Moving towards the social inclusion for street vendors in Tanzania:
Current situation and perspectives

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ABSTRACT

The street vending business is an ancient type of informal economy found everywhere in the developing world. Street vendors are essential because they create employment, livelihood, income, and distribute low-priced goods. However, despite their importance, street vendors are socially excluded from the mainstream economic structure hence becoming marginalized and victims of the law, policies and regulations. This research explores street vendors’ social exclusion domains in Tanzania and investigates strategies for mitigating such exclusion. The study used qualitative data collected from street vendors, policymakers, and non-government organizations in the street vending business. The results show that street vendors are excluded in many domains, including legal, financial, participation in urban planning, taxation, and access to a business location. The study identified different strategies to bring the social inclusion of street vendors. The findings inform the ongoing debate on bringing the inclusion of the informal sector and making it responsive for economic growth and poverty reduction. The findings imply that, unless the root that causes social exclusion and discrimination are addressed, it will challenge to achieve street vendors’ growth and poverty reduction.

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Introduction

Social inclusion is about improving specific people’s position by uplifting their ability, opportunity and dignity (World Bank, 2020). Social inclusion is imperative in allowing marginalized people and their right to access public resources (legal, finance, land, political, economy). Good social inclusion must include the efforts made to guarantee equal opportunities – that everyone, regardless of their background can achieve their full potential in life (United Nations, 2016). Thus, inclusion requires reforms of policies, laws, regulations, plans and actions that encourage and promote the majority access to public resources and enable people’s participation in decision-making processes that affect their lives (United-Nation, 2020). On the other hand, social exclusion is a process where some people are blocked from accessing rights, opportunities or resources that are usually to be accessed (O’Donnell, O’Donovan, & Elmusharaf, 2018) Social exclusion is associated with poverty and marginalization is caused by negligence by policymakers. The probability of being excluded is greater for the people operating in informal settings including street vendors (Beuran & Kalugina, 2006). Some scholars (Develtere & Van Durme, 1999) see the informal sector as the outcome of social exclusion; however, social exclusion exists in all communities regardless of their level of development.

This study aims to understand the current social exclusion domains of street vendors in Tanzania and the strategies for mitigating exclusion. For this research, social inclusion is defined “as the process of improving the terms of participation in society, particularly for disadvantaged people, through enhancing opportunities, access to resources, voice and respect for rights” (The United-Nation, 2020). Social inclusion involves improving the ability, opportunity, and dignity especially of the disadvantaged people to take part in society (World Bank, 2013). We choose this definition given its ability to bring on board different perspectives of exclusion and its acknowledgement of social inclusion as both a process and a goal.
The street vending business is an ancient category of the informal economy found everywhere in the developing world. Street vendors are essential because they create employment, livelihood, income, and distribute low-priced goods. The India Vendor Policy defines a street vendor as: “a person engaged in vending of articles, goods, wares, food items or merchandise of everyday use or offering services to the public, in a street, lane, sidewalk, footpath, sidewalk, public park or any other public place or private area, from a temporary built-up structure or by moving from place to place, and includes hawker, peddler, squatter and all other synonymous terms” (India, 2015). The number of street vendors continues to increase in Tanzania due to the lack of formal employment, urbanization and globalization. Street vending constitutes an important livelihood strategy for poor women in third world countries (Mbulayi, Makuyana, & Kang’ethe, 2020). Despite their importance, street vendors are excluded from major national development initiatives worldwide, including Tanzania (Lyons, 2013). They continue to have restricted access to public space (Williams & Horodnic, 2017), legal space and business places from where they often get evicted violently without prior consultation (Ackson, 2015). Street vendors also face financial exclusion (accessibility, availability, usage, and affordability of loans) (Nandru, Chendragiri, & Velayutham, 2021), and from urban planning (Desai, Darshini, & Shachi, 2020).

These exclusions and marginalization cause disenchantment and fuels income poverty among entrepreneurs in the informal sector (UN, 2016). Similarly, social exclusion is a driver of social inequality (Shuck smith, 2012). However, there is no consensus on whether social exclusion directly affects economic growth (Dell’Anno & Amendola, 2013). Street vendors are perceived as troublemakers or criminals who engage in illegal occupation of space, causing misdemeanors including blocking feeder roads in town or city streets and making the towns and cities appear unkept (WIEGO, 2018). Street vendors work in poor conditions with little access to infrastructure (Mramba, 2018). Because of their exclusivity, they are persecuted, fined, and sometimes sent to prison for noncompliance with the rules or regulations governing the conduct of legal business. Thus, they live in constant fear and uncertainty. Though, street vendors are considered as shock absorbers in the lives of most of the poor—impoverished, less educated, women and youth in third world countries (Mramba and Mhando, 2020). Given the importance of street vending business in the lives of most of the people in the third world and the persistent exclusion street vendors face, there is a need to research how social exclusion of street vendors ought to be addressed. Promoting the social inclusion of street vendors will be an essential step in achieving sustainable development and hence growth. As observed by Lyons and Brown (2009), “the informal sector would raise the value of informal business assets through integration in the broader economy.” In this paper, we discuss how to promote the social inclusion of street vendors as an important step toward bringing inclusive development. We do this by answering the following research questions:

i. What are social exclusion domains existing in Tanzania Street Vending Business?
ii. What cause social exclusion in the Tanzania Street vending Business?
iii. How to address the social exclusion of street vendors in Tanzania's street vending business?

Literature Review

The concept of social exclusion/inclusion first appeared in the policy discourse in France in the mid-1970s. Thereafter, the concept was adopted by the European Union in the late 1980s as a key concept in social approach and on numerous occasions supplanted the concept of destitution. The term social inclusion refers to advocating and raising equal opportunities and/or accessing resources for people without discrimination and exclusions (Zapirain & Zorrilla, 2013). Therefore, the efforts are directed towards ensuring equal opportunities for all regardless of their characteristics (Mahalder & Bhadra, 2015). In other literature, social inclusion is seen as a process of bringing on board those who have been excluded, marginalized, and disadvantaged (Smith, 2010). Social inclusion is about bridging the gap between different social classes (Kamel, 2018). The social consideration moreover refers to social integration or social cohesion with a vision of a “society for all” in which each person has the rights, obligations, and a dynamic part to play. There is no universality of social exclusion, it is many things to different people. Social exclusion includes exclusion from rights, labour market, civil society and social, political, economic and technology opportunities (Rawal, 2008). Access and use of these services mean that society is not excluded.

Addressing social exclusion needs an understanding of what causes it. Poverty, lack of infrastructure, inequality, education, denial of citizenship rights, discrimination and marginalization and cultural exclusion are the main causes of social exclusion (Twenge, Catanes & Baumeister, 2002). However, (Appleton-Dyer & Field, 2014) see the causes of social exclusion as complex and different aspects and features based on the type of exclusion. According to Appleton-Dyer and Field (2014), the political exclusion is caused by the denial of rights, freedom of expression, opportunity and inequality whereby economic exclusion is caused by barriers to the access of the labour market, finance and equity), cultural exclusion (values, social norms) and lastly social exclusion (gender factors, age and disability). Generally, the exclusion is caused by the denial of one, access to some social needs directly or indirectly.

In real life, social exclusion is a problem that makes people’s lives difficult, uncertain and cost (World-Bank, 2013). Underrated and unaddressed social exclusion of the disadvantaged groups can be costly and disastrous leading to poverty among the victims (Boon & Farnsworth, 2011). Social exclusions are associated with low quality of life and weaker health services (Prattley, Bufiél, Marshall, & Nazroo, 2020). Social exclusion prevents some groups (marginalized) from fully enjoying and participating in their rights like political, economic and other social life activities. While some people enjoy the resources and freedom of a country socially, the excluded groups remain discriminated against and or stigmatized. Individual social exclusion leads to physical and mental health problems, loss of income, limited access to education, racism, unemployment, and lower individual level of happiness (Sjästad,
Zhang, Masvie, & Baumeiste, 2021). Therefore, social exclusion robs people’s dignity, peace and security, and growth opportunities. Efforts are needed to reduce social exclusions, particularly among disadvantaged groups such as street vendors.

while some scholars associate informal economy and social exclusions (Labonte, 2004), others do not see this differently (Williams & Horodnic, 2017). Not all people are engaged in the informal economy because of marginalization and exclusion. Many authors believe that people engaged in informality because they had no alternative to make a living (necessity driven). The analysis by (Adom & Williams, 2012) found both push and pull factors that influence people in the informal sector. Informal workers are poor because poverty and informality are highly correlated (Williams, 20014). Willian and Windebank (2001) see informal sectors as barriers to social inclusion. They mentioned informal sector characteristics such as limited-paid jobs and lack of access to social rights including social security (Williams & Windebank, 2001). However, other scholars (i.e., Beuran & Kalugina, 2006) see that the risks of being excluded as greater for individuals working in the informal sector than those working in the formal sector. The political economy of informal workers including low income, lack of formal business location, financial and legal exclusion, stigmatization, discrimination and negation (Mramba, 2018) makes them vulnerable to social exclusion. The absence of supportive policy instruments, political will, legal framework and empowerment strategies to improve the life and working conditions of informal workers isolate them from social inclusion (Lyons, 2013; Kabeer, 2012). Therefore, even if the informal worker (e.g., street vendor) is not excluded, he is a potential candidate for exclusion, hence the efforts must be made to bring equal opportunities – that everyone, regardless of their backgrounds and characteristics can access basics for survival and growth.

Informal jobs and employment are remunerative work undertaken in an income-producing enterprise (i.e., self-employment and wage employment), which is not registered, regulated, or protected by the existing legal or regulatory frameworks(ILO, 2015). More than 60 per cent of the world’s workforce is engaged in the informal economy. According to the (ILO, 2018) report, 2 billion people engaged in informal employment around the globe, mostly from African developing countries. The informal economy remains the primary source of employment in Africa, accounting for 70 per cent of Sub-Saharan Africa and 62 per cent in North Africa (WorldBank, 2020). In sub-Saharan Africa, three of four people are in the informal economy, thus, according to Hussain (2011), “The Informal Economy is Here to Stay. Tanzania is one of the top five countries with the highest percentage of informal workers in Africa. The size of the informal economy in Tanzania grew from 10 per cent of the GDP during the late 1960s to 20 per cent after the mid-1980s, 58.3 per cent in 1999 and 2000 and around 52- 61 per cent in 2013–2015 (Dell’Anno, AnaMaria, & Balele, 2018), with informal manufacturing, service delivery and petty businesses being predominant. Confirming the size of the businesses, the National Bureau of Statistics shows that, 60 per cent of the people in the urban settings earn their living from the informal sector. Similarly, the Labour Force Survey (2014), indicates that, out of 1.9 million workforces living in Dar es Salaam, more than 1.5 million were involved in the informal sector (URT, 2015). There are several forms of informal economic activities including house making, small scale farming, masons, car repairs, riding motorcycle, though in this research we are interested in the street vending business.

The lack of agricultural productivity in rural areas, unemployment in urban areas, the lack of formal employment, low education and poverty have pushed the people out of their villages in search of a better living in the cities. Most of these migrants are youth and women who possess a low level of education and capital hence difficult to get formal employment. The only opportunity available for them is to engage in the informal sector. The most common form of informal employment in a developing country is street vending. A street trader is defined as a trader who operates in a street without a permanent business location (Bhowmik, 2005). Street traders can be stationary or mobile that is, they can either occupy a sp

In Tanzania, the Kiswahili word for the street vendor is “machinga.” Street traders are found in all

In many cases, street traders are the sole income earners in families, and they are using their profit to support large and extended families, children of the poor to get school fees and earn a living (Lyons, 2013). Street trade is an important source of employment and a last resort for the poor particularly women and the youth. Street traders provide a wide variety of relatively cheap products, which in most cases cannot be found in the formal business. Street trade is the most visible form of the informal economy, that is accessible to most of the poor because for starting it is relatively low. The actual number of street traders is not exactly known because of mobility, informality, and nature of it (part-time/full-time job) (Skinner, 2008). Some of the street traders operate through mali kauli (verbal agreement) and do business based on trust with wholesalers (Mramba, 2018). Street trade, therefore, being undertaken to generate self-employment or income in response to the multidimensionality of poverty. Thus, it is not an occupation of choice but of necessity.
Research and Methodology

We used a qualitative approach to study the social inclusion and exclusion of street vendors as an important step for bringing development. Focus group discussion (FGD), brainstorming sessions, key informant interviews and personal interviews were used to collect the study data.

Interviews were carried out at the respondent's office/working place, while FGD was carried out at the researcher's university. A qualitative approach is relevant in a study like this as it provides rich and in-depth information and is recommended in social sciences research (Denscombe, 2010). Before the interview, letters of appointment were sent to all the respondents. The data collection process started in March and ended in August 2021. Data collection from government offices/officers took a long time due to COVID-19 restrictions and observance of government protocols accessing the respondents. All the respondents were informed of the purpose of the research and their written consent was sought before the interview.

Respondents comprised government officers, street vendors, activists, policymakers, and a body of experts for providing advice on social-economic development. The description of the respondents is shown in Table 1. The respondents were chosen based on their experience, knowledge, and abilities in solving social-economic challenges. Qualitative data were analysed through content analysis as per (Denscombe, 2010), where we started by setting up the transcribed data for analysis, breaking the data as per the research objectives, developing the categories and subcategories, coding the units in line with the categories, counting the frequency of occurrence, then doing the analysis of the test in terms of frequency and relationship.

<table>
<thead>
<tr>
<th>Data collection methods</th>
<th>Tools</th>
<th>Respondents cluster</th>
<th>Types of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>FGD</td>
<td>Planning Checklist &amp; Open-ended questionnaires</td>
<td>Government policy experts</td>
<td>Ministries (finance, Prime minister’s office (Policy))</td>
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<td></td>
<td></td>
<td>Private sector</td>
<td>Informal traders, street vendors</td>
</tr>
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<td></td>
<td></td>
<td>Activists</td>
<td>Informal traders’ associations e.g. VIBINDO &amp; SHIUMA</td>
</tr>
<tr>
<td>Key informant interviews</td>
<td>An interview guide</td>
<td>Policy directors in ministries</td>
<td>Ministry of industry and trade, ministry of finance, Prime minister’s office (Policy)</td>
</tr>
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<td>Chief Executive officer</td>
<td>Vikundi vya Biashara Ndogo’ (VIBINDO), Machinga association (SHIUMA), TCCIA, Tanzania private sector foundation, Tanzania Policy Forum</td>
</tr>
<tr>
<td>Brainstorming sessions</td>
<td>Brainstorming guide</td>
<td>Academicians (researchers)</td>
<td>Experts in; small business, informal economy, economic policy, and development policies</td>
</tr>
<tr>
<td>Personal Interview</td>
<td>Interview Guide</td>
<td>Street Vendors</td>
<td>Mobile and stationary vendors</td>
</tr>
</tbody>
</table>

Purposive sampling was used to recruit participants for providing in-depth and detailed information about the social exclusion and inclusion of street traders. The selection was guided by experience in dealing with street vendors or informal traders and participation in previous policy debates/research. Also, we used convenience sampling, especially because informal workers are always busy with business and some government officers are usually overloaded with office work, hence convenience sampling was considered appropriate. The respondents were obtained based on convenient accessibility and proximity. We were flexible to change the venue and time to fit the convenience of all the respondents. Also, we used snowball techniques where getting respondents with pre-established qualities was difficult. Data were collected in Dodoma, the capital city of Tanzania. Dodoma is chosen to represent other cities. Dodoma is the Headquarters of the Tanzania Government with rapid population growth and an increase in the number of street vendors.

Street Vendors Social Exclusion and Inclusion

Tanzania Land Use Act of 2007 grants planning authorities’ the powers to manage, control and prohibit the use of a particular land through by-laws. Anyone who violates these bylaws is subject to a fine jail or both. Street vendors and other informal workers do businesses in unauthorized areas, hence becoming the victims of these punitive measures. We have witnessed conflicts between street vendors and city authorizes resulting from land management. Again, the Tanzania Urban Planning Act of 2007 provides for procedures for the preparation, administration, and enforcement of land use plans, repealing the National Land-use Planning Commission Act and providing for related matters. The act prohibits the development of land without an approved land plan. Since
street vendors are informal and do not seek permission to use land may become victims. Street trade is an illegal trade and traders are constantly subject to harassment from law enforcement agents (Bhowmik, 2005). Street trade is illegal because of using public space, making the sidewalk dirty, blocking traffic and generally doing trade in unauthorized areas (Wongtada 2014).

Tanzania’s bylaws in the 1960s and 1970s made street trade illegal, but in the 1980s during the economic crisis, street traders were recognised as legitimate traders. However, the Business Licensing Act, 2003, abolished the peddling license (Nguvu kazi), hence making street-trade illegal again (Brown, Lyons & Dankoco 2010). Until now, street traders operate with unclear judicial procedures, two key forms of informality render street traders vulnerable to legal enforcement; first, spatial informality, which is the prime flashpoint of law enforcement agencies. Second, street traders hold assets that are not formally registered, and cannot separate personal assets from business assets, which means that they have limited options for investment or credit, face undue risks when entering contracts, and so on (Lyons, 2013). Globally, street traders experience constant dis-empowerment due to laws that see them as invaders of public spaces, unfair competitors, and in extreme cases as criminals (Vargas-Falla 2016).

In April 2018, Tanzania published a Blueprint for Regulatory Reforms to Improve the Business Environment. This Blueprint provides the Government’s main framework for enabling a holistic review of the business-enabling environment (BEE) to improve the business climate in Tanzania. The reforms, which were developed as a collaborative effort between the Ministry of Industry, Trade, and Investment on the one hand, and the private sector on the other, seek to improve the country’s business climate through regulatory reforms and to increase efficiency in dealing with the government and its regulatory authorities. Despite its importance, the reforms paid little attention to street vending and the informal sector in general. It has also been observed that high costs and cumbersome procedures discourage traders from formalising business thus resulting in engaging in informal businesses operations (occasionally through dubious means) and subsequently causing loss of revenue to the Government. Furthermore, the report noted that a challenge facing Tanzania is the huge size of the informal sector, which denies the government from getting its revenue. The blueprint recommends amending social security laws to allow the entry of the Informal Sector into schemes and establish centralized payment systems for the informal sector groups.

All the respondents were of the view that street vending businesses need to be recognized by the laws and regulations of the country. They added that the current law systems in Tanzania exclude street vendors and other categories of the informal sector. They cited The Business Names and Registration Act of 2007, Business Licensing Act 2003, and Business Activities Registration Act 2007 (URT, 2007) as examples of the laws and regulations. A statement one respondent affirms this,” if you go to the municipal councils, you will find the procedures for registering the formal business and nothing about informal businesses, this is discrimination” the respondents reported the need of formulating legislation that governs the activities of street vendors.

Thus, there is a great need to review, develop or amend the existing National policies, laws, and by-laws to give street vendors a legal status, implement relevant laws and by-laws to ensure their enforcement. The Government may develop a model law to facilitate and regulate street vending in cities and towns to ensure that street vending activities are carried out following laws of the land, cities, and towns regulations. People attitudes to urban traders in Tanzania vary in accordance with wider political agendas and struggles for influence. Policies, laws, and government circulars are imposed from the top down, from the practitioners who have limited knowledge of trade and vendors’ challenges. The LGAs and lawmakers must consider and ensure urban vendor associations and groups, as well as other local stakeholders, are represented and their interests are met without being overruled by other interests that may be more politically powerful.

Social Security Exclusion

Social protection is an important factor in explaining the working condition as it ensures income security for workers. For the ILO, social protection is about people and families faced with vulnerabilities and contingencies having security, access to health care and working in safe conditions (Bonilla Garcia & Gruat, 2003). The interview with government officers revealed that there are some efforts taken by the Government of Tanzania to ensure social protection for informal workers. In December 2019, the Tanzania National Health Insurance Fund (NHIF) reported to lounge new health insurance packages that can be afforded by the informal workers. The packages are called Najali, Wekeza and Timiza. According to the coverage of new packages individuals aged 18 to 35 years old are charged a premium ranging from 192,000/- to 612,000/-, while people in the age group of 36–59 years pay up to 240,000/- to 612,000/-, and the packages of individuals belonging to 60 years and above range from 360,000/- to 984,000/-. Considering the monthly income of street vendors; these packages are expensive for them, hence bringing social exclusion. The only package that can be relatively available to them is 192,000 (Najali). However, 192000 per person is still costly relative to their earnings.

Umoja afya is a health insurance package designed by NHIF to cater for the needs of small entrepreneurs including food vendors. One condition of accessing Umoja afya is being a member of the entrepreneur group registered by the government authorities. Each group should have a minimum of 100 members. Thus, the beneficiaries will be members of the group, their partners and a maximum of 4 children less than 18 years of age. Each member pays an annual subscription fee of 100,000, 100,000 for a spouse and 50,400 for each child. The amount should be paid in a lump sum. The analysis shows that this product is irrelevant to street vendors considering their monthly income, availability of registered groups and the number of group members needed. The findings suggest a need to design and develop insurance packages that reflect the income levels of street vendors.
Street vendors in the informal sector have the opportunity of accessing health services through another government scheme called Community Health Funds (CHF). CHF is a district-level voluntary insurance scheme targeting rural low-income earners. Households (a couple and up to eight children) can enrol at primary government health facilities for USD 3.16 per member. CHF membership allows the household to access medical services without further co-payments at the primary level. The main weakness of CHF is that the benefits are limited to primary level care and in rare cases secondary level care. Therefore, street vendors are excluded from these health insurance services because of accessibility. Experience from many other third-world countries shows that insurance products designed for informal workers frequently pose design weaknesses, and their acceptance and usage are rudimentary.

The Tanzania National Social Security Fund (NSSF) has embarked on a national campaign to sensitize small and microbusiness owners from the informal sector to buy their services. In June 2018, they launched a new product called ‘zamu yako’ special for the informal sector; however few street vendors have joined because of the lack of information about the package. Vendors should consider investing in social security as part of their business. Second, social security funds should improve their packages to address the needs of street vendors. They must adopt a co-creation design process, where street vendors and other key players are taken on board while designing. The package should consider the informality of street vendors, their low-income levels, their low education level, and lack of proper business premises. It is important to enabling many street vendors to benefit from social protection benefits. Improving social security and health insurance is important for obtaining decent work.

Tanzania’s social security systems and its policies exclude street vendors from accessing its benefits. It is essential for the government and other stakeholders to strengthen the capacity of the existing street vendors associations and groups, to ensure formalization, review social security scheme policies and laws to cover street urban vendors. This will enable them to access the benefits of social security schemes such as maternity, sickness, old age and other promotional measures effectively. The LGAs that is the custodian of the city and town plans can be primarily responsible for the resolution of any dispute arising among street urban vendors and third parties, including municipal officials or law enforcers. It is therefore recommended that LGAs may suggest dispute reconciliation boards with clear structures and implementation procedures at the local level. Street urban vending regulations should acknowledge this and not impose a difficult legal dispensation that undermines the exercise of constitutional rights.

Exclusion from Urban planning and decision making

In Africa and Tanzania in particular, street vendors are excluded from or are partially involved in urban planning. The study findings revealed that street vendors are partially included in urban planning under the umbrella of small businesses. Street vendors are small businesses; however, they do not share the same characteristics as other small businesses. Furthermore, the findings reveal a partial inclusion especially at the final stages in the implementation inclusion of wrong participants and the like. Some of the street vendors revealed the importance of being included in urban planning, though were worried about their level of education in making a full representation. They mentioned eviction programs, reallocation, estimating different levies to the municipal as important matters they want to be consulted in advance. The municipal authority cited transient nature, mobility, lack of education, and the heterogeneity of informality as difficulties of involving street vendors in urban planning.

Respondents suggested that vendors in the cities -municipals should consider having their representatives in decision making. Currently, urban vendors are marginally involved in the major decision-making at the ward and municipal levels. The inclusion of the voices of urban vendors in deciding about vending spaces, reallocations, training and development will increase the level of trust, acceptability, and reduce unnecessary confrontations. From the findings, we recommend formal urban vendor representation in political, economic and social matters at all levels of administration. Additionally, the municipals should set up a special desk for urban vendors, where all matters can be collected and channelled to the appropriate department or section.

Financial exclusion

Street vendors in Tanzania are financially excluded (cannot access common financial services). Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered responsibly and sustainably (WorldBank, 2016). Financial inclusion is an important factor in achieving decent work, and other sustainable development goals because of its multiplier effects in all social-economic aspects. Earlier studies (i.e., Fernández-Oil, Paredes-Gámez, & de la Cuesta-González, 2018) have shown a direct relationship between financial and social exclusion, meaning that financially excluded people are more likely to become socially excluded. Street vendors are financially excluded because they cannot borrow money from formal financial institutions as long as they are informal, unregistered, have no permanent business address and lack collateral.

Some of the street vendors reported borrowing money from informal moneylenders and saving groups to which they are members. Informal money lenders are people/groups of people who give loans/credit informally. Informal moneylenders are frequently criticized for lending money at very high-interest rates, with a short payback period, and numerous loan-processing costs, that promote poverty among the poor. The payback period ranges from one week to six months. One vendor explained: “when you borrow 100,000 from some individuals, you will pay back 120,000 TZS after a week. If you do not pay at the end of the month, the debt will increase to 200,000 TZS.” This form of credit arrangement is informal and illegal according to the Tanzanian laws (John, 2018). Informal lending is more expensive compared with formal financial institutions. However, urban vendors go for informal lending
since they are easily accessible. The urban vendors reported having seen some of their friends' (vendors) products confiscated or sold because they failed to repay their loans. Additionally, some vendors access money through rotating savings and credit associations (ROSCAs).

The respondents were of the view that the integration of street vendors in Tanzania could be possible if we include them in the ongoing microfinance transformations. Tanzania Microfinance act 2017 does not explicitly explain how the informal workers can access formal finance considering their characteristics. To improve the employment situation of street vendors, we should empower them in terms of financial access. Improving street vendors' financial inclusion needs formalization. The informality of street vendors is the main cause of financial exclusion since no financial service providers can trust a trader who has no permanent address. Financial inclusion can also be achieved through government intervention to reduce the current interest rates, which are high compared with the profit earned by street vendors. There is a need to discourage informal lenders who charge high-interest rates. Street vendors should have saved and credit associations and special desks for rendering lending services and government financial schemes for street vendors. if these are designed well, they may enable street vendors to attain decent work.

**Tax exclusion**

The term ‘tax’ refers to compulsory, unrequited payment to the general government. Tax raises government revenue that is essential for funding basic public social and economic services and attaining national development goals, which is at the centre of the social contract between citizens and the state. A good tax system is a tool for reducing inequality by redistributing the income from the rich to the poor. Tanzania is a country with fewer taxpayers compared to the total population. In a country of 55 million people, direct taxpayers are less than 2.2 million. Mozambique for example has 5.3 taxpaying million people out of a 27million people. This means that 2.2 taxpayers are feeding 55 million people. Tax revenue (% of GDP)1 in Tanzania was reported at 11.8?per cent in 2016 (World Bank, 2013). This is less than Kenya, which had 18.1 per cent, Uganda 14.25 per cent and other 21 countries in Africa whose average was 18.2 per cent in 2016 (OECD, 2018). These statistics suggest that, despite having millions of people, Tanzania has very few taxpayers, hence calling for researching an alternative way to increase the tax base. Recently, the deputy minister for Finance directed the Tanzania Revenue Authority to increase the number of taxpayers through developing a specific strategy. One of the strategies for increasing the tax base is the inclusion of street vendors into the tax system. Tanzania street vendors do not pay direct tax. They are not registered (informal), do not have an address (mobile).

Respondents commented that Tanzania should include street vendors in its taxation policies, law, and are not governed by any regulation. The majority of respondents including street vendors who participated in this research cited taxation as their first wish. They observed that if street vendors earn incomes similar to those earned by other formal workers why is the government not including them in the taxation system? as one of the respondents said, “they consume public services like road, bridges, hospitals, and free primary education, but do not pay tax.”

The need to tax street vendors has attracted the attention of different policymakers, scholars, activists and formal business owners. Governments in developing countries are unable to meet their revenue targets as a large proportion of their population is outside the tax net (hiding in street vending). Formal business owners are complaining that street vendors have created an unfair business competition because they do not pay tax, though they compete with them in the same business environment (Mramba & Mhando, 2019). Formal business owners consider street vendors as parasites that survive at the expense of taxpayers. Again, some of the formal business owners are closing their business and operating informally as street vendors to avoid paying taxes, hence reducing the government revenue base. On the other hand, most of the street vendors report being willing to pay tax if the government will provide them with a supportive business environment (Mramba & Mhando, 2019). As some of the respondents observed, before taxing street vendors the government must improve their business environment.

Taxing street vendors is important because they will have a sense of ownership; excluding them from the tax system makes them feel marginalized and discriminated against. Tanzania tax authorities should create multidimensional strategies to tax vendors. The system should consider the ecosystem of vendors, including the amount, time, and method of collection. The tax system should adhere to the principles of a good tax system (fairness, certainty, convenience, and efficiency) as proposed by Adam Smith in the Wealth of Nations (1776). Taxing the informal sector is not easy and is limited by several constraints, including lack of legal framework and mechanisms of how to tax street vendors (Joshi & Jayee, 2002). Therefore further discussion, planning and research are needed. However, several studies have shown the potential of developing countries of increasing their revenue through taxing the informal sector (Munjejyi, Mutasa, Maponga, & Muchuchuti, 2017).

**Business Location**

Generally, street vendors do not have a formal business location. They do business in areas meant for other purposes. Street vendors display their products in road pavements, corridors, open spaces and parking areas hence creating traffic problems, and inconvenience to the public and formal business owners. The respondents saw the need of setting more vending zones because most of the stationary vendors are using undesignated areas. The designated areas must be business-friendly, meaning that they must be accessible to

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1 The tax-to-GDP ratio refers to total tax revenue, including social security contributions, as a percentage of gross domestic product (GDP).

302
customers and provide access to basic facilities, such as toilets. Vendors want vending zones within the city centre, near marketplaces, bus stands and other areas where people congregate. The conceptualization and designing of the vending zone must be done in consultation with street vendors associations, to make it transparent, participatory, and inclusive.

These zones must consider the ecology of the city and the needs of the other people. Criteria such as vending hours, access to multiple vending locations and rotational will need to be considered and agreed upon with vendors. Government authorities will need to set strategies and incentives to encourage vendors to operate in these designated vending zones instead of roaming the streets. The vending zones should consider people with special needs, women and public safety. Vending zones are important for better city cleanliness, security, planning and accessibility to basic services, vendors’ management and revenue collection. Authorities need technical support on designing, sitting and managing sustainable urban vendor zones.

However, the demand for such zones is greater than the spaces available. Some urban vendors suggested building an urban vending complex, but this needs to be considered with great care since experience from Dar es Salaam and Zambia has shown that vendors do not like operating in a formal building, preferring places with easy access to their customers.

**Conclusion**

This research is important because social inclusion ultimately reduce poverty and inequality. The research is relevant given the rapid transformation of social inclusion in Africa, which unfortunately left behind some groups including street vendors. The findings of this paper are an important input to policymakers in the informal sector in making an informed decision regarding the right path to the development of street vendors. The research highlighted social exclusion domains that hamper the growth, sustainability and life of street vendors. Street vendors growth and sustainability are uncertain and difficult (Mramba & Mhando, 2020) partly because of social exclusion that denies them the right to access finance, use urban space and be represented in decision making, thus making them poor. We all want to live in a community that gives us an equal chance as anyone else to access resources and services to make our life better. Unfortunately, street vendors face many constraints, which limit their efforts of a fight against poverty.

We have proposed different strategies that may bring social inclusivity to street vendors. Most of the recommendations contain actions/policies to be made by governments. The governments of developing countries (home of street vendors) should give priority to street vendors. Despite their positive contribution to the national economy, street vendors are devalued and considered outcasts in society. Therefore, most government policies toward street vendors (e.g., eviction policy) is prohibitive rather than empowering. Given the decline in formal employment, population growth, urbanization and globalization, street vending remains the only meaningful option to many people worldwide. Therefore, we should think about how to accommodate them through social inclusion rather than how to fight against them.

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