relation to your businesses?
1= Yes; 2= No. If yes, what can you say about each with regards to business operations?
 - i. Designated business areas for street vendors []
.....
.....
 - ii. Business Registration Act 2007 []
.....
.....
.....
 - iii. MKURABITA []
.....
.....
 - iv. Tax regulations /by-laws []
.....
.....
.....

17. What are the procedures/steps to register a business?

 9= Don't know (*Do not read*) []
18. Can you say your business is registered/formalized? 1= Yes; 2= No; 9= Don't know []
19. Which businesses do you think are eligible for registration/formalization?
 1= Every single business regardless of its size; 2= Businesses that can pay tax to TRA; 3= Businesses that operate in business structures; 4= Businesses that operate in a formal designated areas/physical address; 5= Business with large capitals; 6= Other, specify.....9= Don't know []
20. Has someone asked you to register your business? 1= Yes; 2= No. []
21. If yes in 20 above, where do you think were those people from? 1= Mtaa council; 2= Ward council; 3= Municipal council; 4= Tanzania Revenue Authority (TRA); 5= street vendors' association; 6= Formal Business Community; 7= Other, specify..... 9= Don't know. []
22. a) Do you have "machinga identity card"? []
 b) How do you think the identity card will help and sustain business formalization process?

PART IV: PARTICIPATION IN THE FORMALIZATION OF BUSINESS

23. Do the street vendors have any representatives who stand for their rights, interests and views before the government? 1= Yes; 2= No; 9= Don't know. []

Instruction: For question 24, 25, 27 and 28 circle the number of the correct answer under each statement.

24. If yes in 23 above, the following represent and participate in the bargaining with government on behalf of street vendors in business related matters (working spaces, tax/fee rates, etc.).	
VIBINDO society	1
SHIUMATz	2
Location Street Vendor Leaders	3
Street vendors themselves	4
None of the above	5
Others: Specify.....	6
Don't know	9

25. To what extent would you say your representative(s) in 24 above participate in the formalization process and represent your interests?	
Very much	1
Moderately	2
Little	3
Very little	4
Not at all	5
Don't know	9

26. To what extent do you trust your representative(s)? (<i>write the number of your answer beside your representative(s).</i>)		
VIBINDO society	Very much	1
SHIUMATz	Moderately	2
Location Street Vendors Leaders	Little	3
	Very little	4
	Not at all	5
	Don't know	9

27. To what extent can you say vendors are involved and their views are heard and reflected in the decisions of formalization process?	
Very much	1
Moderately	2
Little	3
Very little	4
Not at all	5
Don't know	9

28. To what extent do the street vendors use the following channels to bargain with government officials over different formalization issues?						
	Never	Only once	A few times	Often	Don't know	
Through negotiation(s) between vendors' association(s) and authorities.	1	2	3	4	9	
Through your location or specialized leaders.	1	2	3	4	9	
Through demonstrations, riots, matching, etc.	1	2	3	4	9	
Through meetings between vendors and government (other stakeholders).	1	2	3	4	9	
Through your political leaders.	1	2	3	4	9	
Though 'mabango' whenever there is a government leader around.	1	2	3	4	9	
Others: Specify _____	1	2	3	4	9	

29. a) Have you ever participated in the decision-making processes regarding business registration? 1= Yes; 2= No []
- b) If Yes in 29a above, how and what issues did you discussed?

- c) If No in 29a above, why

30. a) Do you think if street vendors/their representatives participate and negotiate with the formalizing authorities you will be ready to formalize your business? 1= Yes; 2= No []
- b) If Yes in 30a above, what issues would you want to be negotiated and agreed for you to formalize your business?

PART V: SUCCESS AND FAILURE TO FORMALIZATION

(For question 31 to 35 circle the number of the correct answers for each statement)

31. The following are the reasons for not formalizing your business:						
	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree	Don't know
I have never heard about formalization	1	2	3	4	5	9
I don't know procedures to formalize.	1	2	3	4	5	9
High registration costs.	1	2	3	4	5	9
High perceived recurrent costs such as taxes and regulations.	1	2	3	4	5	9
Takes too long and cumbersome activity.	1	2	3	4	5	9
It limits business flexibility.	1	2	3	4	5	9
Don't meet required criteria including formal business premises.	1	2	3	4	5	9
My business is too small to formalize.	1	2	3	4	5	9
It is more profitable to operate informally.	1	2	3	4	5	9
My business is seasonal.	1	2	3	4	5	9
I am still trying to find out if the business will work.	1	2	3	4	5	9
I don't own this business.	1	2	3	4	5	9
Others; _____						

32. Overall, how satisfied are you with doing informal/unregistered businesses?	
Very satisfied	1
Satisfied	2
Not very satisfied	3
Not at all satisfied	4
Don't know	9

33. The following are the reasons likely to convince you to formalize your business:						
Reduced entry costs of formalization (e.g., registration fee)	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree	Don't know
Reduced time taken to formalize/register.	1	2	3	4	5	9
Reduced long procedures to formalize/register.	1	2	3	4	5	9
Get proper training on formalization.	1	2	3	4	5	9
Reduced costs of operating formally (e.g., tax rates, regulations, etc.).	1	2	3	4	5	9
Effective enforcement of the formalization regulations.	1	2	3	4	5	9
Provision of clear information about how to register.	1	2	3	4	5	9
Provision of business designated areas that are accessible to customers with important infrastructures and services.	1	2	3	4	5	9

34. What can you say about the following statements?						
	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree	Don't know
With time you will formalize your business.	1	2	3	4	5	9
Formalization of businesses increases opportunity to grow.	1	2	3	4	5	9
Formalization of businesses increases operation costs and reduce earned profits.	1	2	3	4	5	9
Firms exit the formal sector when the costs of formality are greater than its benefits.	1	2	3	4	5	9

35. What can you say about the following statements?						
	Never	Only once	A few times	Often	Always	Don't know
Enforcers of the formalization regulations visits your working places,	1	2	3	4	5	9
Enforcers have capacity to deal with vendors who do not comply with regulations.	1	2	3	4	5	9
Tax collectors are strict and present around trading centres.	1	2	3	4	5	9
It is easy to escape from paying taxes/fees and not comply to other formalization regulations.	1	2	3	4	5	9

36. a) In your experience what ways used by vendors to escape enforcement of the formalization regulations?

.....

- b) What can you say about the strengths of the formalizing bodies (government)?

.....

- c) What can you say about the weaknesses of the formalizing bodies (government)?

.....

37. For each of the following statement, please tell if you disagree or agree. (Circle the number of the correct answer).						
	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree	Don't know
Street vendors conduct their businesses in the prohibited areas and sometimes need protection from politicians.	1	2	3	4	5	9
Politicians at lower and higher levels during election campaigns promise street vendors if they put them in power will let them undisturbed.	1	2	3	4	5	9
There is a negotiation between street vendors and some politicians where the latter protect the former not to comply with regulations in return of votes during election.	1	2	3	4	5	9
Close to political elections government relax enforcement towards formalizing street vendors.	1	2	3	4	5	9
There are occasions where politicians side with street vendors to refuse relocation to the designated areas or imposition of taxes/charges by the authorities.	1	2	3	4	5	9
Through politicians street vendors are allowed to operate in the restricted and undesignated business areas or influence changes in land use.	1	2	3	4	5	9

38. Which of the following opportunities you think you are mostly missing by not formalizing your businesses? <i>Give three responses ranking from most important.</i>			
	1 st response	2 nd response	3 rd response
Access to financial services	1	1	1
Reduced harassment from city police and authorities.	2	2	2
Reduced unlawful payments; bribes, corruptions, etc. to government officials.	3	3	3
Trainings and capacity building programmes	4	4	4
Participation in government contracts/tender and other programmes.	5	5	5
Access to broad market.	6	6	6
Social protection (health insurance, pension) and legal protection.	7	7	7
Formal trading space with established infrastructure and services.	8	8	8

39. What can you say are the advantages and disadvantages of operating informal business?

a) Advantages:

-
-
-

b) Disadvantages:

-
-
-

**PART VI: VIABLE WAYS TO FORMALIZE STREET VENDORS’
BUSINESSES**

40. Propose viable ways that can help to formalize street vendors’ businesses in Dar es Salaam city.

.....

.....

.....

.....

.....

.....

.....

APPENDIX 2A: INTERVIEW GUIDE WITH THE STREET VENDORS' LEADERS

INTRODUCTION:

My name is Constantine George, a PhD student at the Institute of Development Studies, University of Dar es Salaam. I am currently doing my PhD study on *Challenges of Formalizing Street Vendors' Businesses in Dar es Salaam City, Tanzania*.

The main objective of this study is to explore why the formalization of street vendors' businesses in Dar es Salaam city is not been realized, despite the government's efforts.

Specific Objectives

- i. To analyse the available initiatives to formalize street vending businesses in Dar es Salaam city.
- ii. To examine the extent of the participation of street vendors in the formalization process in Dar es Salaam city.
- iii. To establish the reasons for the success and failure to the formalization of street vending businesses in Dar es Salaam city.
- iv. To propose viable ways that can be used to formalize street vendors' businesses in Dar es Salaam city.

Therefore, in implementing this study you are one of the important stakeholders, and I am hereby requesting for your time in answering this questionnaire. I also want to assure you that all the information provided will be treated confidential, so, you are requested to participate to give information and your opinions transparently and correctly. I thank you in advance for your time and cooperation.

Mtaa.....Ward..... Municipality.....

1. Are you aware of the formalization/registration of street vendors' businesses? What does it entail?
2. What are the government's initiatives (e.g., regulatory simplifications, workspace provision, building awareness, capacities and productivity, information provision, enforcement of regulations, etc.), to formalise street vendors' businesses in Dar es Salaam?
3. Do the initiatives responsive and capture street vendors' concerns? How?
4. Are there any other initiatives by street vendors themselves or any other stakeholders to formalise vendors' businesses? Which are they?
5. To what extent would you say formalization is an activity that involves participation and negotiations? i.e., it involves street vendors throughout the process (planning, decision making and implementation)?
6. Would you say street vendors' voices are heard, captured and reflected in the decisions to formalise their businesses? Please, provide example(s).
7. What are the challenges that emerge in the process of formalising vendors' businesses in Dar es Salaam?
8. What can be possible mitigation measures to the challenges?
9. What do you think are the reasons for the failure of formalising street vendors' businesses in Dar es Salaam?
10. Would you say street vendors are interested to formalise their businesses? Why?
11. What can you consider as viable ways that can help to formalise street vendors' businesses in Dar es Salaam city?

APPENDIX 2B: INTERVIEW GUIDE WITH THE VIBINDO SOCIETY CHAIRMAN

INTRODUCTION:

My name is Constantine George, a PhD student at the Institute of Development Studies, University of Dar es Salaam. I am currently doing my PhD study on *Challenges of Formalizing Street Vendors' Businesses in Dar es Salaam City, Tanzania*.

The main objective of this study is to explore why the formalization of street vendors' businesses in Dar es Salaam city is not been realized, despite the government's efforts.

Specific Objectives

- i. To analyse the available initiatives to formalize street vending businesses in Dar es Salaam city.
- ii. To examine the extent of the participation of street vendors in the formalization process in Dar es Salaam city.
- iii. To establish the reasons for the success and failure to the formalization of street vending businesses in Dar es Salaam city.
- iv. To propose viable ways that can be used to formalize street vendors' businesses in Dar es Salaam city.

Therefore, in implementing this study you are one of the important stakeholders, and I am hereby requesting for your time in answering this questionnaire. I also want to assure you that all the information provided will be treated confidential, so, you are requested to participate to give information and your opinions transparently and correctly. I thank you in advance for your time and cooperation.

1. Are you aware about government's efforts to formalise street vendors' businesses? What does it entail?
2. What are the government's initiatives (e.g., regulatory simplifications, workspace provision, building awareness, capacities and productivity, information provision, enforcement of regulations, etc.), to formalise street vendors' businesses in Dar es Salaam?

3. Do the initiatives responsive and capture street vendors' concerns? How
4. Are there any other initiatives by street vendors themselves or any other stakeholders including VIBINDO Society to formalise vendors' businesses? Which are they?
5. Would you say formalization is an activity that involves participation and negotiations amongst various stakeholders including street vendors throughout the process (planning, decision making and implementation)?
6. How do you participate and influence decisions? Give examples.
7. As a formal and recognized association, to what extent can you say your organisation represents street vendors as a group? What is the estimated percent of vendors that are members to VIBINDO Society?
8. What are the challenges that emerge in the process of formalising vendors' businesses in Dar es Salaam?
9. What can be possible mitigation measures to the challenges?
10. Are the street vendors interested to formalise their businesses? What things can you say attract or push them like formalising their businesses?
11. What do you think are the reasons for the failure of formalising street vendors' businesses in Dar es Salaam?
12. Would you say street vendors are interested to formalise their businesses? Why?
13. What can you consider as viable ways that can help to formalise street vendors' businesses in Dar es Salaam city?

**APPENDIX 2C: INTERVIEW GUIDE WITH THE CHAUMATZ/
KAWASSO LEADERS**

INTRODUCTION

My name is Constantine George, a PhD student at the Institute of Development Studies, University of Dar es Salaam. I am currently doing my PhD study on *Challenges of Formalizing Street Vendors' Businesses in Dar es Salaam City, Tanzania*.

The main objective of this study is to explore why the formalization of street vendors' businesses in Dar es Salaam city is not been realized, despite the government's efforts.

Specific Objectives

- i. To analyse the available initiatives to formalize street vending businesses in Dar es Salaam city.
- ii. To examine the extent of the participation of street vendors in the formalization process in Dar es Salaam city.
- iii. To establish the reasons for the success and failure to the formalization of street vending businesses in Dar es Salaam city.
- iv. To propose viable ways that can be used to formalize street vendors' businesses in Dar es Salaam city.

Therefore, in implementing this study you are one of the important stakeholders, and I am hereby requesting for your time in answering this questionnaire. I also want to assure you that all the information provided will be treated confidential, so, you are requested to participate to give information and your opinions transparently and correctly. I thank you in advance for your time and cooperation.

Mtaa.....Ward..... Municipality.....

1. Are you aware about government's efforts to formalise street vendors' businesses? What does it entail?
2. What are the government's initiatives (e.g., regulatory simplifications, workspace provision, building awareness, capacities and productivity, information provision, enforcement of regulations, etc.), to formalise street vendors' businesses in Dar es Salaam?
3. Do the initiatives responsive and capture street vendors' concerns? How
4. Are there any other initiatives by street vendors themselves or any other stakeholders including VIBINDO Society to formalise vendors' businesses? Which are they?
5. Would you say formalization is an activity that involves participation and negotiations amongst various stakeholders including street vendors throughout the process (planning, decision making and implementation)?
6. How do you participate and influence decisions? Give examples.
7. As a formal and recognized association, to what extent can you say your organisation represents street vendors as a group? What is the estimated percent of vendors that are members to VIBINDO Society?
8. What are the challenges that emerge in the process of formalising vendors' businesses in Dar es Salaam?
9. What can be possible mitigation measures to the challenges?
10. Are the street vendors interested to formalise their businesses? What things can you say attract or push them like formalising their businesses?
11. What do you think are the reasons for the failure of formalising street vendors' businesses in Dar es Salaam?
12. Would you say street vendors are interested to formalise their businesses? Why?
13. What can you consider as viable ways that can help to formalise street vendors' businesses in Dar es Salaam city?

APPENDIX 2D: INTERVIEW GUIDE WITH THE LGA OFFICIALS

INTRODUCTION

My name is Constantine George, a PhD student at the Institute of Development Studies, University of Dar es Salaam. I am currently doing my PhD study on *Challenges of Formalizing Street Vendors' Businesses in Dar es Salaam City, Tanzania*.

The main objective of this study is to explore why the formalization of street vendors' businesses in Dar es Salaam city is not been realized, despite the government's efforts.

Specific Objectives

- i. To analyse the available initiatives to formalize street vending businesses in Dar es Salaam city.
- ii. To examine the extent of the participation of street vendors in the formalization process in Dar es Salaam city.
- iii. To establish the reasons for the success and failure to the formalization of street vending businesses in Dar es Salaam city.
- iv. To propose viable ways that can be used to formalize street vendors' businesses in Dar es Salaam city.

Therefore, in implementing this study you are one of the important stakeholders, and I am herby requesting for your time in answering this questionnaire. I also want to assure you that all the information provided will be treated confidential, so, you are requested to participate to give information and your opinions transparently and correctly. I thank you in advance for your time and cooperation.

Mtaa.....Ward..... Municipality.....

1. What are the government's initiatives to formalise street vendors' businesses in Dar es Salaam? Provide plenty of examples.
2. How and to what extent do you make people, street vendors in particular aware of the initiatives?
3. Who and how are involved in the planning and implementation of the formalization of vendors' businesses?
4. Are the street vendors/representatives participate in the formalization process? In which issues can you point out specifically involved negotiations with vendors?
5. What can you say about participation of street vendors/representatives and their influence in the formalization of street vendors' businesses? give examples.
6. What are the challenges that come about in the formalization of street vendors' businesses?
7. What things can you say attract or push street vendors to formalise their businesses?
8. What do you think are the reasons for the failure to formalising street vendors' businesses in Dar es Salaam?
9. To what extent can you say the government is equipped with adequate competent personnel and other resources to formalise vendors' businesses?
10. What can you say about government capacity to enforce formalization regulations?
11. Would you say street vendors are interested to formalise their businesses? Why?
12. What can you consider as viable ways that can help to formalise street vendors' businesses in Dar es Salaam city?

APPENDIX 2E: INTERVIEW GUIDE WITH INFORMAL SECTOR EXPERTS

INTRODUCTION

My name is Constantine George, a PhD student at the Institute of Development Studies, University of Dar es Salaam. I am currently doing my PhD study on *Challenges of Formalizing Street Vendors' Businesses in Dar es Salaam City, Tanzania*.

The main objective of this study is to explore why the formalization of street vendors' businesses in Dar es Salaam city is not been realized, despite the government's efforts.

Specific Objectives

- i. To analyse the available initiatives to formalize street vending businesses in Dar es Salaam city.
- ii. To examine the extent of the participation of street vendors in the formalization process in Dar es Salaam city.
- iii. To establish the reasons for the success and failure to the formalization of street vending businesses in Dar es Salaam city.
- iv. To propose viable ways that can be used to formalize street vendors' businesses in Dar es Salaam city.

Therefore, in implementing this study you are one of the important stakeholders, and I am hereby requesting for your time in answering this questionnaire. I also want to assure you that all the information provided will be treated confidential, so, you are requested to participate to give information and your opinions transparently and correctly. I thank you in advance for your time and cooperation.

1. What are the government's initiatives to formalise street vendors' businesses in Dar es Salaam? Provide plenty of examples.
2. What can you say about the effectiveness of the initiatives in the formalization of the street vendors' businesses?
3. To what extent does street vendors reflected in the initiatives?

4. To what extent can you say the process of formalizing street vendors' businesses is participatory in nature? Provide some examples.
5. Can one say the formalization initiatives/regulations are the outcomes of negotiations between government, street vendors and other stakeholders?
6. Can you say street vendors have strong and influential representation in the decision-making regarding formalization?
7. What do you think are the challenges that come about in the formalization of street vendors' businesses?
8. What things can you say attract or push street vendors to formalise their businesses?
9. What do you think are the reasons for the failure to formalising street vendors' businesses in Dar es Salaam?
10. Do you think street vendors are interested to formalise their businesses? Why?
11. What can you consider as viable ways that can help to formalise street vendors' businesses in Dar es Salaam city?

APPENDIX 2F: INTERVIEW GUIDE WITH THE WARD COUNCILLORS

INTRODUCTION

My name is Constantine George, a PhD student at the Institute of Development Studies, University of Dar es Salaam. I am currently doing my PhD study on *Challenges of Formalizing Street Vendors' Businesses in Dar es Salaam City, Tanzania*.

The main objective of this study is to explore why the formalization of street vendors' businesses in Dar es Salaam city is not been realized, despite the government's efforts.

Specific Objectives

- i. To analyse the available initiatives to formalize street vending businesses in Dar es Salaam city.
- ii. To examine the extent of the participation of street vendors in the formalization process in Dar es Salaam city.
- iii. To establish the reasons for the success and failure to the formalization of street vending businesses in Dar es Salaam city.
- iv. To propose viable ways that can be used to formalize street vendors' businesses in Dar es Salaam city.

Therefore, in implementing this study you are one of the important stakeholders, and I am herby requesting for your time in answering this questionnaire. I also want to assure you that all the information provided will be treated confidential, so, you are requested to participate to give information and your opinions transparently and correctly. I thank you in advance for your time and cooperation.

Mtaa.....Ward..... Municipality.....

1. What are the government's initiatives to formalise street vendors' businesses in Dar es Salaam? Provide vivid examples.
2. What can you say about the effectiveness of the initiatives in the formalization of the street vendors' businesses?
3. To what extent does street vendors views reflected in the initiatives?
4. To what extent can you say the process of formalization of street vendors' businesses is participatory in nature? Provide some examples.
5. As a politician at the local level what are your roles in the formalization of street vendors' businesses?
6. Can one say the formalization initiatives/regulations are the outcomes of negotiations between government, street vendors and other stakeholders?
7. Can you say street vendors have strong and influential representation in the decision-making regarding formalization?
8. What do you think are the challenges that come about in the formalization of street vendors' businesses?
9. What things can you say attracts or push street vendors to formalise their businesses?
10. What do you think are the reasons for the failure to formalising street vendors' businesses in Dar es Salaam?
11. Do you think street vendors are interested to formalise their businesses? Why?
12. What can you consider as viable ways that can help to formalise street vendors' businesses in Dar es Salaam city?

APPENDIX 2G: INTERVIEW GUIDE WITH THE WARD EXECUTIVE OFFICERS

INTRODUCTION

My name is Constantine George, a PhD student at the Institute of Development Studies, University of Dar es Salaam. I am currently doing my PhD study on *Challenges of Formalizing Street Vendors' Businesses in Dar es Salaam City, Tanzania*.

The main objective of this study is to explore why the formalization of street vendors' businesses in Dar es Salaam city is not been realized, despite the government's efforts.

Specific Objectives

- i. To analyse the available initiatives to formalize street vending businesses in Dar es Salaam city.
- ii. To examine the extent of the participation of street vendors in the formalization process in Dar es Salaam city.
- iii. To establish the reasons for the success and failure to the formalization of street vending businesses in Dar es Salaam city.
- iv. To propose viable ways that can be used to formalize street vendors' businesses in Dar es Salaam city.

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Mtaa.....Ward..... Municipality.....

1. What are the government's initiatives to formalise street vendors' businesses in Dar es Salaam? Provide vivid examples.
2. What can you say about the effectiveness of the initiatives in the formalization of the street vendors' businesses?
3. To what extent does street vendors views reflected in the initiatives?
4. To what extent can you say the process of formalization of street vendors' businesses is participatory in nature? Provide some examples.
5. As an implementer of municipal policies at the local level what are your roles in the formalization of street vendors' businesses?
6. Can one say the formalization initiatives/regulations are the outcomes of negotiations between government, street vendors and other stakeholders?
7. Can you say street vendors have strong and influential representation in the decision-making regarding formalization?
8. What do you think are the challenges that come about in the formalization of street vendors' businesses?
9. What things can you say attracts or push street vendors to formalise their businesses?
10. What do you think are the reasons for the failure to formalising street vendors' businesses in Dar es Salaam?
11. Do you think street vendors are interested to formalise their businesses? Why?
12. What can you consider as viable ways that can help to formalise street vendors' businesses in Dar es Salaam city?

APPENDIX 2H: INTERVIEW GUIDE WITH THE MTAA EXECUTIVE OFFICERS

INTRODUCTION

My name is Constantine George, a PhD student at the Institute of Development Studies, University of Dar es Salaam. I am currently doing my PhD study on *Challenges of Formalizing Street Vendors' Businesses in Dar es Salaam City, Tanzania*.

The main objective of this study is to explore why the formalization of street vendors' businesses in Dar es Salaam city is not been realized, despite the government's efforts.

Specific Objectives

- i. To analyse the available initiatives to formalize street vending businesses in Dar es Salaam city.
- ii. To examine the extent of the participation of street vendors in the formalization process in Dar es Salaam city.
- iii. To establish the reasons for the success and failure to the formalization of street vending businesses in Dar es Salaam city.
- iv. To propose viable ways that can be used to formalize street vendors' businesses in Dar es Salaam city.

Therefore, in implementing this study you are one of the important stakeholders, and I am hereby requesting for your time in answering this questionnaire. I also want to assure you that all the information provided will be treated confidential, so, you are requested to participate to give information and your opinions transparently and correctly. I thank you in advance for your time and cooperation.

Mtaa.....Ward..... Municipality.....

1. What are the government's initiatives to formalise street vendors' businesses in Dar es Salaam? Provide vivid examples.
2. What can you say about the effectiveness of the initiatives in the formalization of the street vendors' businesses?
3. To what extent does street vendors views reflected in the initiatives?
4. To what extent can you say the process of formalization of street vendors' businesses is participatory in nature? Provide some examples.
5. As an implementer of municipal policies at the local level what are your roles in the formalization of street vendors' businesses?
6. Can one say the formalization initiatives/regulations are the outcomes of negotiations between government, street vendors and other stakeholders?
7. Can you say street vendors have strong and influential representation in the decision-making regarding formalization?
8. What do you think are the challenges that come about in the formalization of street vendors' businesses?
9. What things can you say attracts or push street vendors to formalise their businesses?
10. What do you think are the reasons for the failure to formalising street vendors' businesses in Dar es Salaam?
11. Do you think street vendors are interested to formalise their businesses? Why?
12. What can you consider as viable ways that can help to formalise street vendors' businesses in Dar es Salaam city?

APPENDIX 3: FGD GUIDE WITH THE STREET VENDORS

1. General Particulars

- 1.1 Date:FDG No.....
- 1.2 Name of Moderator.....
- 1.3 Name of Notes' Taker.....
- 1.5 Duration of discussion.....
- 1.6 Status of the FGD: Completed/Incomplete
- 1.7 MtaaWard..... District.....

INTRODUCTION

My name is Constantine George, a PhD student at the Institute of Development Studies, University of Dar es Salaam. I am currently doing my PhD study on *Challenges of Formalizing Street Vendors' Businesses in Dar es Salaam City, Tanzania.*

The main objective of this study is to explore why the formalization of street vendors' businesses in Dar es Salaam city is not been realized, despite the government's efforts.

Specific Objectives

- i. To analyse the available initiatives to formalize street vending businesses in Dar es Salaam city.
- ii. To examine the extent of the participation of street vendors in the formalization process in Dar es Salaam city.
- iii. To establish the reasons for the success and failure to the formalization of street vending businesses in Dar es Salaam city.
- iv. To propose viable ways that can be used to formalize street vendors' businesses in Dar es Salaam city.

Therefore, in implementing this study you are one of the important stakeholders, and I am hereby requesting for your time in answering this questionnaire. I also want to assure you that all the information provided will be treated confidential, so, you are requested to participate to give information and your opinions transparently and correctly. I thank you in advance for your time and cooperation.

1. Are you aware of the formalization of street vendors' businesses? What does it entail?
2. What are the government's initiatives (e.g., regulatory simplifications, workspace provision, building awareness, capacities and productivity, information provision, enforcement of regulations, etc.), to formalise street vendors' businesses in Dar es Salaam?
3. Do the initiatives responsive and capture street vendors' concerns? How?
4. Are there any other initiatives by street vendors themselves or any other stakeholders to formalise vendors' businesses? Which are they?
5. To what extent would you say formalization is an activity that involves participation and negotiations? i.e., it involves street vendors throughout the process (planning, decision making and implementation)?
6. Would you say street vendors' voice is heard, captured and reflected in the decisions to formalise their businesses? Please, provide example(s).
7. What are the challenges that emerge in the process of formalising vendors' businesses in Dar es Salaam?
8. What can be possible mitigation measures to the challenges?
9. What do you think are the reasons for the failure of formalising street vendors' businesses in Dar es Salaam?
10. Would you say street vendors are interested to formalise their businesses? Why?
11. What can you consider as viable ways that can help to formalise street vendors' businesses in Dar es Salaam city?

APPENDIX 4: PLATES



Plate 4A: Bunju B market, where street vendors were relocated but most of them did not stay (source: field observation, April, 2019).



Plate 4B: Front and back of the small entrepreneur ID card (Machinga ID), showing the issuing authority, card number and period of validity. The card lacks a name, photo, signature of the possessor and the business location (source: informal fieldwork observation, April, 2019).



Plate 4C: The pavement on the right is blocked by vendors' businesses, forcing people to walk in the road intended for cars and bus lane (source: fieldwork observation, April, 2019).



Plate 4D: Street vendors selling their wares on a road reservation in Mbagala Mwisho (source: field observation, April, 2019).



Picture 4E & F: Narung'ombe Street, Kariakoo. On both sides of the road are formal shops, with street vendors selling exactly the same products (mainly shoes) on the street (Source: Fieldwork informal observation, April, 2019).

Permission for Conducting Study in Dar es Salaam Region

UNIVERSITY OF DAR-ES-SALAAM
OFFICE OF THE VICE CHANCELLOR
P.O. BOX 35091 • DAR ES SALAAM • TANZANIA

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Telex: +255 72 2410500



Telegraphic Address: UNIVERSITY OF DAR ES SALAAM
E-mail: vchan@udsm.ac.tz
Website address: www.udsm.ac.tz

Ref. No: AB3/12(B)

Date: 7th December 2018

Regional Administrative Secretary
Dar es Salaam Region

RE: REQUEST FOR RESEARCH CLEARANCE

The purpose of this letter is to introduce to you **Mr. Constantine George** who is a bonafide PhD student of the University of Dar es Salaam and who is at the moment required to conduct research. Our students undertake research activities as part of their study programmes.

In accordance with government circular letter Ref. No. MPEC/R/10/1 dated 4th July 1980, the Vice Chancellor of the University of Dar es Salaam is empowered to issue research clearances to staff members and students of the University of Dar es Salaam on behalf of the government and the Tanzania Commission for Science and Technology (COSTECH). I am pleased to inform you that I have granted a research clearance to **Mr. George**.


I therefore, kindly request you to grant him any help that may enable him achieve his research objectives. Specifically we request your permission for him to meet and talk to the leaders and other relevant stakeholders in your region in connection with his research.

The title of his research is '**Challenges of Formalising Street Vendors' Businesses in Dar es Salaam City, Tanzania**'.

The period of his research is from **December 2018 to July 2019** and the research will cover **Dar es Salaam Region**.

Should there be any restrictions, you are kindly requested to advise us accordingly. In case you require further information, please do not hesitate to contact us through the Directorate of Research and Publication, Tel. +255 22 2410500-8 Ext. 2084 or +255 22 2410727 and E-mail: research@udsm.ac.tz.

Yours sincerely,



VICE CHANCELLOR
UNIVERSITY OF DAR-ES-SALAAM
P.O. BOX 35091
DAR-ES-SALAAM

Prof. William A. L. Anangisye
VICE CHANCELLOR

UNIVERSITY OF DAR-ES-SALAAM
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Telegraphic Address: UNIVERSITY OF DAR ES SALAAM
 E-mail: vc@admin.udsm.ac.tz
 Website address: www.udsm.ac.tz

Ref. No: AB3/12(B)

Date: 6th July 2018

Executive Director
 Ilala Municipal council
Dar es Salam Region

RE: REQUEST FOR RESEARCH CLEARANCE

The purpose of this letter is to introduce to you **Mr. Constantine George** who is a bonafide PhD student of the University of Dar es Salaam and who is at the moment required to conduct research. Our students undertake research activities as part of their study programmes.

In accordance with government circular letter Ref. No. MPEC/R/10/1 dated 4th July 1980, the Vice-Chancellor of the University of Dar es Salaam is empowered to issue research clearances to staff members and students of the University of Dar es Salaam on behalf of the government and the Tanzania Commission for Science and Technology (COSTECH). I am pleased to inform you that I have granted a research clearance to **Mr. George**.

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The title of his research is '**Challenges of Formalising Street Vendors' Businesses in Dar es Salaam City, Tanzania**'.

The period of his research is from **December 2018 to July 2019** and the research will cover **Ilala Municipality**.

Should there be any restrictions, you are kindly requested to advise us accordingly. In case you require further information, please do not hesitate to contact us through the Directorate of Research and Publication, Tel. +255 22 2410500-8 Ext. 2084 or +255 22 2410727 and E-mail: research@udsm.ac.tz.

Yours sincerely,

VICE CHANCELLOR
 UNIVERSITY OF DAR-ES-SALAAM
 P.O. Box 35091
 DAR-ES-SALAAM

Prof. William A. L. Anangisye
VICE CHANCELLOR

UNIVERSITY OF DAR ES-SALAAM

OFFICE OF THE VICE CHANCELLOR
P.O. BOX 35091 • DAR ES-SALAAM • TANZANIATel: +255 22 2410500-8 Ext. 2084
Fax: +255 22 2410727
E-mail: research@udsm.ac.tzTel: +255 22 2410500-8 Ext. 2084
Fax: +255 22 2410727
E-mail: research@udsm.ac.tz

Ref. No: AB3/12(B)

Date: 6th July 2018Executive Director
Kinondoni Municipal Council
Dar es Salaam Region

RE: REQUEST FOR RESEARCH CLEARANCE

The purpose of this letter is to introduce to you **Mr. Constantine George** who is a bonafide PhD student of the University of Dar es Salaam and who is at the moment required to conduct research. Our students undertake research activities as part of their study programmes.

In accordance with government circular letter Ref. No. MPEC/R/10/1 dated 4th July 1980, the Vice-Chancellor of the University of Dar es Salaam is empowered to issue research clearances to staff members and students of the University of Dar es Salaam on behalf of the government and the Tanzania Commission for Science and Technology (COSTECH). I am pleased to inform you that I have granted a research clearance to **Mr. George**.

I therefore, kindly request you to grant him any help that may enable him achieve his research objectives. Specifically we request your permission for him to meet and talk to the leaders and other relevant stakeholders in your municipality in connection with his research.

The title of his research is '**Challenges of Formalising Street Vendors' Businesses in Dar es Salaam City, Tanzania**'.

The period of his research is from **December 2018 to July 2019** and the research will cover **Kinondoni Municipality**.

Should there be any restrictions, you are kindly requested to advise us accordingly. In case you require further information, please do not hesitate to contact us through the Directorate of Research and Publication, Tel. +255 22 2410500-8 Ext. 2084 or +255 22 2410727 and E-mail: research@udsm.ac.tz.

Yours sincerely,

VICE CHANCELLOR
UNIVERSITY OF DAR-ES-SALAAM
P.O. Box 35091
DAR-ES-SALAAM
Prof. William A. L. Anangisye
VICE CHANCELLOR

UNIVERSITY OF DAR-ES-SALAAM
OFFICE OF THE VICE CHANCELLOR
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Telegraphic Address: UNIVERSITY OF DAR ES SALAAM
E-mail: rector@udsm.ac.tz
Website address: www.udsm.ac.tz

Ref. No: AB3/12(8)

Date: 6th July 2018

Executive Director
Temeke Municipal council
Dar es Salam Region

RE: REQUEST FOR RESEARCH CLEARANCE

The purpose of this letter is to introduce to you **Mr. Constantine George** who is a bonafide PhD student of the University of Dar es Salaam and who is at the moment required to conduct research. Our students undertake research activities as part of their study programmes.

In accordance with government circular letter Ref. No. MPEC/R/10/1 dated 4th July 1980, the Vice-Chancellor of the University of Dar es Salaam is empowered to issue research clearances to staff members and students of the University of Dar es Salaam on behalf of the government and the Tanzania Commission for Science and Technology (COSTECH). I am pleased to inform you that I have granted a research clearance to **Mr. George**.

I therefore, kindly request you to grant him any help that may enable him achieve his research objectives. Specifically we request your permission for him to meet and talk to the leaders and other relevant stakeholders in your municipality in connection with his research.

The title of his research is '**Challenges of Formalising Street Vendors' Businesses in Dar es Salaam City, Tanzania**'.

The period of his research is from **December 2018 to July 2019** and the research will cover **Temeke Municipality**.

Should there be any restrictions, you are kindly requested to advise us accordingly. In case you require further information, please do not hesitate to contact us through the Directorate of Research and Publication, Tel. +255 22 2410500-8 Ext. 2084 or +255 22 2410727 and E-mail: research@udsm.ac.tz.

Yours sincerely,

VICE CHANCELLOR
UNIVERSITY OF DAR-ES-SALAAM
P.O. Box 35091
DAR-ES-SALAAM

Prof. William A. L. Anangisye
VICE CHANCELLOR

DAR ES SALAAM REGION

P.O. Box 2711, 28

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REGIONAL ADMINISTRATION SECRETARIAT

P.O. Box 2711, 28

T: +255 (0)22 2111111

F: +255 (0)22 2111111

Website: www.dar-es-salaam.go.tz

In reply please quote:

Ref. No. _____

0102

129

District Administrative Secretary,

ILALA

P. O. Box _____

DAR ES SALAAM.

RE: RESEARCH PERMIT

Prof. Dr/Mr./Ms/Miss CONSTANTINE GEORGEStudent/Research from UNIVERSITY OF DAR ES SALAAM has/havebeen asked to undertake research on CHALLENGES OFFORMALIZING STREET VENDORS' BUSINESSESIN DAR ES SALAAM CITY, TANZANIAFrom FEBRUARY 2019 to JULY 2019

I kindly request your good assistance to enable her/his research.

For: REGIONAL ADMINISTRATION SECRETARIAT
DAR ES SALAAM

Copy: Municipal Director,

ILALA

DAR ES SALAAM.

Principal/Vice Chancellor:

UNIVERSITY OF DAR ES SALAAM

REGIONAL ADMINISTRATION AND LOCAL GOVERNMENTS

DAR ES SALAAM REGION

P.O. Box 12345

Fax number: 22334

Email: info@dar-es-salaam.go.tzWebsite: www.dar-es-salaam.go.tz

REGIONAL COMMISSIONER

P.O. Box 12345

Fax: 22334

12345 DAR ES SALAAM

In reply please quote

Ref. No.

11/02

79

District Administrative Secretary,

KINDUANI

P.O. Box

DAR ES SALAAM.

RE: RESEARCH PERMIT

Prof/Dy/Mrs/Ms/Miss CONSTANTINE GEDRGEstudent/Researcher from UNIVERSITY OF DAR ES SALAAM has beenauthorized to undertake research on CHALLENGES OFFORMALIZING STREET VENDOR BUSINESSESIN DAR ES SALAAM CITY, TANZANIAFrom FEBRUARY 2019 to JULY 2019

/ Kindly request your good assistance to enable her/his research.

For, REGIONAL ADMINISTRATION SECRETARY
DAR ES SALAAM

Copy: Municipal Director,

KINDUANI

DAR ES SALAAM.

Principal/Vice Chancellor

UNIVERSITY OF DAR ES SALAAM

THE UNITED REPUBLIC OF TANZANIA
President's Office
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

DAR ES SALAAM REGION
Phone Number: 2203158
Fax number: 2203158
email: ras@dam.go.tz
website: www.dam.go.tz



REGIONAL COMMISSIONER'S OFFICE
3 RASHID KAWAHA ROAD,
P.O. BOX 5429,
12860 DAR ES SALAAM

In reply please quote:
Ref. No.

11/02

2019

District Administrative Secretary,

TEMERU

P. O. Box

DAR ES SALAAM.

RE: RESEARCH PERMIT

Prof/Dr/Mrs./Ms/Miss CONSTANTINE GEORGE
student/Research from UNIVERSITY OF DAR ES SALAAM has been
authorized to undertake research on CHALLENGES OF
FORMALIZING STREET VENDOR'S BUSINESSES
IN DAR ES SALAAM CITY, TANZANIA

From FEBRUARY 2019 to JULY 2019

Kindly request your good assistance to enable her/his research.

Amari

For: REGIONAL ADMINISTRATION SECRETARY
DAR ES SALAAM

Copy: Municipal Director,
KHAYI TEMEKE
DAR ES SALAAM.

Principal/Vice Chancellor
UNIVERSITY OF DAR ES SALAAM