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ABSTRACT

This study examined the contribution of informal sector to poverty reduction in Mwanza city focusing on food vending activities. Specifically, the study intended: (i) to identify the different types of food sold by the food vendors in the study area, (ii) to determine the income earned by the food vendors per month in the study area, (iii) to analyze the contribution of the food vending business to poverty reduction among the households in the study area, and (iv) to identify the factors affecting the performance of food vending business by gender.

Data for the study were collected from a sample of 90 respondents using structured questionnaires. Both purposeful and simple random sampling techniques were used as criteria for sample selection. Descriptive statistics analysis was used to analyze data.

The study findings revealed that income accrued from food vending had positive contribution in poverty reduction among food vendors in the study area in terms of ensuring; households foods accessibility, ability to carter the need of clothing as well as ability of the households to meet the cost of education and health services. However, lack of business premises was the major problem affecting the performance food vending activities followed by lack of education and lack of capital.

The study, therefore, conducted that food vending activities are vital weapon for fighting against poverty not only in study area but also other parts of the country. It was then recommended that both government and other stakeholders should promote the sustainability of food vending activities through provision of soft bank loan, credits facilities, marketing skills and permanent working premises.

LIST OF ABBREVIATIONS

IRDP	Institute of Rural Development Planning
ADREP	Advanced Diploma in Regional Development Planning
ADVEP	Advanced Diploma in Environmental Planning
REPOA	Report on Poverty Alleviation
USD	United State Dollars
GDP	Gross domestic Product
PRSP	Poverty Reduction Strategy Paper
SIDO	Small Industrial Development Organization
NGOs	Non Governmental Organizations
IS	Informal Sector
LFS	Labour Force Survey
HBS	House Budget Survey
HRDS	Human resource Development Survey
NISS	National Informal Sector survey
URT	United Republic of Tanzania
VETA	Vocation Education Training Authority

DEFINITION OF THE CONCEPTS

Informal sector	The sector which is not regulated and people in this sector tend to be doing their own things in their own way with little regard to regulations applying to the formal sector of the society
Food vending	Is a small-scale business of producing and distributing services of the cooked food at different times the common used names are “Mama Ntilie” and “Baba Ntilie”, “Bei poa” Bei mapatano and in Kenya food vendors are known as “Jua kali” also “mama and Baba Ntilia

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background Information

Poverty and welfare of the people in the world today has become the pre-occupations in the policy discourse of international bodies and in interventions of the civil society. A lot of work has been done in research, policy formulation and in launching of global, regional and local level programs aimed as reducing poverty (REPOA), 2004). In spite of the fact that for the past three decades poverty reduction has been on the country's policy agenda, almost half of the population live below poverty line of less than USD 1 per day and over a quarter are poor people (Msangi, 2002). With a GDP per capita of about USD 240 per annum incomes and consumption of many Tanzanians are too low to meet the basic minimum requirements of life. Consequently, makes Tanzania to be one of the poorest countries in the world (PRSP, 2002)

Efforts have been made by the government and other stakeholders since 1961 by identifying three enemies of development that is poverty, ignorance and diseases and then embodied them in the vision of Arusha Declaration as part of struggle to emancipating Tanzanians from the yoke of underdevelopment, whereas different sector policies and programs were prepared to assist these efforts. For instance, the government of Tanzania is committed to the development of small-scale business through Small Industrial Development Organization (SIDO), which gives small grants to people who wish to carry out such small businesses.

However, it is generally acknowledge that the Informal sector (I S) is playing an important weapon of fighting against poverty not only in study area but also the country at large. For instance, Labour Force Survey (LFS) (1991) reported that informal sector is the employer of last resort evidence, partly due to the fact that informal sector is providing employment for about 22% of total labour force in the country. In addition,

informal sector accounts for substantial and increasing share of urban employment in most of the developing countries and majority of the urban and rural dwellers employment in most of the developing countries depend on informal activities for their livelihoods.

Undoubtedly, informal sector seems to be an important player in the creation of employment opportunities in both urban and rural areas through individual initiatives and therefore any credible strategy to reduce poverty in study area in particular and the country as whole must pay attention to this sector. This study therefore, is intended to investigate the contribution of informal sector to poverty reduction in Mwanza City using food Vendors as a case study.

1.2 Statement of the Problem

The informal sector is an important source of employment opportunities especially in urban areas and to some extent in the rural areas. Available statistics indicate that in Tanzania informal sector contributes about 35% to the Gross Domestic Product (GDP) and about 2.4 million people were recorded to be involved in informal sector (Kulindwa, 1997). Specifically, by 2002 the informal sector provides employment opportunities for about 41% of people in Mwanza region (Mwanza Environmental Profile, 2002). Despite the fact that informal sector play as important contribution to economic development particularly so for providing of the employment opportunities, there is a paucity of the information patterning to the contribution of the informal sector to poverty reduction in Mwanza City. The absence of the basic information of this nature resulted into most of policy makers and development practitioners' devoted more efforts on development of formal sector in terms of providing financial resources than informal sector. Consequently, often the growth and development of informal sector were generally low. Thus, an analysis of potential contribution of informal sector to poverty reduction is needed.

1.3 Objectives

1.3.1 General objective

The overall objective of this study is to evaluate the potential contribution of informal sector to poverty reduction and recommend the appropriate intervention strategies to be put in place in order to promote the sustainability of the sector in Tanzania.

1.3.2 Specific objectives

The specific objectives of this study were as follows:-

- i. To identify the different types of informal activities related to food done by food vendors in the study area.
- ii. To determine the income accruing from food vending business activities among operators in the study area.
- iii. To analyze the contribution of the food vending business activities to poverty reduction among households in the study area.
- iv. To identify factors affecting performance of food vending activities by gender

1.4 Research Questions

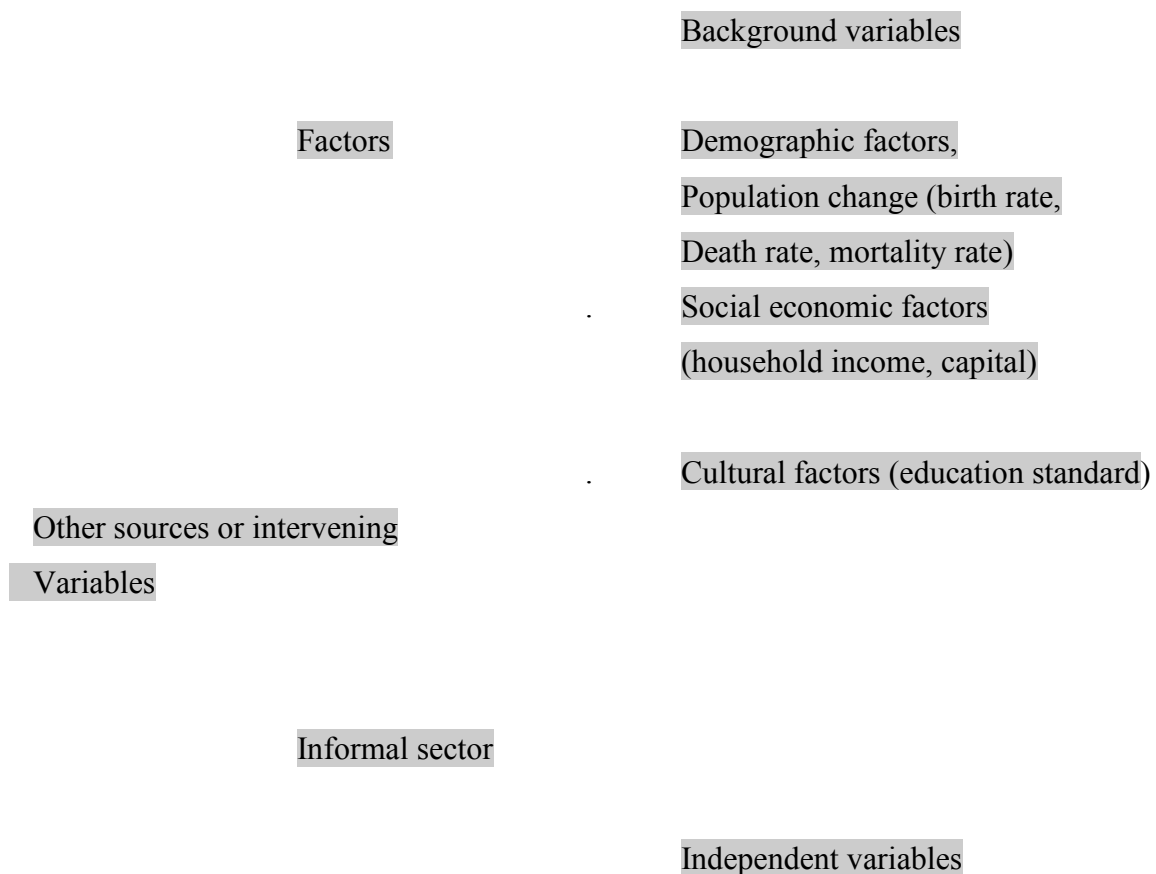
The research will be guided by the following questions.

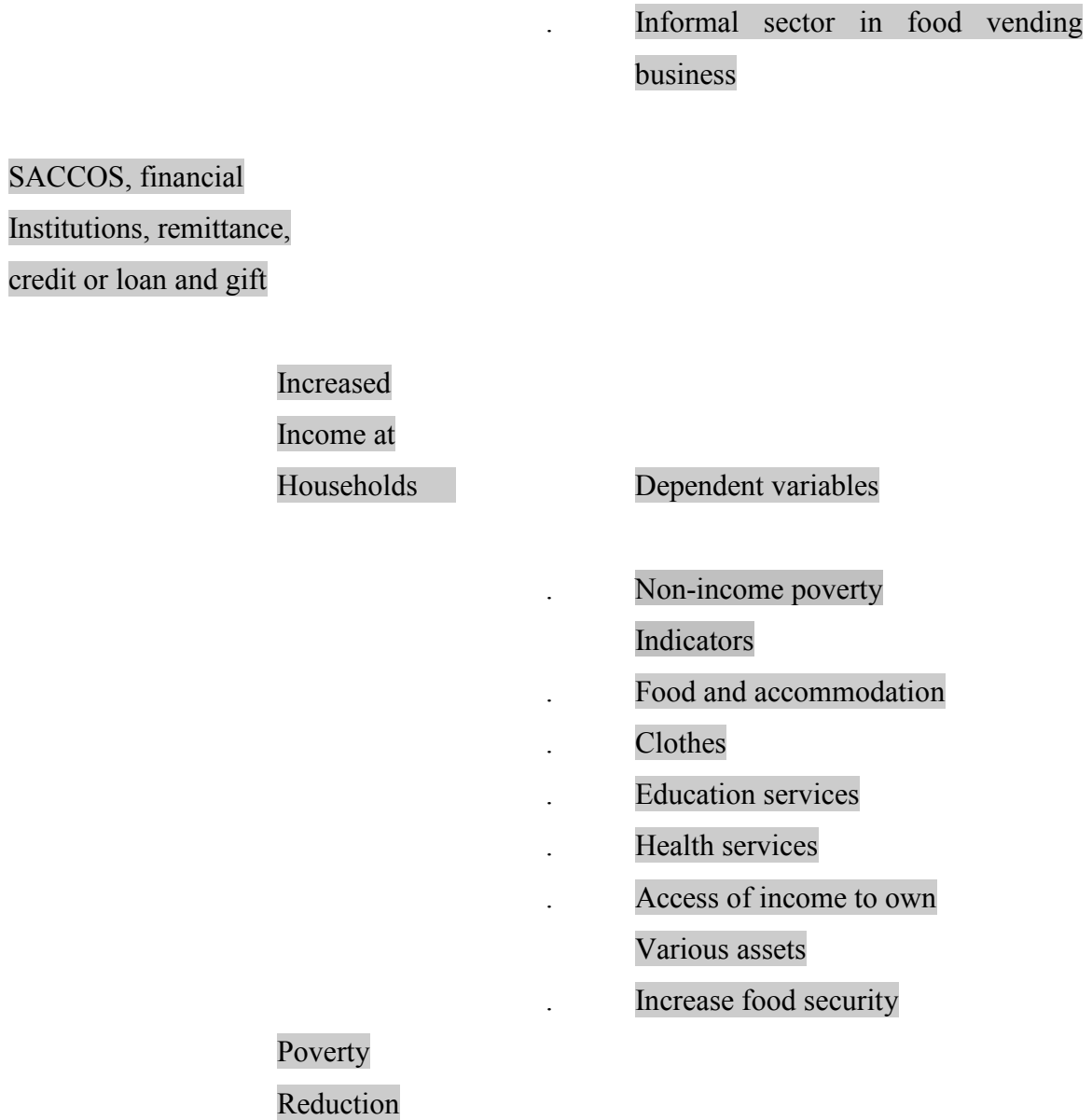
- i. What are the different types of food undertaken by food vendors in the study area?
- ii. What is the income earned from food vending activities among operators in the study area?
- iii. What is the contribution of the food vending activities to poverty reduction among households in the study area?
- iv. What are the factors affecting performance of food vending activities by gender?

1.5 Conceptual Framework

Figure I c, socio-economic and cultural factors and their influence to the informal sector activities. However, this study assumed that income accrued from the informal sector can be used to meet the basic requirements at households' levels in this conceptual framework denoted as dependent variables. These variables included the access and availability of food, improved social services as well as acquisition of clothes and assert to mention a few. The outcome of availability of afore-mentioned variables at households' levels will definitely improve the living standards of food venders in the study area and hence leading to declined poverty, which is critical problem threatening majority of people not only in the study area but also other party in the country.

Figure I: Conceptual Framework





1.5 The Scope of the Study

The study was undertaken in Mwanza City and covered one selected ward namely pamba. Specifically, the study focused on informal activities related to food and therefore the target population was food vendors (both mama and baba lishe)

1.6 Significance of the Study

This study is important because it provide information on in the issues of linkages between informal sector and poverty reduction. This in turn, may help both policy makers and development practitioners to better design or fine-tune their development policies and design specific intervention strategies aimed at promoting the growth and development of informal sector.

1.7 Organization of the Dissertation

The dissertation is organized into five chapters with chapter one being the introduction. Chapter two reviews the literature related to informal sector and poverty. Chapter three presents the methodology of the study. The findings of the study are presented and discussed in chapter four. The last chapter provides conclusions and recommendations based on the major findings of the study.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Contribution of Informal Sector to Employment

The World Bank (1991) indicates that the informal sector employment is total labour force remained high between the year 1978 and 1988. It has absorbed about 92% of the total employment. Similarly, ILO/JASPA (1989) reported that informal sector employment has increased by an average of 0.7% each year between 1980-1988 in Africa and employed more people than the formal sector by creating 6 million new jobs against 0.5 million over the same period.

It was reported by NISS (1991) that about 2,369,380 people were engaged in the informal sector by 1991, 26% of them were informal sector employees while the rest 74% were sole operators, about 35% were female operators and employees and 65% were male operators. In response to this, the informal sector contributes to the major part of employment then the informal sector is seen to contribute at a lower rate, but significantly in the term of income generation it provides between 20-30 of rural income (Sarris & Brink's. 1993, Bagachwa et al., 1995).

According to Bagachwa and Ndulu (1996) the major beneficiaries of informal employment opportunities seem to have been the migrant labourers. In their survey for Dar es Salaam and Arusha they found that the majority of labour force (84% in Arusha and 90% in Dar es Salaam) migrated from outside the respective world place. Bagachwa and Ndulu (1996) acknowledged that urban small activities are considered important in the overall context of development because they provide employment for the disadvantage section of the population.

2.2 Contribution of the Informal sector to Gross Domestic Product, m(GDP)

The NISS (1991) argued that the contribution of informal sector to the Gross Domestic Product in 1991 was about 32%. This is quite a reasonable amount bearing in mind that this sector is not counted in the office statistics. Due to the exclusion of this information in the calculation of national income a gross understatement of the level per capital income of the population is inevitable. Given the counting expansion of the informal sector, a greater potential for a higher contribution to the GDP exists.

2.3 Contribution of the Informal sector to Poverty Reduction

The income generation opportunities offered by the informal sector provides a very important source of livelihood for a large proportion of the population in the urban and rural areas. This is manifested by the larger number of people employed in this sector. As the “ultimate refuge” in beneficial economic activities it is a source of income without which abject poverty, increased crime rate and social unrest would have been the inevitable outcomes. For instance, statistics indicate that in 1991 the informal sector’s share to the total employment was 22% with 56% of the urban labour force and 14% of the rural labour engaged in the informal sector, earning estimated average of TZS 14,120 and 7,270 per month respectively. The end of 1994 estimated the informal sector estimated to employ about 60% of the total labour force in Tanzania (URT, 1994). This high rate may be attributed to the deficient labour capacity in the formal sector and rapidly growing labour force among other factors.

2.4 Contribution of the Informal Sector to the improvement of Social Economic Welfare.

Apart from the contribution of the informal sector to poverty reduction. Omary (1995) reported that the informal sector plays a vital role in improving people welfare. The emphasis was on the key contribution to the household economy. In fact, without informal activities the households would suffer economic hard ships. For example, Omary (1996) reported that women who are the food vendors known as “mamantilie” earn income which goes directly not only to the bread winners but also help for other household responsibilities in Dar es Salaam region. Likewise, Msangi (2002) reported that food vending business is prospering due to its potential contribution to house hold welfare. This is because the business contributes a lot to the poor people involving in such a business.

2.5 Informal sector and Government Policy

The policy environment created the gap between the formal and informal sector; the previous policies did not address the informal sector since the sector was not officially recognized. However policies formulated for other areas such as the agriculture, industrial, labour, registration, economic and education had tremendous impact on the informal sector’s character mode of operation and growth.

The informal sector activities have been regarded as illegal and thus arms of law were affective due to adequate capacity of enforcement on one hand and smaller informal sector on the other, above all, the economic was doing well and jobs were available. Later on the situation changed for the worse. In general, development policies together with some government regulation have affected the growth of the informal sector. For instance the Nationalization Act of 1967, part leadership code of 1967 and the Ujamaa village Act, all worked against not only the growth of the sector, but also worked towards discouraging individual initiative and barred participation in private ventures for “leadership” (Bagachwa 1993, Luvaga, 1995). In addition, Arusha declarations of 1967

discourage individual private initiative. This situation had serious effect on growth and graduation of the informal sector not only in the study area but also other parts in the country.

However, due to the government persistent and growing inability to remunerate its employees and provide basic services in 1987 President Mwinyi in a speech encourages workers to participate in other income generating activities so as to supplement their income (Mushi, 1995). This green “light” saw the start of the proliferation of all kinds of informal sector activities.

2.5 Challenges and the Way forward.

The several policy implications should be bound to the informal sector so as to fully realization of the individual initiative and creativeness, the government has an obligation to create an enabling environment for the informal sector operations to support their creative and productive potential, However, we need to be clear of what objective we actually what in achieve by developing ;the sector, solving the identified problem will help us to properly determine the specific needs and the direction of our efforts towards achieving the set goals. Do we want to develop the informal sector” as it is” or do we want to incorporate other aspects which might even interfere with a very definition of the sector? Should we focus on the income generating aspects and employment creation potential and forget about registration, licensing and taxation? Should we differentiate among informal sector activities and institution differential measures or should we just apply a blanker solution? Should we treat this as a transitional phase for operators towards formalization or should we look at it as an end into itself? These and other basic questions are but some guiding elements in trying to grapple with the future direction of the informal sector

Another area of concern the informal should not get a free ride at the expense of the shrinking formal sector. It should be able to contribute to awards establishment and maintenance of the main social economic infrastructure up on which it benefits. One way

of affecting this is through gradual introduction of reasonable tax rates for different activities and reduction of cumbersome bureaucratic procedures. Secondly these activities should publicly be declared legal and proper planning for their functioning to be done for instance setting aside areas with site and service plans for business structure or even provide business and recognitions of special needs is important.

Policies should not be wholesale ones without regard to different characteristics of activities and operators. Some are actually day to day survival activities while others are continuous activities with potential to grow and graduate from informality. Assistance to target groups must be considered particularly those with out growth potential or survival characters such target groups may be owned to operate with minimum conditionality and tax requirements. This may be view as a direct allocation of social benefit through an individual subsidy (that is through no-payment or minimum tax payment) to facilitate the proper conduct and increase efficiency and productivity sanitation and short education programs such as seminars should be introduced. The informal sector policy should look into incorporating industrial protection aspects of the informal sector in order to check occupational hazards. Therefore, informal sector should be act as a catalyst of poverty reduction and consequently should aim at minimizing the existing gap between the poor people to develop in the spheres of life at large.

CHAPTER THREE

3.0 STUDY AREA AND RESEARCH METHODOLOGY

3.1 Description of the Study Area

3.1.1 Location and administrative structure

Mwanza city is located on the southern shores of Lake Victoria in Northwest Tanzania, it covers an area of 1325km² of which 425 is dry land and 900 km² is covered by water. Out of 425 km² of dry land area, approximately 868 km² consist of forestland, valleys, cultivated plains, and grassy and undulating tock hill areas. Administratively, Mweanza city is comprised of two districts, namely, Nyamagana and Ilemela and 24 wards. Pamba is one of the 21 wards found in Mwanza City; it is located at the center of the city where the main city bus stand is located.

3.1.2 Population

Based on the 2002 population census, Pamba ward had a total population of 28,570. Out of the total population, there are 11,718 male and 11,828 female with an average household size of 4.6 persons (URT, 2002).

3.1.3 Employment

The majority of Mwanza people are self employed. According to the 1998 Mwanza Environmental profile report (2002) indicates that about 42% of the people are self employed in the informal sector, 27% are unemployed and 32% are employed in the formal sector.

3.1.4 Existence of Informal sector in Mwanza City

Statistics indicates that majority of people in Mwanza city are operating in more than 120 different types of informal occupations. The informal sector is estimated to accommodate more than 75% of all the population in Mwanza city. Thus, informal sector tend to be more effective in utilization of local resources using simple and affordable technology, it plays a fundamental role in utilizing and adding value to local resources. The development of informal sector facilitates distribution of economic activities within the economy and this fosters equitable income distribution. Specifically, Table 1 shows the distribution of food vendors per ward.

Table 1: Distribution of Food Vendors in Mwanza City, 2006

Ward	Number of Food Vendors Available
Nyakato	120
Igoma	250
Igogo	200
Kirumba	280
Nyamanoro	60
Mkuyuni	200
Nyamagana	200
Pamba	300
Kitangiri	80
Isamilo	40
Mirongo	60
Mbugani	150
Ilemela	120
Bagogwa	50
Butimba	60
Mkolani	30
Buhongwa	30

Buswelu	15
Mahina	25
Nyamwilolelwa	40
Pasiansi	60
Total	2370

Source: Mwanza City Business Department, 2006

3.1.5 Contribution of Information Sector to the City Economy

Informal sector is the major sources of revenue in Mwanza city, partly due to the fact that over 75% of Mwanza residents are employed in the informal sector. For this reason, informal sector plays an indispensable role in terms of creation of employment opportunities and income generation not only in the study area but also other parts in Tanzania (Small and Medium Enterprises Development Policy, 2003)

3.1.6 Trade and commerce

Mwanza city is the largest commercial area in the country where a variety of the businesses ranging from small to large manufacturing and processing industries are present. These includes edible oil mills, fish processing industries, printing shops, metal working shops, chemical/soap factories, plastic factories and fish manufacture industries both provide employment opportunities to many people in Mwanza.

3.1.7 Faming activities

Agricultural is the main activities undertaken by majority of people in the Mwanza city, especially for people who are living in rural areas. Varieties of crops, vegetables and fruits are grown by smallholders' farmers in the Mwanza city. These include, cotton, rice sorghum, sweet potatoes, cassava, maize, bens pineapples, oranges, papayas, mangoes, bananas, pepper, cabbages, onions and tomatoes. At the present, the production of cotton

in Mwanza has declined leading to larger number of people in Mwanza shifted on informal activities including food vending.

3.2 Research Methodology

3.2.1 Data needs and sources

Both primary and secondary data were collected to achieve the study objectives. Primary data related to characteristics of respondents business activities, revenue earned from food vending business and factors affecting performance of informal activities related to food were collected from the target group. The secondary data from the different sources such as government offices and institutions were collected and then used to complement the information obtained from the sample of the respondents. The types of the data gathered were the problems affecting food vendors and kind of intervention strategies directed to food vendors.

3.2.2 Methods of data collection

The structured questionnaire and checklist were used as techniques of data collection in order to generate the information needed in this study. On the one hand, the questionnaire was chosen as important instrument of collecting data from the target group, partly due to its strength of capturing empirical data in both informal and formal setting (Kothari, 1990). On the other hand, checklist was used to collect relevant information from the government officials and key informants. The information generated by using checklist was used to confirm some findings from the respondents, complement the information obtained from sample of the respondents and making relevant recommendations. Prior to operationalization of the field work, the questionnaire was presented in order to examine the validity of the questions to the intended respondents.

3.2.3 Sample size and sampling procedure

The target population for this study was food vendors (Mama and Baba lische) engaged on informal activities. It is from this population that a grand total of 90 respondents were sampled to represent the entire food vendors in Mwanza city. Both purposeful and random sampling techniques were employed. Purposeful sampling technique was used to selected streets from which sample food vendors were obtained. The selected streets were Sahara, Market and Rwagasore. The choice of the streets was based on the availability of the informal activities related to food; many were preferred. In every street, register was used as a sampling frame and from the registers names of food vendors were drawn randomly in order to obtain a fair representation of the population under observation. Table 2 shows the distribution of respondents by street by sex.

Table 2: Distribution of Sample Respondents by Street by Sex

Street	Sex		Total Sample Size
	Male	Female	
Sahara	5	28	33
Market	11	10	21
Rwagasore	17	19	36
Total	33	57	90

Source: Field data 2006

3.2.4 Formal survey

Formal survey involved questionnaire administration to the respondents and discussions with government official and key informants. Prior to the day of starting administering questionnaire, the researcher visited streets officials concerned so as to inform the relevant authorities about the purpose of the study. The individual respondents were interviewed in their homes or business places, after the initial appointment.

The appointment was made at least one day before the interview date. The objectives of the study were explained to each respondent in order to create good rapport. In order to overcome the language barrier, the interview was conducted in Swahili language and the responses were recorded in English language.

3.2.5 Data processing and analysis.

The collected data were edited so as to detect errors and omissions and there after coded prior to analysis. The statistical package for social sciences (SPSS) computer software for window version 11.5 was used to enter data and perform analysis. The qualitative or descriptive statistics such as frequencies and means were used to analyze data. The aforementioned techniques were used to assess the characteristics of sample respondents, identifying the factors affecting performance of the informal activities related to food, and determining the income accruing from informal activities. Data were presented in the form of cross-tables.

3.4 Problems Encountered During Data Collection

During the exercise of data collection the researcher was encountered the following problems: (i) lack of transparent: Some of the respondents were not open and ready to provide data pertaining to their activities especially on sensitive issues like finances about the amount of income earned by individual at particular period of time. This situation was caused lack of proper recording. However, this was minimized by asking the respondents to estimate the average income instead of the actual amount earned per month. (ii) Limited time: the period of six weeks given to collect data was not enough to allow for large sample size and be able to collect detailed information from the respondents. This was minimized by taking relatively smaller sample size. (iii) Limited Funds: the limited fund was a big problem especially due to rise of cost of living and transport facility.

CHAPTER FOUR

4.0 RESULTS AND DISCUSSION

4.1 Characteristics of Sample Respondents

The characteristics of the sample respondent are categorized into demographic and social, as shows in Table 3 and 4. Table 3 summarizes demographic characteristics of the sample respondents. Specifically, age of the respondent was given due consideration as the important demographic characteristics of sample respondents in the study area. It is clear from the table that the average age of sample respondents in the study area was 43 years old. However, it appeared that majority of sample respondents' fall between 20 and 40 years old which is most economic active age group. This is followed by sample respondents had age falling between 41 and 60 years old. Very few of the sample respondents fall over 60 years.

Table 3: Demographic Characteristics of the Sample Respondents

Variable	Number of Respondents	Percentage
Age:		
Average age in Years	43	
Distribution by Age		
20-40 Years Old	78	87.0
41-60 Years Old	10	11.0
Over 60 Years Old	2	02.0
Total	90	100

Source: Field data 2006

Table 4 also indicates social characteristics of the sample respondents. Three most important social variables, namely sex, education level attained by the respondents and

marital status were given due consideration in this study. The results in the table show that most of sample respondents involved in food vending were female partly attributed by the nature of the business where in African food preparation is the responsibility of women. The results in the table also indicate that significantly large proportion of sample respondents in the study area had attained primary school education level. This is followed by sample respondents who had attained secondary school level. Very few sample respondents had formal education at all. Lastly, the findings in Table 4 show that majority of the sample respondents were married partly a reflection of food vending activities were used to supplement their household's income to meet their financial needs.

Table 4: social Characteristics of Sample Respondents (%)

Variables	Number of Respondents	Percentage
Sex of sample respondents:		
Male	32	36.0
Female	58	64.0
Total	90	100.0
Education level of sample respondents:		
No formal education	10	11.0
Primary education	60	67.0
Secondary education	20	22.0
Total	90	100.0
Marital status of sample respondents:		
Married	62	69.0
Single	13	14.0
Divorced	6	07.0
Widow	9	10.0
Total	90	100.0

Source: Field data 2006

4.2 Characteristics of business Activities

Table 5 present characteristics of business activities. The findings in the table indicate that over 80% of the business activities related to food vending in the study area were not registered, partly attributed to failure to meet conditions for obtaining registration. The implication of this finding is that food vendors in the study area can hardly compete with well reputable seller of food in terms of getting more customers of different categories. Irrespective to registration, the results in the table also revealed three major sources of start up capital. These included personal, family and bank credit sources. Out of these, family by far remains to be the major sources of start-up capital for majority of food vendors in the study area followed by personal source. This result suggests that access to finance remained to be a major constraint limiting the growth and expansion of informal activities related to food in the study area.

Table 5: Percent of sample Respondents reported Characteristics of Business Activities

Variable	Number of Respondents	Percentage
Business Registration:		
Registered	14	15.6
Not registered	76	84.4
Total	90	100.0
Source of Start-up Capital:		
Personal source	40	44.4
Family source	49	54.5
Bank credit	01	01.1
Total	90	100.0

Source: Field data 2006

4.3 Main Types of Food Prepared by Food Vendors in the Study Area

Respondents in the study area prepared different types of food staffs based on the customers' requirement (Table 6). These included ugali, rice, banana, vitumbua, chapatti, beans, meat, fish, tea and eggs to mention a few. These findings suggest that food vending business in the study area was not monopolized by a single seller but rather by many sellers and therefore the market for food related activities is competitive. Consequently, the prices for different types of food prepared by food vendors in the study were more or less the same except for banana and fish (Table 6).

Table 6: Different Varieties of Food and their Prices Prepared by Food Vendors

Types of Food	Price per item (TZS)
Ugali and beans	400
Ugali and meat	600
Ugali and fish	700
Rice and meat	600
Rice and beans	500
Banana and beans	600
Banana and meat	800
Banana and fish	1000
Vitumbua	100
Chapati	100
Maandazi	100
Tea	100
Eggs	150

Source: First data, 2006

4.4 The Contribution of Income Accrued From Food Vending activities to Poverty Reduction

Household income determine the purchasing power such that the higher the income the higher the ability of meeting different human needs. Table 7 presents an average income received by food vendors from food vending activities. Variations were observed in amount of income received by food vendors across the streets with food vendors at Market Street having significantly higher income per month than their counterparts in other two streets. The reason for this may be due to food vendors at Market Street had comparative advantage of getting more customers because most of them had better kiosks prepared by the city which are rented to the food vendors.

Table 7: Average Income Earned by Sample Respondents per Month in TZS

Streets	Means Income in TZS
Market	1,250,000/=
Rwagasore	352.500/=
Sahara	322,500/=
Total	925,000/=

Source: Field data, 2006

Figures in brackets indicate number of respondents

Apart from average income earned by food vendors, food vendors were differentiated into three main income categories, namely, low, medium and high income on the basis of their average monthly income earned from food vending activities (Table 8). Those food vendors which earned an average income below 200,000.00 TZS per month were placed in the low income category, Food vendors earning an average income between 200,001.00 and 500,000 TZS per month were placed in the medium income category and those earning an average monthly income of about 500,000TZS were placed in the high income category

Table 8: Distribution of Food Vendors by Income Category (%)

Income Category	Location			Total Sample
	Market	Sahara	Rwagasore	
Low	23.8(05)	54.5(18)	33.3(12)	38.8(35)
Medium	14.2(03)	39.3(13)	55.5(20)	40.0(36)
High	61.0(13)	06.2(02)	11.2(04)	21.1(19)
Total	100.0(21)	100.0(33)	100.0(36)	100.0(90)

Source: field data, 2006

Figures in brackets indicate number of respondents

According to Table 8, significantly large proportion of sample food vendors at Market Street fell in the high income category compared to their counterparts in the other two streets. However, there were variations in terms of proportion of sample food vendors between Sahara and Rwagasore streets across income categories. For instance, majority of sample food vendors at Rwagasore streets across income categories. For instance, majority of sample food vendors at Rwagasore street fell in the medium category. A similar picture was noted for the food vendors at Sahara Street in the case of low income category. Based on the findings presented in Table 7 and 8, it can be concluded that profit accrued from food vending activities in the study area was associated with accessibility and reliability of customers of different categories.

Furthermore, food vendors were requested to give their opinions on the contribution of income accrued from food vending to (i) foods accessibility, (ii) ability to carter the need of clothing, (iii) ability to meet the cost of education services and (iv) ability to meet the cost of health services. The responses are summarized in Tables 9, 10, 11 and 12 First, Table 9 presents the proportion of sample respondents reported the contribution of income accrued from food vending to household food availability. The findings in the table indicate that all food vendors in the study area had access to food after engaging to food vending activities compare to situation before engaging to food vending activities.

Table 9: Percent of Food Vendors Reported Household Food Availability

Responses	Location			Total Sample
	Market	Sahara	Rwagasore	
Before Engaging the Business				
Food was not accessible	76.9 (16)	76.0 (25)	83.0 (30)	81.1 (73)
Food was accessible	23.1 (05)	24.0 (08)	17.0 (06)	18.8 (17)
After Engaging the Business:				
Food was not accessible	Nil	Nil	Nil	Nil
Food was accessible	100.0 (21)	100.0 (33)	100.0 (36)	100.0 (90)

Source: field data 2006

Figures in brackets indicate number of respondents

Second, Table 10 shows the proportion of sample respondents reported the contribution of income accrued from food vending to ability of the household to cater the clothing needs. As it was the case of food accessibility, it can as well be argued that most of food vendors in the study area had ability to meet at least minimum requirement of having clothes after engaging to food vending activities compared to situation before engaging to food vending activities.

Table 10: Percent of Food Vendors Reported Household ability to Carter the Need of Clothing

Responses	Location			Total Sample
	Market	Sahara	Rwagasore	
Before Engaging the Business				
Food was not accessible	66.7 (14)	84.8 (28)	83.3 (30)	80 (72)
Food was accessible	33.3 (07)	15 (05)	16.6 (06)	20 (18)
After Engaging the Business:				
Food was not accessible	09.5 (02)	10. (03)	5.5 (02)	7.7 (07)
Food was accessible	90.5 (19)	90 (30)	94.4 (34)	92.3 (83)

Source: Field data 2006

Figures in brackets indicate number of respondents

Similarly: Table 11 indicates the proportion of sample respondents reported the contribution of income accrued from food vending to accessibility to education services. As it was the case of other two indicators of poverty, it appeared that most of food vendors in the study area were able to meet the cost of education services after engaging to food vending activities than situation before engaging to food vending activities.

Table 11: Proportion of Food Vendors Reported Ability to Meet the Cost of Education Services

Responses	Location			Total Sample
	Market	Sahara	Rwagasore	
Before Engaging the Business				
Food was not accessible	85.7 (18)	81.8 (27)	88.9 (32)	85.6 (77)
Food was accessible	14.3 (03)	18.2 (06)	11.1 (04)	14.4 (13)
After Engaging the Business:				
Food was not accessible	04.7 (01)	12.1 (04)	08.3 (03)	08.9 (08)
Food was accessible	95.2 (20)	87.9 (29)	91.7 (33)	91.1 (82)

Source: Field data 2006

Figures in brackets indicate number of respondents

Lastly, Table 12 summarizes the proportion of sample respondents reported the contribution of income accrued from food vending to ability to meet the cost of education services. As it was the case of other indicators of poverty, it seemed that over 90% of food vendors in the study area were able to meet the cost of health services after engaging in food vending activities than situation before engaging to food vending activities.

Table 12: Proportion of Food Vendors Reported Ability to Meet the Cost of Health Services

Responses	Location			Total Sample
	Market	Sahara	Rwagasore	
Before Engaging the Business				
Food was not accessible	66.7 (14)	60.6 (20)	61.1 (22)	62.2 (56)
Food was accessible	33.3 (07)	39.4 (13)	38.9 (14)	37.8 (34)
After Engaging the Business:				
Food was not accessible	04.8 (01)	09.1 (03)	05.6 (02)	06.7 (06)
Food was accessible	95.2 (20)	90.9 (30)	94.4 (34)	93.3 (84)

Source: Field data 2006

Figures in brackets indicate number of respondents

From afore-going discussion, it can be concluded that income accrued from food vending had positive contribution to poverty reduction among food vendors in the study area in terms of ensuring households foods accessibility, ability to carter the need of clothing as well as ability of the households to meet the cost of education and health services.

4.5 Factors Affecting Performance of Food Vending Activities

Food vendors were also asked to give the problem affecting the performance of their activities. The responses for sample respondents are presented in Table 13. The overall

results in the table seem to suggest that lack of business premises was the major problem affecting the performance of food vending activities in the study area and it appears to be the most critical problem for food vendors at Sahara and Rwagasore streets. This is followed by lack of education and lack of capital. However, non of the sample food vendors mentioned lack of premises as problem affecting performance of food vending at Market Street. These findings suggest that problems affecting performance of food vending activities are location specific.

Table 13: Factors Affecting Performance of Food Vending Activities (5)

Problems	Location			Total Sample
	Market	Sahara	Rwagasore	
Lack of Education	42.9 (09)	22.2 (20)	29.0 (30)	27.4 (59)
Lack of Capital	23.8 (05)	24.4 (22)	19.0 (20)	21.9 (47)
Lack of Premises	Nil	36.7 (33)	35.0 (36)	32.1 (69)
Lack of Markets	33.3 (07)	16.7 (15)	17.0 (18)	18.6 (40)

Source: field data 2006

Figures in brackets indicate number of respondents

CHAPTER FIVE

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 An Overview

This study examines the contribution of informal sector to poverty reduction in Mwanza city focusing on food vending activities. Specifically, the study intended: (i) to identify the different types of food sold; by the food vendors in the study area, (ii) to determine the income earned by the food vendors per month in the study area, (iii) to analyze the contribution of the food vending business to poverty reduction among the households in the study area, and (iv) to identify the factors affecting the performance of food vending business by gender. Data for the study were collected from a sample of 90 respondents using structured questionnaires. Both purposeful and simple random sampling techniques were used as criteria for sample selection. Descriptive statistics analysis was used to analyze data. This chapter provides conclusions and recommendations emanating from the major findings of this study.

5.2: Conclusions

From analysis of the potential contribution of informal sector to poverty reduction the following conclusion can be made: (I) food vending business in the study area was not monopolized by a single seller but rather by many sellers and therefore the market for food related activities is competitive. (ii) it is evident that income accrued from food vending had positive contribution to poverty reduction among food vendors in the study area in terms of ensuring households foods accessibility, ability to carter the need of clothing as well as ability of the households to meet the cost of education and health services. However, lack of business premises was the major problem affecting the performance of food vending activities in the study area and it appears to be the most

critical problem for food vendors at Sahara and Rwagasore streets. This is followed by lack of education and lack of capital.

5.3 Recommendations

In view of the major findings and conclusions derived above, the following recommendations for policy are made:

(i) Provision of permanent business premises:

The government and other stakeholders should consider the allocation of permanent business premises for food vendors to be able to run their business smoothly. The allocation should be strategically to allow access to market and basic infrastructure facilities such as water, toilets, electricity and buildings. This will help to minimize the critical problem of lack of business premises threatening most of food vendors at Sahara and Rwagasore streets.

(ii) Provision of credits and soft bank loan

This study revealed that lack of capital was among the important factors affecting performance of food vending activities in the study area. To offset this situation there is a need for both government and other stakeholders to ensure that food vendors in the study area should be provided credits and/or soft bank loans.

(iii) Capacity building in terms of education

Since the study revealed the market for food vending activities are competitive and not dominated by single seller. Efforts are needed to be done by both government and other stakeholders to ensure that food vendors are well equipped with basic knowledge and skills related to marketing. This can be achieved through conducting seminars and workshops.

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