

FOCUS NOTE

THE RISE OF

STREET VENDORS

IN TANZANIA AND ECONOMIC IMPLICATIONS



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01 Introduction





Tanzania, much like many other countries in sub-Saharan Africa, is witnessing rapid urbanization driven by various factors such as the influx of youth into cities, population growth, and the transformation of rural areas into urban centers.



However, this urban growth has outpaced economic development, placing a strain on both industrial and urban social services². As a result, formal markets failed to grow at a similar rate, prompting an increase in informal sector activities as individuals seek alternative livelihoods³.

In Africa, informal employment is prevalent, with Tanzania experiencing a notable rise from 22% in 2014 to 29.4% in 2020/2021. Roving and semi-permanent micro-enterprises – otherwise known as street vendors – have emerged as a prominent source of income due to factors like unemployment. Despite its informality, street vending serves as a crucial source of income for many and helps alleviate urban unemployment and food insecurity.

However, the informal economy, including street vending, poses economic challenges at both macro and micro levels. These include poor labor conditions, reduced tax revenues and hampered

overall economic growth. To address these issues, governments are implementing initiatives to formalize the informal economy. Success would help deliver Sustainable Development Goal 8, which is to “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”.

This Focus Note will employ the term street vendors to refer to people who are engaged in operating mobile or semi-permanent businesses. Terms also used to describe street vendors are petty traders, roving enterprises and machinga.

¹ Chille, F. J., & Haule, M. J. (2020). Influence of Urbanization on Street Vending Business in Dar es Salaam and Coast Regions of Tanzania. *IV(Ix)*, 326–332.

² United Nations, Human Settlements Programme, (2008). *The State of African Cities 2008*.

³ Mramba, N. R. (2015). The Conception of Street Vending Business (SVB) in Income Poverty Reduction in Tanzania. *International Business Research*, 8(5). <https://doi.org/10.5539/ibr.v8n5p120>

⁴ United Republic of Tanzania. (2021). Summary of the Integrated Labour Force Survey 2020/21.

⁵ Mitullah, W. (2004). A review of street trade in Africa.

1.1 Tanzania

Tanzania's urbanization, fueled by youth migration and population growth, has led to an increase in informal sector activities, particularly street vending. The informal sector is among the leading sectors in Tanzania in providing jobs and opportunities to women and youth in the country.

47% of informal enterprises are owned by youth

52% of informal enterprises are owned by women

40% They contribute up to 40% to the country's GDP

It is estimated that about 47% of informal enterprises are owned by youth and 52% are owned by women, with most of them being street vendors⁶. They contribute up to 40% to the country's GDP⁷.



1.1 Tanzania



Since the 1980s, the Tanzanian government has actively pursued formalization efforts to tackle unemployment and foster economic growth.

Programs like **“Nguvu kazi,”** the Machinga complex⁸, and the MKURABITA program seek to integrate informal assets into the formal economy and facilitate capital accumulation⁹. However, despite these endeavors, the informal sector remains predominant¹⁰.

In 2022, President Samia Suluhu Hassan prioritized enhancing formalization efforts to promote

prosperity and effectively manage urbanization¹¹. The 2022/2023 national budget includes measures to restrict the mobility of street vendors, transition the informal sector into formality, and support street vendors through infrastructure development and financial assistance.

President Samia Suluhu Hassan’s commitment to enhancing formalization underscores the government’s dedication to promoting inclusive economic growth and managing urbanization effectively.

⁶ United Republic of Tanzania. (2021). Summary of the Integrated Labour Force Survey 2020/21.

⁷ Schneider, F. and Klinglmaier, R. 2004. “Shadow Economies around the World: What do we know?”, CREMA Working Paper Series 2004-03, Centre for Research in Economics, Management, and the Arts (CREMA).

⁸ Olomi, D., Charles, G., & Juma, N. (2018). An inclusive approach to regulating the second economy: A tale of four Sub-Saharan African economies. *Journal of Entrepreneurship in Emerging Economies*, 10(3), 447–471. <https://doi.org/10.1108/JEEE-08-2017-0056>

⁹ United Republic of Tanzania. (2021). Summary of the Integrated Labour Force Survey 2020/21.

¹⁰ Jamhuri ya Muungano wa Tanzania [United Republic of Tanzania], 2018).

¹¹ Jamhuri ya Muungano wa Tanzania. (2022). Hotuba ya Waziri wa Fedha na Mipango, Mheshimiwa Dkt. Mwigulu Lameck Nchemba Madelu (Mb), akiwasilisha Bungeni mapendekezo Ya serikali kuhusu makadirio ya mapato na matumizi kwa mwaka 2022/23. Dodoma, Tanzania: Jamhuri Ya Muungano wa Tanzania. Retrieved from www.mof.go.tz

1.1 Tanzania

Challenges

The sector supports many people's livelihoods, but it also faces economic difficulties. Despite their contributions, street vendors face numerous challenges



customer shortages



Harassment



inadequate infrastructure



adverse weather conditions



limited access to financial services

The sector supports many people's livelihoods, but it also faces economic difficulties. Despite their contributions, street vendors face numerous challenges, including harassment, customer shortages, inadequate infrastructure, adverse weather conditions and limited access to financial services that could help them grow their businesses, including a shortage of capital and stable supply chains. Some traders have, however, succeeded in accumulating capital, accessing formal working spaces, acquiring loans, and engaging in training services. This shows the strong potential for growth within the urban informal economy.

According to research conducted by FSDT, UNDP and REPOA, there has been a drop in the number of women and youth involved in small-scale trading. This decline is due to issues like poor infrastructure, lack of start-up and working capital, and insufficient business skills. Young traders often work as mobile hawkers instead of setting up in permanent market stalls, which adds to the challenge. They struggle with getting enough customers, having enough capital, and lack of business knowledge and experience.

1.1 Tanzania

Market conditions, such as flooding during rain, make it harder to operate.



The absence of large, modern bus stands near relocated markets also makes it difficult for customers to access these markets.



Another issue is the limited availability of trader-friendly loans, with many institutions not offering loans to informal small traders.

Harnessing the economic power of street vendors and enabling them to achieve their full economic potential would bring benefits to vendors, their families, communities, and the national economy.



The vendors are a vital component of the urban economy, embodying the resilience and diversity of informal street trading. Their contribution to the economy is undeniable, offering both goods and services to a broad customer base.

Understanding the dynamics of street vendor operations, the challenges they face and listening to them speak about their activities, successes, failures, and aspirations can help deliver supportive policies and provide insight into the kinds of financial services they require. In particular, the government, financial service providers (FSPs) and other stakeholders should consider the actions needed to assist women and youth street vendors as they face a unique set of challenges.

02

Who are the street vendors or machinga?



Urban street vendors are the lifeblood of city streets, providing essential goods and services. They are called “machinga” in Tanzania and the name itself hints at how they operate, stemming from “marching guys”, setting up shop anywhere from bustling trading locations to quiet roadside corners.

TZS 12,000

On any given day, a machinga's earnings might hover between TZS 10,000-12,000, keeping them under the tax threshold but also spotlighting the tightrope they walk financially.



On any given day, a machinga's earnings might hover between TZS 10,000-12,000, keeping them under the tax threshold but also spotlighting the tightrope they walk financially. They are a diverse bunch, covering a wide spectrum in age, education, gender, with men slightly outnumbering women. When it comes to technology, they generally rely on their mobile phones.

Choosing where to set up shop is critical and involves finding that ideal location where foot traffic meets a loyal customer base, even if it

means opting for less official, more affordable spots over the ones which may offer access to funds and protection.

Machinga sell tangible products - clothes, electronics, food, cosmetics, toiletries - and services that keep the city ticking, like haircuts or quick tech fixes. Fashion items and gadgets seem to be big sellers, indicating machinga know what people want. They source their stock from auctions, wholesalers or straight from the makers.

Integral to the economy

Driven by the need to make a living, support their families, machinga are integral to the fabric of urban economies with their resilience, adaptability, and sheer determination. Their day-to-day might be packed with challenges, but it's also filled with opportunities to thrive.



Machinga play a crucial role in the retail supply chain, offering several key benefits that shape the market. They provide portioning, selling goods in smaller, more affordable quantities that cater to consumers with limited or irregular incomes. This practice makes essential items more accessible to a broader audience. Additionally, these traders are quick to understand their markets, identifying and selling goods and services that are highly sought after or align with local preferences, ensuring their limited capital remains fluid.

They can offer lower prices compared to traditional retail shops, often because they are not subject to most shop upkeep expenses, such as rent, power and local taxes. This enables them to attract a larger customer base despite potential concerns about product quality. Youth street vendors also serve as valuable indicators

of product performance in the market, acting as a real-time feedback mechanism for consumer preferences. This is because they are present in the vicinity where inhabitants purchase their products, can return the next day to complain if necessary, or return for regular purchases. Furthermore, traders tend to learn rapidly from sales successes and failures because they do not want to waste their limited capital investing in goods that are not popular.¹²

With the increasing presence of street vendors in accessible, open areas, consumers are becoming more inclined toward direct purchases from these mobile vendors. This shift is contributing to a rise in direct sales of consumer goods, accompanied by more flexible pricing than what is typically found in fixed-location stores.

03

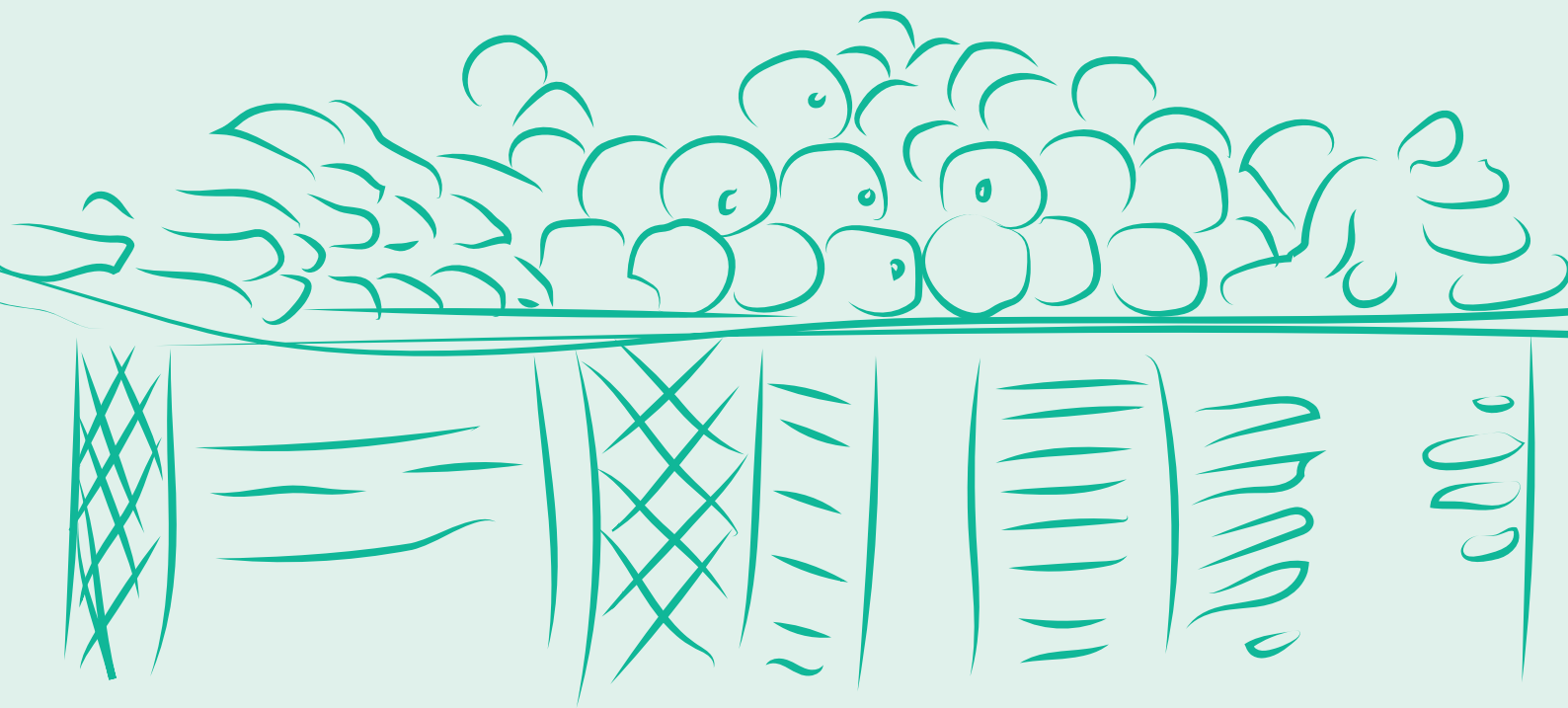
Research findings

The Financial Sector Deepening Tanzania (FSDT) and United Nations Development Programme (UNDP) contracted REPOA to conduct a deep dive research on street vendors and, in particular, women and youth vendors. The research applied predominantly qualitative methodologies. This Focus Note seeks to summarize this research so that:



Financial service providers (FSPs) can provide relevant and appropriate financial products and services for women and youth who are engaged in urban street vending as their primary source of income

Regulators and policy makers may craft enabling regulations and policies for access to finance for these segments as well as a smooth transition towards a cash lite society



3.1 The methodology

Primary data from the Integrated Labour Force Survey (ILFS), the National Panel Survey (NPS), and the Household Budget Survey (HBS) were analysed. The ILFS data were limited to the Arusha, Dar es Salaam, Dodoma, Mbeya, and Mwanza areas between July 2020 and June 2021. NPS was also limited to the same areas and data were collected from December 2020 to January 2022. HBS data were limited to the same areas. Secondary data collected by the National Bureau of Statistics were also analysed to shed light on the size and patterns within the street vendor sub-sector.

In addition to analysing the above data, qualitative data were gathered via semi-structured face-to-face interviews and focus group discussions. To identify the challenges and opportunities specific to women and youth street vendors, deeper dive qualitative research was conducted in Mwanza and Dar es Salaam regions because of their higher number of street vendors.

For the deeper dive study, respondents were chosen from formal markets, designated by the government for stationary trade, and informal markets, where stationary street vendors operate without official authorization. Mobile street vendors in streets, moving with goods and services, were also included, representing non-permanent premises.

The research initially focused on youth business owners and street vendor leaders aged 16–24. Upon consultation with market leaders, a request emerged to extend the age range to 25–35 years. This expansion aimed to capture the diverse experiences and knowledge about credit, savings, and financial access of younger and older participants. Acknowledging the potential insights the older group could offer, the FSDT directed the research to include this age spectrum, enriching the study's scope and depth.

Targeted in-depth interviews were conducted and recorded through audio. These interviews allowed the collection of large amounts of information about behavior, attitude, and perception of the subject matter that are business ownership, business growth, capital, credit, insurance, mobile money, banks, financial literacy, and entrepreneurship.

Eight focus group discussions involving six to 12 participants and lasting up to an hour were also held. The groups were large enough to generate rich discussion and the research team ensured no participant was left out. The researchers conducted one focus group discussion for every sampled formal market.

3.2 General Findings

- | | |
|---|--|
| ❖ Street vending or informal petty trading involves slightly more women than men. | ❖ Average age of traders is 40 years, ranging from 18 to 91 years, and about a third of these traders are married. |
| ❖ Most traders have secondary education | ❖ Majority are involved in selling goods, with a few providing services or doing both. |
| ❖ They see factors like a supportive environment, customer base, diligence, access to CMGs, positive customer relations, and credit as growth catalysts. | ❖ Business success is broadly seen as financial improvement or life quality enhancements, like better food and education access. |
| ❖ Trends indicate a declining number of youth and women traders due to capital constraints and infrastructure issues. | ❖ Businesses are largely unregistered and employee-free, with lifetimes spanning one month to 71 years, averaging 10 years in operation. |
| ❖ Primary motives for starting these ventures include unemployment, supplementing family income. | ❖ Enterprises operate both from temporary and permanent locations, with half of the temporary traders being mobile. Among those in permanent spots, only a fifth are market-based, with the rest divided between home and farm locations. |
| ❖ The predominant business activity is food vending, focusing on food products. | ❖ Many lack knowledge about business formalization and are hesitant to register due to small capital and tax concerns. |
| ❖ Family contributions emerge as the primary capital source. | ❖ They have access to credit via banks, CMGs, microfinance, SACCOS, private companies, and individual lenders. |
| ❖ Savings habits are prevalent, with a preference for traditional methods like piggy banks. | ❖ Minimal use of banking or mobile services but this is limited due to high fees and complexity concerns. |
| ❖ Knowledge gaps, in terms of awareness and financial literacy, in insurance and investment are notable, with a general lack of desire to reinvest saved funds. | ❖ Traders of 18-24 years have significant interest in acquiring business management, financial management, saving, and entrepreneurship skills, yet many are unaware of associations or the support they offer. Comparatively, traders aged 25-35 show a better grasp of business growth and financial services, influenced by experience. |

This Focus Note seeks to concentrate of findings relevant to the financial inclusion of street vendors and in relation to women and youth. Therefore, the findings presented below will be aligned with this.



3.3 Financial findings



Access to financial services is essential for street vending businesses to operate and grow, covering needs like capital, savings, credit, banking, mobile money, payment methods, and insurance.

131,000^{TZS}

Average Operational Capital

33,744^{TZS}

Average Monthly Gross Income

24,171^{TZS}

Average Monthly Net Income

About two-thirds of these businesses operate year-round, yet most lack access to financial services, which are mainly provided by SACCOS, CMGs, banks, cooperatives, private lenders, and local authorities, supplemented by loans from friends and relatives.

The average operational capital stands at TZS 131,000, with start-up funds coming from savings, gifts, and previous ventures. Transactions primarily involve individual customers, yielding an average monthly gross income of TZS 33,744 and a net income of TZS 24,171, with many not paying government taxes or levies. The required starting capital varies by the trader's location and mobility, with those in fixed locations needing more.

Common capital sources include personal savings, family grants, community funds, and loans from both formal institutions (e.g. FAIDIKA, Vision Fund) and informal groups (e.g. Local Government Authorities, CMGs, SACCOS). However, repaying these loans can be difficult for some. Though some traders use financial institutions like banks, a significant number lack bank accounts due to their perceived low levels of funds. In particular, mobile money services and CMGs offer alternatives for financial transactions. Cash remains the primary payment method, with limited use of banking services for payments. Few traders maintain formal business plans or financial records.

Insurance, including health coverage, is scarce among traders because of financial limitations and a lack of understanding about insurance benefits. Despite various business risks, the majority lack insurance coverage. While financial services are crucial for street vending businesses, gaps in banking access and insurance underscore the need for more customized financial solutions and improved financial education in the community.

3.4 Gender findings

The street vendor sub-sector still experiences gender-based issues. Women engaging in business activities often face obstacles related to family duties, such as childcare and household management. This restricts their ability to grow their businesses.



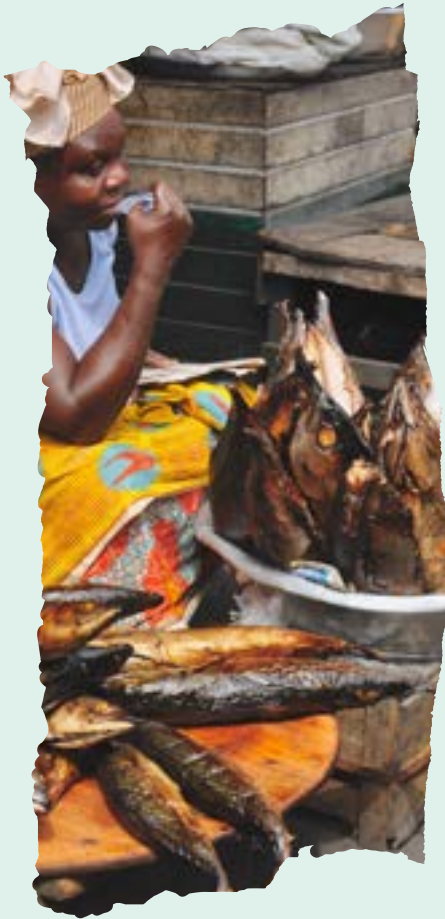
Additionally, traditional gender roles lead to negative societal attitudes, with some men disapproving of their wives' involvement in business, deeming it unsuitable. Women in this sector also face sexual harassment and abuse, including verbal assaults, unwanted physical contact, and sexual exploitation. Reports have highlighted instances of sexual misconduct by council militias, with some women feeling compelled into sexual relationships for business security or to avoid harassment. Gender stereotypes further hinder women's businesses, with instances of male customers refusing to engage with female traders due to their gender. Leadership within street vendor trader

associations is male-dominated, exacerbating gender imbalances. Women asserting themselves in business may face opposition from their spouses or difficulties in accessing financial resources. But there is a growing societal acknowledgment of women's rights to participate in business and contribute to economic growth. Addressing these gender disparities requires a holistic approach to eliminate sexual harassment, challenge stereotypes, and encourage women's participation and leadership. Establishing a supportive and respectful environment for women is crucial for inclusive economic development and empowerment in the machinga community.

04

Finance-related insights and challenges facing street vendors





Business ownership and growth

The women youth street vendors surveyed ran their own businesses, sourcing goods from the local wholesale or retail markets. This is common among various types of vendors, including those selling fruits, juices, meals ('mama lishe'), dry fish, vegetables, and clothes. Youth traders define business growth as an uptick in income, capital, profits, and sales, alongside the capability to invest in assets like land, houses, and vehicles. This reflects positively on their socio-economic status, including better nutrition and education for their families. Growth drivers include a conducive business environment, CMG participation, strong customer relations, sales growth, and hard work. However, they face growth barriers such as high-interest rates for loans, inadequate facilities, poor infrastructure, calamities, and government-induced relocations. Key to success is a supportive environment, participation in CMG, solid customer relationships, diligence and effective financial management, and budgeting. Yet, those in permanent market spots deal with hurdles like high interest rates on loans, natural disasters, forced relocations by the government, scarce customers, expensive raw materials, and limited capital, often resorting to buying stock on credit.

Infrastructure

Street vendors face a challenging environment, marked by poor infrastructure such as roads and buildings, and fire risks. Markets relocated in 2021 due to city planning interventions see low business activity, sales, and customer turnout. In formal markets, traders incur significant costs for security, municipal services, and cleanliness, amounting to 36,000 TZS monthly, putting financial pressure on them. While traders in informal markets, who are often mobile, avoid these fees, their businesses suffer in newly moved locations like Bunju and Ukwaju, which have poor access and facilities. Conversely, markets in prime locations, like Karume in Dar es Salaam, attract more customers due to better infrastructure and amenities, highlighting the importance of location and quality facilities for market viability.





Informality

Many women and youth street vendors lack access to Machinga IDs, with some unaware of the IDs and others not completing the registration process. A lack of knowledge about business formalization and registration, along with a fear of incurring additional costs or taxes, leads most to avoid formalizing their businesses. This reluctance is often due to limited capital and concerns over not growing their business. Since an administrative change in 2019, the distribution of Machinga IDs has stopped, leaving many traders, both new and experienced, without valid IDs. Older traders may have outdated IDs, but share the same lack of interest and understanding of business formalization. Insufficient capital, minimal government support, and complex regulations further discourage traders from formalizing their operations.

Capital

For most street vendors, financial support from family members, including parents, spouses, siblings, and friends, is the main way they fund their businesses in both formal and informal markets. Additionally, they use earnings from agriculture, casual jobs, livestock keeping, and traditional savings methods like piggy banks (referred to locally as 'kibati' and 'kibubu') to start and sustain their trading activities.



Credit

Traders can access formal credit from banks, mobile money companies, CMGs, microfinance institutions, SACCOS, private companies, and individual lenders. However, women and youth street vendors in informal markets face challenges in accessing these funds due to a lack of collateral, small capital sizes, and limited knowledge on how to secure loans. Additionally, there's a prevalent fear among them about the process of borrowing and repaying loans. While older traders, aged 25 and above, generally have a better grasp of financial matters like interest rates and repayment schedules due to their extended experience and financial understanding, younger traders, aged 16–24, exhibit significant gaps in financial knowledge and confidence in dealing with credit. Considering this dynamic, most street vendors continue to rely on funds from family and friends, which limits their ability to mobilize funds.





Insurance

Youth street vendors in both formal and informal markets generally have a limited understanding of business insurance, and only a small number are aware that security and market fees contribute to their business's insurance coverage. The majority do not have medical insurance or savings allocated for health issues, leading them to pay for medical services directly from their business profits. A few traders know about or use the National Health Insurance Fund (NHIF), and even fewer benefit from medical insurance through a spouse or family member's policy.

Payments

Most street vendors in both formal and informal markets mainly deal in cash payments. Due to limited capital, perceived high cost of transaction and the specifics of their businesses, such as selling fruits or groundnuts, a significant number also engage in transactions on credit. Cash remains the predominant payment method for youth street vendors across all markets, although many rely on a mix of cash and credit to manage their operations effectively due to their constrained financial resources.

Bank accounts

Many youth street vendors in both formal and informal markets do not have bank accounts. They often cite reasons such as limited capital and income, as well as the complex and time-consuming process involved in opening a bank account, which may include high fees and the need for identification like a NIDA ID card. Despite recognizing some benefits of banking, these traders believe their financial situation does not warrant an account, highlighting significant barriers to financial inclusion. However, there is a noticeable difference among older traders in formal markets, with a higher number holding accounts in banks. This suggests that age and operating in a formal market can influence a trader's likelihood of engaging with banking services.



Mobile money

Women and youth street vendors use mobile money services, but they face obstacles like low income due to poor business performance. They understand the benefits of mobile money services but are deterred by high fees charged by mobile money companies and the requirement for a NIDA ID to officially register their phones and SIM cards. These challenges highlight wider issues with financial inclusion, as many traders remain hesitant to fully embrace digital financial services. This is mainly due to the lack of suitable use cases and their perception that these services do not offer value for money. Nonetheless, older youth traders are more likely to incorporate mobile money into their daily activities, showing that overcoming these barriers could significantly improve financial engagement among street vendors.

Savings

Most street vendors save money using informal methods like piggy banks (kibubu and kibati), with only a few utilizing mobile or formal banking. Low profits and income hinder some from saving. The table below summarizes the saving methods and amounts reported. Because of the various challenges identified with the ability to save, generally, most of the youth street vendors did not have the desire to invest the little money they are able to save. Few youth street vendors do buy land, livestock keeping and farming as means to invest.



| Saving Method | Minimum Amount TZS/week | Maximum Amount TZS/week |
|-----------------------|-------------------------|-------------------------|
| Bank | 5,000/= | 100,000/= |
| Mobile Wallet | 3,000/= | 100,000/= |
| Keeping money at home | 1,000/= | 30,000/= |



Financial literacy and entrepreneurship

Women and youth street vendors lack access to educational resources on financial matters and entrepreneurship skills. They are keen to learn about business management, financial management, savings, and entrepreneurship. Specifically, women traders are interested in acquiring cooking skills to expand their 'mama lishe' businesses. Despite a high interest in these areas, there is a significant gap in the availability of learning platforms that offer training in these crucial skills, underscoring a pressing need for education in business management and entrepreneurship for street vendors.

Investment

Due to the challenges they face in saving money, most street vendors are hesitant to invest their limited savings. This is largely because they may perceive the risk of investment to be higher than the security of retaining their savings. This could stem from feelings of uncertainty about what tomorrow may bring and a reluctance to commit their funds to endeavors that will prevent them accessing money in emergencies. They may also assume that investment requires larger amounts of money than they have. However, a small number of them do invest in buying land, keeping livestock, and farming. Despite the general hesitancy, some older traders are more open to investing in areas like real estate, education by paying school fees, joining CMGs, and enhancing their business capital and operations.

Associations

Street vendors in both market types have limited knowledge of associations, especially roving traders in informal markets due to their transient nature and minimal interaction with market leaders. However, traders in more established formal markets like Dar es Salaam's Karume and Mwanza's Kiloleli show greater awareness of associations and their potential support.

05

Global best practice examples for street vending formalisation



Business ownership and growth

Several countries have recognized the importance of street vending as an economic activity and have implemented policies to support and regulate the sector. India, Rwanda, and South Africa stand out for their successful approaches.



In India, the government acknowledged street vendors' role in urban livelihoods through the National Policy on Urban Street Vendors (2009), which aimed to create a supportive environment for vendors while managing public space effectively. The Street Vendors Act of 2014 further established legal protections, regulating the sector, and protecting vendors' rights, including the demarcation of vending zones and the establishment of town vending committees. The National Association of Street Vendors of India (NASVI) plays a crucial role in advocating for vendors' rights and livelihoods, representing a federation of over 700 street vending organizations.

Rwanda has taken an indirect approach to formalization by promoting cooperative development through the Rwanda Cooperative Act (2006) and the Rwanda Cooperative Agency (RCA). This model encourages small business operators to join registered cooperatives, which receive government support in capacity building, financing, and land access. This approach has resulted in the growth of cooperatives that provide members with workspace and engage in

annual performance contracts with local governments. In South Africa, particularly in Durban, street vending has been regularized through urban planning and development programs. The city has adopted a model of permitted zones for vending, providing vendors with legality and access to basic services. Durban's informal economy policy, inspired by pilot projects, focuses on simplifying the registration process, setting transparent operating charges, and planning new markets and trading opportunities. It also supports small enterprises and regulates the informal economy through minimum standards set by local government.

These examples demonstrate diverse strategies for integrating street vending into formal economic frameworks, emphasizing legal protection, organizational support, and cooperative development. Each approach reflects an understanding of street vending's contribution to urban economies and a commitment to creating conditions that allow vendors to thrive while contributing to orderly and vibrant urban spaces.

06

Recommendations for improved access to finance

To support the development and growth of youth street vendors in urban centers, the following recommendations are proposed:



6.1 Policy change recommendations

The above findings present an opportunity for the Ministry for Industry and Trade to develop a National Policy on Urban Street Vendors, acknowledging their crucial role in supporting urban livelihoods through accessible and affordable goods.



This policy should aim to formally incorporate street vending into urban planning, safeguarding vendors from harassment and property seizure, and fostering a supportive environment. Such a policy would seek to address unemployment, avoid overcrowding, and maintain cleanliness by ensuring legal recognition, providing civic facilities, establishing clear regulations, and encouraging organized and participatory vending practices.

Furthermore, local governments can support street vendors by creating safe vending spaces and involving vendors in establishing realistic and affordable vending zones. Planning should consider vendors' economic needs, land use, urban orderliness, health, and safety. Recognizing 'natural markets' and using a participatory approach with stakeholders can optimize vending locations. Additionally, categorizing vendors by

their business size and type will help in effective planning, support, and regulation, ensuring vendors are adequately supported and integrated into urban economies. Creating a special unit within local government to focus on street vendors (Machinga) is essential. This unit should get to know the vendors' characteristics and operations after they are placed in designated areas, improving understanding of their needs and compliance requirements. The government should develop online systems for registration, information access, and service applications to streamline processes and reduce wait times. This includes simplified procedures for online registration, accessing credit, paying taxes, and enrolling in health and social insurance. Local authorities should implement a mix of incentives and enforcement to manage vending activities.

6.2 Actions recommended



Capacity Building

Strengthening the capacity of the Machinga association through training and resources will enable it to interact effectively with government bodies, giving vendors a stronger voice in policy and urban planning. This approach, which empowers associations to help with the formalization process, is more efficient than direct government intervention.



Financial literacy and entrepreneurship training

Women and youth street vendors should be offered training in financial literacy, financial management, budget control, business skills, management, marketing, saving, entrepreneurship, record-keeping, and investment opportunities. Traders should also be linked to the Small Industries Development Organization (SIDO) for practical skills in entrepreneurship and business management, focusing on work-based learning and quality apprenticeships. Financial institutions are encouraged to partner with the government and the Machinga association to offer business skill workshops and financial literacy programs.



Digital Marketing Training

Enhance traders' skills in digital marketing to broaden their market reach and support business growth.



Financial Institution Collaboration

Traders should be linked with financial services providers (FSPs). FSPs should collaborate to create microfinance opportunities or low-interest loans tailored for street vendors, enhancing their ability to grow their businesses and improve product quality. A well-supported Machinga association can serve as a guarantor for its members and invest in projects beneficial to the vendor community, such as owning and managing market spaces.

6.2 Actions recommended



Digital Skills and Platforms

Connect women and youth street vendors with digital platforms like M-KOBA (by M-Pesa) for access to credit, mobile money usage, and savings.



National ID Access

Work with the National Identification Authority to help traders obtain NIDA IDs, crucial for mobile money registration, banking, and business formalization. Alternatively, consider more decentralized approaches for issuance of digital ID for special population segments, such could involve technology companies, i.e. Yes:ID who already work with the Revolutionary Government of Zanzibar in similar initiatives.



Insurance Affordability

Connect women and youth traders with insurance companies and encourage the creation of affordable and customized products and solutions for their businesses and health.



Association Membership Awareness

Raise awareness about the benefits of joining trader associations for advocating improved working conditions. Non-governmental organizations, civil society, and community-based organizations should support vendors in forming strong associations that can advocate for their rights and provide access to essential services. These groups can offer training in policy, entrepreneurship, and financial management. Strengthening the capacity of the Machinga association through training and resources will enable it to interact effectively with government bodies, giving vendors a stronger voice in policy and urban planning. This approach, which empowers associations to help with the formalization process, is more efficient than direct government intervention.

6.2 Actions recommended



Infrastructure Improvement Lobbying

Advocate with the government for business premises that are more aligned to the actual operational reality of street vendors and infrastructure to support a more conducive business environment.



Gender Transformative Approaches

Implement strategies to empower female traders with business skills, encouraging learning from experienced peers, innovation, and adaptation to change. Such programs should consider implementation strategies that can ease domestic work burden of women and support in childcare during training sessions.



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