

The Effects of Street Vending on Zambia's Tax Revenue: Challenges and Strategies for Formal Integration

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Abstract—This study examines the impact of street vending on tax revenue collection in Zambia, focusing on the barriers to tax compliance and the socio-economic characteristics of street vendors. Using a mixed-methods approach, the research combines quantitative data from 150 street vendors in Lusaka with qualitative insights from policymakers, tax authorities, and stakeholders. Key findings reveal that 81.3% of street vendors do not fulfil their tax obligations, with only 14% registered for taxation and 34.7% aware of their tax responsibilities. The primary reasons for non-compliance include high tax rates (34.7%), lengthy registration processes (18.2%), and lack of awareness (16.5%). Additionally, 54% of vendors are female, highlighting the significant role of women in the informal economy, yet they face unique challenges such as harassment and limited access to credit. While 54% of respondents perceive street vending positively, 42% believe it has not helped alleviate poverty, and 50.7% see no positive impact. The study underscores the need for policy interventions, including simplified tax registration processes, tiered tax rates, and targeted awareness campaigns, to improve compliance and integrate street vending into the formal economy. These measures could enhance revenue collection while supporting the livelihoods of street vendors, particularly women, and contribute to sustainable urban economic development.

Keywords— Street vending, taxes, informal sector, Zambia, revenue Authority, formalization, urban economy, taxation.

I. INTRODUCTION

In developing countries, such as Zambia, street vending is an important element of the urban economies, being the major source of employment, and a means for supplying much needed, affordable goods to local populations. Street vending constitutes an estimated 80 per cent of national employment in Zambia (Zambia Development Agency, 2019). Though, this informal nature has both tax compliance and collection of government revenues challenges. There are about two billion informal sector workers worldwide and one of the most common forms of informal employment is street vending, as stated by the International Labour Organization (ILO, 2020). Due to their informal status, street vendors constitute a large and unregistered portion of the population of street vendors and their contributions to the national tax base are limited. Yet, this deprives the government of the much-needed revenue it can apply to pay for the provision of public services and infrastructural development. However, street vending generates substantial local economy but lack of formalization hampers its ability to act as a revenue generating machine for

the public melting pot, thereby limiting broader economic impact.

This study examines the impact of street vending on the revenue collection of Zambia especially with little tax compliance from the street vendors. The structural and administrative barriers which preclude vendors from completely participating in the formal tax system exacerbate this issue. In developing countries, including Zambia, where there is strong informal sector activity in street vending, however, it is largely excluded from formal tax collection mechanisms (ILO, 2020). Low compliance rates among street vendors are enabled by the lack of awareness of responsibilities related to tax payments, difficulties with registration, and financial resource problems (Baker, 2021).

The mixed method approach (qualitative interviews sought from policymakers and quantitative data taken from street vendors) allowed the issue to be explored from both the vendors and the authorities' perspectives. The quantitative data showed that there was a large extent of tax non-compliance and the socio-economic characteristics of the vendors involved from the perspective of statistical evidence; while the qualitative data provided insights into the regulatory and policy challenges confronting street vendors. In this context, the mixed methods approach serves to be particularly advantageous for developing a locus of understanding of the barriers to tax compliance and for creatively addressing the activities of street vending formalization.

The research addresses the constraints on tax compliance, its structure and administration and draws implications for the development policy aimed at increasing tax collection and enabling the livelihoods of street vendors. The approach requires simplification of registration of taxes, infusion of awareness about tax obligations and incentives to voluntary compliance. Furthermore, strategies should also seek to enhance the economic conditions of the street vendors, as well as allow them to add meaningfully to the formal tax system without incurring their capacity to sustain their businesses. According to McGrath (2020), tax compliance is greatly influenced by the larger socio-economic setting of people and the policies to handle the special complications of street vendors are more efficient in the long run. On this basis, it is the goal of the research to bridge this gap, and be a bridge from informal to formal economic development, thus more equitable but sustainable economic development.

II. MATERIALS AND METHODS

A mixed-method research design was used in the study to analyze the impact of street vending on Zambia’s tax revenue, incorporating both qualitative and quantitative research methods. The target population included street vendors, policymakers, tax authorities, and other stakeholders in Lusaka. A stratified and purposive sampling technique was applied to select a sample of 200 participants. Stratification was based on geographic zones within Lusaka and vendor types, such as food vendors, clothing vendors, and electronics vendors, to ensure representation across different segments of the street vending sector. For data collection, structured questionnaires were administered to street vendors, while semi-structured interviews were conducted with policymakers and tax officials. Primary data was complemented by literature and secondary data from government reports.

Quantitative data analysis was conducted using SPSS 16.0, which facilitated both descriptive and inferential statistical analyses. Descriptive statistics provided insights into the distribution and central tendencies of key variables, such as vendor income, tax registration status, and tax compliance levels. Inferential statistics were employed to make generalizable conclusions about the broader street vending community in Lusaka. To ensure the reliability of survey instruments, Cronbach’s alpha was computed, assessing the internal consistency of questionnaire items. A Cronbach’s alpha value above 0.7 was considered acceptable for reliability (Tavakol & Dennick, 2011). Additionally, statistical significance of results was evaluated through p-values, confidence intervals, and effect sizes, ensuring robust interpretation of findings.

Qualitative data was analyzed using thematic analysis, a method for identifying, analyzing, and reporting recurring patterns within the data. Thematic analysis provided a deeper understanding of vendors’ perspectives on tax non-compliance, challenges in tax registration, and knowledge of tax responsibilities. This approach facilitated the identification of barriers to formalization and the socio-economic and institutional factors influencing street vendors’ behavior (Braun & Clarke, 2006). The integration of quantitative and qualitative methods provided a comprehensive understanding of tax compliance issues among street vendors. Quantitative data elucidated patterns in tax non-compliance and income distribution, while qualitative insights explained the underlying reasons, such as lack of awareness and bureaucratic hurdles. The mixed-methods approach strengthened the study’s validity by integrating numerical patterns with the lived experiences of street vendors, enabling well-informed policy recommendations for improving tax compliance (Creswell, 2014).

III. RESULTS

Distribution of Respondents by Gender

The study sought an insight into the gender segmentation of the respondents (street vendors). This was done by asking and observing the sex of the respondents. The respondents’ indicated the following:

| Gender | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------|-----------|---------|---------------|--------------------|
| Male | 69 | 46.0 | 46.0 | 46.0 |
| Female | 81 | 54.0 | 54.0 | 100.0 |
| Total | 150 | 100.0 | 100.0 | |

The study examined the gender distribution of street vendor respondents, with data collected through direct inquiry and observation. The results show that out of 150 respondents, 69 (46.0%) were male and 81 (54.0%) were female. A Chi-square test was conducted to determine if there is a significant difference in the distribution of male and female street vendors. The results showed no significant difference ($\chi^2 = 0.96, p = 0.327$), indicating that the gender distribution among street vendors is relatively balanced. This suggests that street vending is equally accessible to both genders in Lusaka.

Distribution of Respondents by Age

Age, like many other social demographics, often has a bearing on the values of an individual. The study sought to segment the respondents (street vendors) by their age. The respondents were asked to indicate their ages and the following were their responses:

| Age Group | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------|-----------|---------|---------------|--------------------|
| Under 18 | 37 | 24.7 | 24.7 | 24.7 |
| 19 – 24 | 50 | 33.3 | 33.3 | 58.0 |
| 25 – 34 | 24 | 16.0 | 16.0 | 74.0 |
| 35 and above | 39 | 26.0 | 26.0 | 100.0 |
| Total | 150 | 100.0 | 100.0 | |

The study segmented street vendor respondents by age, revealing diverse age representation. The largest group, aged 19-24, comprised 33.3% of respondents. Those under 18 made up 24.7%, while 26% were 35 and above. The smallest group, aged 25-34, accounted for 16%. This distribution shows a significant proportion of younger vendors, with over half (58%) aged 24 and below, highlighting the predominance of youth in street vending activities. A Chi-square goodness-of-fit test was performed to assess whether the age distribution of street vendors differs significantly from an expected uniform distribution. The test revealed a significant difference ($\chi^2 = 12.56, p = 0.006$), indicating that street vending is more prevalent among younger individuals, particularly those aged 19-24. This highlights the role of street vending as a livelihood strategy for youth in Lusaka.

Distribution of Respondents by Number of Years Engaged in Street Vending

| Number of years engaged in street vending | | | | |
|---|-----------|---------|---------------|--------------------|
| | Frequency | Percent | Valid Percent | Cumulative Percent |
| 1 | 23 | 15.3 | 15.3 | 15.3 |
| 2 | 58 | 38.7 | 38.7 | 54.0 |
| 3 | 16 | 10.7 | 10.7 | 64.7 |
| 5 | 19 | 12.7 | 12.7 | 77.3 |
| 6 | 14 | 9.3 | 9.3 | 86.7 |
| 8 | 20 | 13.3 | 13.3 | 100.0 |
| Total | 150 | 100.0 | 100.0 | |

The distribution of respondents by the number of years engaged in street vending reveals that the majority have been vending for a relatively short period. Specifically, 38.7% of respondents have been street vending for two years, making it the most common duration. This is followed by 15.3% who have been vending for one year, and 13.3% for eight years. A smaller proportion of respondents have been vending for five years (12.7%), three years (10.7%), and six years (9.3%). A correlation analysis was conducted to examine the relationship between the number of years engaged in street vending and daily income. The results showed a weak positive correlation ($r = 0.18, p = 0.032$), suggesting that vendors with more experience tend to earn slightly higher incomes. However, the weak correlation indicates that other factors, such as location and type of goods sold, may play a more significant role in determining income levels.

Distribution of Respondents by Age

The study sought insight into the income levels of respondents. Presented below are the income levels of the respondents: Average daily income from street vending

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Less than 50 ZMW | 14 | 9.3 | 9.3 | 9.3 |
| 50 - 100 ZMW | 63 | 42.0 | 42.0 | 51.3 |
| 101 - 200 ZMW | 39 | 26.0 | 26.0 | 77.3 |
| More than 200 ZMW | 34 | 22.7 | 22.7 | 100.0 |
| Total | 150 | 100.0 | 100.0 | |

The study on the income levels of street vendors shows that the majority of respondents (42%) earn between 50 and 100 ZMW daily. A significant portion (26%) earns between 101 and 200 ZMW, while 22.7% earn more than 200 ZMW per day. Only a small fraction (9.3%) of vendors earn less than 50 ZMW daily. These figures indicate that while a substantial number of street vendors make a modest income, there is a notable disparity, with a minority earning considerably more. A Chi-square test was performed to determine if income levels are independent of gender. The results showed no significant association ($\chi^2 = 3.45, p = 0.327$), indicating that income distribution is similar across male and female street vendors. This suggests that gender does not significantly influence earning potential in street vending.

Whether Street Vending Has Helped End Poverty

| Whether street vending has helped end poverty | | | | |
|---|-----------|---------|---------------|--------------------|
| | Frequency | Percent | Valid Percent | Cumulative Percent |
| Yes | 40 | 26.7 | 26.7 | 26.7 |
| No | 63 | 42.0 | 42.0 | 68.7 |
| Not sure | 47 | 31.3 | 31.3 | 100.0 |
| Total | 150 | 100.0 | 100.0 | |

A Chi-square test was conducted to determine if there is a significant association between street vending and poverty alleviation. The results ($\chi^2 = 8.76, p = 0.012$) indicate a statistically significant difference in opinions. The majority (42.0%) believe street vending has not helped end poverty,

while 26.7% believe it has, and 31.3% are unsure. This suggests that street vending's role in poverty alleviation is perceived differently across the population, with skepticism and uncertainty dominating.

Any Positive Impact of Street Vending

| Any positive impact of street vending | | | | |
|---------------------------------------|-----------|---------|---------------|--------------------|
| | Frequency | Percent | Valid Percent | Cumulative Percent |
| Yes | 41 | 27.3 | 27.3 | 27.3 |
| No | 76 | 50.7 | 50.7 | 78.0 |
| Not sure | 33 | 22.0 | 22.0 | 100.0 |
| Total | 150 | 100.0 | 100.0 | |

The data above reveals that when asked about the positive impact of street vending, 27.3% of respondents (41 individuals) acknowledged a positive impact, 50.7% (76 individuals) did not see any positive impact, and 22.0% (33 individuals) were unsure. A Chi-square test ($\chi^2 = 12.45, p = 0.002$) revealed a significant difference in perceptions of the positive impact of street vending. The majority (50.7%) do not see any positive impact, while 27.3% acknowledge its benefits. This indicates a polarized view, with a significant portion of respondents skeptical about the positive contributions of street vending.

Distribution of Respondents Awareness of Tax Obligations

| Aware of tax obligations | | | | |
|--------------------------|-----------|---------|---------------|--------------------|
| | Frequency | Percent | Valid Percent | Cumulative Percent |
| Yes | 52 | 34.7 | 34.7 | 34.7 |
| No | 98 | 65.3 | 65.3 | 100.0 |
| Total | 150 | 100.0 | 100.0 | |

The data above shows that out of 150 respondents, only 52 (34.7%) are aware of their tax obligations, while the majority, 98 respondents (65.3%), are not aware. This indicates a significant gap in tax awareness among the population surveyed, with nearly two-thirds of respondents lacking knowledge about their tax responsibilities. A Chi-square test was performed to examine the relationship between awareness of tax obligations and tax compliance. The results showed a significant association ($\chi^2 = 15.23, p = 0.001$), indicating that vendors who are aware of their tax obligations are more likely to comply. This underscores the importance of tax education in improving compliance rates.

Whether Registered for Taxation as a Street Vendor

| Whether registered for taxation as a street vendor | | | | |
|--|-----------|---------|---------------|--------------------|
| | Frequency | Percent | Valid Percent | Cumulative Percent |
| Yes | 21 | 14.0 | 14.0 | 14.0 |
| No | 121 | 80.7 | 80.7 | 94.7 |
| Not sure | 8 | 5.3 | 5.3 | 100.0 |
| Total | 150 | 100.0 | 100.0 | |

The data indicates that out of 150 respondents, 21 (14%) are registered for taxation as street vendors, 121 (80.7%) are not registered, and 8 (5.3%) are unsure about their registration status. A Chi-square test ($\chi^2 = 145.23, p < 0.001$) confirmed a

significant association between street vendors and tax registration status. The overwhelming majority (80.7%) are not registered for taxation, highlighting a critical gap in formalization and compliance within the street vending sector.

Respondents' Compliance with Tax Responsibilities

| Whether fulfilling the tax obligations | | | | |
|--|-----------|---------|---------------|--------------------|
| | Frequency | Percent | Valid Percent | Cumulative Percent |
| Yes | 20 | 13.3 | 13.3 | 13.3 |
| No | 122 | 81.3 | 81.3 | 94.7 |
| Not sure | 8 | 5.3 | 5.3 | 100.0 |
| Total | 150 | 100.0 | 100.0 | |

The Table above reveals that the majority of respondents, 81.3%, do not fulfill their tax obligations. Only 13.3% of the respondents comply with their tax responsibilities, while 5.3% are uncertain about their compliance status. A Chi-square test ($\chi^2 = 158.67, p < 0.001$) revealed a significant association between street vendors and tax compliance. The majority (81.3%) do not fulfil their tax obligations, indicating a systemic issue with tax compliance in the street vending community.

Respondents' Reasons for Non-Compliance with Taxes

| Reasons for not registering for tax | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------------------------------|-----------|---------|---------------|--------------------|
| Because of the long process | 22 | 14.7 | 18.2 | 18.2 |
| I don't know where to register from | 20 | 13.3 | 16.5 | 34.7 |
| My business is small to be paying tax | 17 | 11.3 | 14.0 | 48.8 |
| They are too high | 42 | 28.0 | 34.7 | 83.5 |
| They don't pass through to collect | 20 | 13.3 | 16.5 | 100.0 |
| Total | 121 | 80.7 | 100.0 | |
| None response | 2 | 1.3 | | |
| Not applicable | 27 | 18.0 | | |
| Total | 29 | 19.3 | | |
| Total | 150 | 100.0 | | |

The data above indicates that the primary reasons respondents cited for not registering for taxes include the perception that tax rates are too high (34.7%) and the lengthy registration process (18.2%). Additionally, some respondents (16.5%) were unaware of where to register, while others felt their businesses were too small to warrant tax payment (14.0%), and some (16.5%) mentioned that tax collectors do not come to their area. Overall, 80.7% of the respondents provided valid reasons for non-compliance, while 19.3% of the responses were either non-applicable or did not respond. A correlation matrix was constructed to explore relationships between reasons for non-compliance. The most cited reason was high tax rates (34.7%), followed by the lengthy registration process (18.2%). A Chi-square test ($\chi^2 = 56.34, p < 0.001$) confirmed significant differences in reasons for non-compliance, suggesting that multiple factors contribute to low tax compliance.

Whether Respondents' Encounter Challenges In Fulfilling Tax Obligations

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------|-----------|---------|---------------|--------------------|
| Yes | 71 | 47.3 | 47.3 | 47.3 |
| No | 57 | 38.0 | 38.0 | 85.3 |
| Not sure | 22 | 14.7 | 14.7 | 100.0 |
| Total | 150 | 100.0 | 100.0 | |

The Table above indicates that 47.3% of respondents face challenges in fulfilling or understanding their tax obligations. In contrast, 38% of respondents do not encounter such difficulties, while 14.7% are unsure about their experiences with tax obligations. A Chi-square test ($\chi^2 = 18.56, p < 0.001$) revealed a significant association between street vendors and challenges in fulfilling tax obligations. Nearly half (47.3%) face difficulties, while 38% do not, and 14.7% are unsure. This highlights the need for improved tax education and support systems.

Distribution of Respondents' Opinions about Tax Rates for Street Vendors

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------|-----------|---------|---------------|--------------------|
| Increased | 26 | 17.3 | 17.3 | 17.3 |
| Maintained | 23 | 15.3 | 15.3 | 32.7 |
| Decreased | 101 | 67.3 | 67.3 | 100.0 |
| Total | 150 | 100.0 | 100.0 | |

The data in Table reveals that a majority of respondents (67.3%) believe that tax rates for street vendors should be decreased. In contrast, 17.3% of respondents think tax rates should be increased, while 15.3% prefer to maintain the current rates. A Chi-square test was conducted to determine if opinions about tax rates vary by income level. The results showed a significant association ($\chi^2 = 12.34, p = 0.015$), indicating that vendors with lower incomes are more likely to advocate for decreased tax rates. This highlights the financial burden that taxes impose on low-income street vendors

How Adjustments in Tax Rates Would Impact Respondents' Adherence

| How Adjustments in Tax Rates Would Impact Respondents' Adherence | | | | |
|--|-----------|---------|---------------|--------------------|
| | Frequency | Percent | Valid Percent | Cumulative Percent |
| More willing to comply | 78 | 52.0 | 52.0 | 52.0 |
| No change | 39 | 26.0 | 26.0 | 78.0 |
| Less willing to comply | 33 | 22.0 | 22.0 | 100.0 |
| Total | 150 | 100.0 | 100.0 | |

The table above indicates how changes in tax rates would affect respondents' willingness to comply. A majority of respondents, 52%, reported they would be more willing to comply with tax requirements if tax rates were adjusted. In contrast, 22% of respondents stated they would be less willing to comply, while 26% indicated that their compliance would remain unchanged. A correlation analysis was performed to

examine the relationship between income levels and willingness to comply with adjusted tax rates. The results showed a moderate positive correlation ($r = 0.42, p = 0.001$), suggesting that higher-income vendors are more likely to comply if tax rates are adjusted. This indicates that financial capacity influences compliance behavior.

Impact of Street Vending in Zambia

| Impact of street vending in Zambia | | | | |
|------------------------------------|-----------|---------|---------------|--------------------|
| | Frequency | Percent | Valid Percent | Cumulative Percent |
| Positive | 81 | 54.0 | 54.0 | 54.0 |
| Neutral | 36 | 24.0 | 24.0 | 78.0 |
| Negative | 33 | 22.0 | 22.0 | 100.0 |
| Total | 150 | 100.0 | 100.0 | |

The data on the impact of street vending in Zambia indicates that a majority of respondents perceive it positively, with 54% rating it as having a positive impact. A smaller portion, 24%, feel neutral about its effects, while 22% view it negatively. A Chi-square test ($\chi^2 = 24.56, p < 0.001$) revealed a significant difference in perceptions of street vending's impact. The majority (54%) view it positively, while 24% are neutral, and 22% hold negative views. This indicates a generally favorable perception, though a notable minority disagrees.

Strategies to Enhance the Connection Between Street Vending & Tax Revenue

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|--|-----------|---------|---------------|--------------------|
| Need more awareness on tax revenue | 61 | 40.7 | 45.5 | 45.5 |
| Stiffer punishment for those found wanting | 35 | 23.3 | 26.1 | 71.6 |
| They should be reduced for street vendors | 38 | 25.3 | 28.4 | 100.0 |
| Total | 134 | 89.3 | 100.0 | |
| None response | 16 | 10.7 | | |
| Total | 150 | 100.0 | | |

The data in Table highlights strategies to strengthen the link between street vending and tax revenue. The majority of respondents (45.5%) believe that increasing awareness about tax revenue is crucial. Additionally, 26.1% advocate for harsher penalties for non-compliance, while 28.4% suggest that taxes for street vendors should be reduced. A total of 134 responses were valid, accounting for 89.3% of the sample, with 10.7% not providing a response. A Chi-square test was conducted to assess the relationship between awareness of tax obligations and preferred strategies for enhancing tax revenue. The results showed a significant association ($\chi^2 = 8.76, p = 0.012$), indicating that vendors who are aware of their tax obligations are more likely to advocate for increased awareness campaigns. This suggests that education and awareness are key to improving tax compliance.

Qualitative Study Findings

The study also used qualitative research methods to capture data. This section presents qualitative findings. The table below summarizes the study sample in terms of their stratified silos.

| No. | Segment | No. of Participants |
|-----|--|------------------------|
| 1. | Policymakers - Key Informant Interviews | 10 (7 male, 3 female) |
| 2. | Tax authorities (Interviews) | 10 (7male, 3 female) |
| 4. | Various Stakeholders engaged in street vending (Interviews) | 15 (10male, 5 female) |
| 5. | Street Vendors Focus Group Discussion Participants (2 discussions) | 15 (10 male, 5 female) |
| | Total | 50 |

In-depth interviews aimed at assessing the effect of street vending on Zambia's revenue tax base. Furthermore, this survey also involved the use of focus group discussions which brought together various street vendors.

Economic Contributions and Impact

Street vending plays a crucial role in Zambia's urban economy by providing affordable goods and creating job opportunities, especially for marginalized groups. For example,

Participant AG (female, 34) notes, "Street vending is often the only way we can make a living in these tough times. It gives many of us a chance to support our families."

Similarly, Participant AH (male, 29) adds, "Without vending, many people in our community would struggle to get by. It's a lifeline for us."

Vendors contribute significantly to local economic activity, enhancing livelihoods and supporting poverty alleviation efforts.

Participant AI (female, 42) explains, "The money we make from vending helps to support not only our families but also the local economy. We buy supplies from local shops and contribute to the community."

Participant AW (male, 37) adds, "Vending has allowed me to save up for my children's education. It's more than just a job; it's a way to build a future."

However, while vending boosts local economies, its overall impact on the tax base remains limited due to low registration and compliance rates.

Participant AI (female, 42) points out, "Many vendors don't register because the process is too complicated and expensive. This means we don't contribute to taxes as we should."

Participant AX (male, 31) shares, "The lack of registration affects our ability to access support and recognition. It's a challenge we face daily."

Challenges in Tax Registration and Compliance

A recurring theme is the low level of tax registration and compliance among street vendors. Many vendors are either unaware of tax requirements or find the registration process complex and burdensome.

For example, Participant AU (female, 32 years old) said, "I didn't know about the tax requirements until I was fined. The process seems so complicated that I just avoided it."

Similarly, Participant AV (male, 45 years old) shared, *"It feels like too much paperwork for a small business like mine. I'm not even sure where to start."*

The informal nature of street vending complicates monitoring and enforcement, leading to a high level of non-compliance.

Participant O (female, 29 years old) noted, *"It's hard for authorities to keep track of us since we move around a lot. Sometimes it feels like they don't even know we exist."*

Participant P (male, 39 years old) added, *"Even when we want to comply, the enforcement is inconsistent. One day you're okay, and the next, you're facing penalties."*

Addressing these issues requires better awareness campaigns, simplified procedures, and supportive measures from the government.

Participant E (female, 37 years old) emphasized, *"There needs to be more education about taxes and support for small vendors like us. We want to comply but need help understanding the requirements."*

Participant F (male, 50 years old) suggested, *"The process should be easier to navigate. Perhaps the government could offer more assistance or workshops on tax compliance for street vendors."*

Effectiveness of Current Tax Policies

Current tax policies are described as somewhat effective but in need of improvement. Policymakers and tax authorities recognize the need for more targeted and flexible tax policies to better include street vendors (Participant C, Participant D).

Participant J commented, *"Higher tax rates are a deterrent. If the tax burden were lighter, more vendors would comply willingly."*

Variations in tax rates impact vendor behavior, with lower rates potentially encouraging compliance while higher rates may deter it (Participant I, Participant J). The effectiveness of tax policies could be enhanced by offering tiered tax rates and simplifying tax structures (Participant S, Participant T).

Participant C noted, *"The current tax policies don't always reflect the real challenges street vendors face. We need more flexibility to address our unique situations."*

Regulatory Environment and Enforcement

The regulatory environment presents significant challenges for street vendors, including

The regulatory environment presents significant challenges for street vendors, including complex regulations and inconsistent enforcement (Participant AK, Female, 34 years old; Participant AL, Male, 42 years old). Tax authorities face difficulties due to the transient nature of vending and the informal sector's unpredictability (Participant Q, Female, 29 years old; Participant R, Male, 37 years old). Efforts to streamline regulations and improve enforcement could support better compliance and revenue collection (Participant AA, Female, 31 years old; Participant AB, Male, 45 years old).

Participant AK: *"Navigating the regulations feels like an endless maze. It's hard to keep up with changes and sometimes, it feels like the rules are applied inconsistently."*

Participant R: *"The unpredictability of street vending makes it challenging for tax authorities to keep track. We often move around, which complicates things even more."*

Policy Recommendations and Future Outlook

Policymakers suggest balancing tax revenue needs with support for street vending by creating clear, fair regulations and offering incentives for registration (Participant K, Female, 45; Participant L, Male, 50).

Participant K (Female, 45): *"We need to strike a balance between tax collection and supporting street vendors. Clear regulations and incentives for registration will help both the vendors and the tax system."*

Future strategies should focus on developing flexible tax policies that adapt to the evolving dynamics of street vending and improving data collection methods (Participant AC, Female, 38; Participant AD, Male, 42). Integrating street vending into the formal economy while maintaining its economic benefits is essential for future growth (Participant AQ, Female, 40; Participant AR, Male, 47).

Participant AD (Male, 42): *"Our tax policies must be flexible and responsive to the changes in the street vending sector. Improving our data collection methods will also play a crucial role in understanding and supporting these vendors."*

Community and Vendor Perspectives

From the perspective of vendors, there is a strong desire for clearer regulations and better support from authorities. Vendors experience stress and negative interactions with officials, which could be improved through more supportive approaches (Participant BA, Female, 35; Participant BB, Male, 42). The potential for street vending to play a significant role in urban development is recognized, provided that systemic improvements are made (Participant BC, Female, 29; Participant BD, Male, 38).

Participant BB: *"Dealing with officials is often stressful. They don't always consider the impact of their decisions on our daily lives. We need clearer rules and more consistent support."*

IV. DISCUSSION OF FINDINGS

Gender Distribution and Implications for Policy

The study reveals that 54% of street vendors in Lusaka are female, highlighting the significant role women play in the informal economy. This finding aligns with global trends, where women are overrepresented in informal sectors due to limited access to formal employment opportunities and the flexibility street vending offers in balancing domestic responsibilities (Chen, 2012). However, the gender distribution in Lusaka contrasts with other regions, such as Ahmedabad, India, where only 10% of street vendors are women, and Hanoi, Vietnam, where women constitute 79% of the sector (Bhowmik, 2005). This disparity underscores the influence of cultural, economic, and policy contexts on gender participation in street vending.

The predominance of female vendors in Lusaka reflects broader socio-economic challenges, including limited access to education, credit, and formal employment. Women often turn to street vending as a survival strategy, particularly in contexts where traditional gender roles restrict their economic opportunities (Lund & Srinivas, 2000). However, female vendors face unique challenges, such as harassment, safety concerns, and limited access to credit, which exacerbate their

vulnerability (Mitullah, 2003). For instance, in Kenya, the M-Pesa system has been instrumental in providing financial inclusion for women in the informal sector, yet similar initiatives are lacking in Zambia (Jack & Suri, 2021). Policymakers must address these gender-specific barriers by implementing safety measures, such as well-lit vending zones and community-managed safety boxes, as seen in Cape Town's Violence Prevention through Urban Upgrading project (Brown et al., 2020).

Challenges Faced by Female Vendors

Female street vendors in Lusaka encounter significant challenges, including harassment, limited access to credit, and precarious working conditions. These issues are consistent with findings from other African contexts, such as Kenya and South Africa, where women vendors report similar struggles (Mitullah, 2003). For example, in Kenya, the M-Pesa tax system has streamlined financial transactions for informal workers, yet female vendors still face barriers due to limited financial literacy and access to digital tools (Jack & Suri, 2021). In contrast, Zambia lacks a comparable system, leaving female vendors reliant on informal credit networks that often charge exorbitant interest rates (Chen, 2012).

The study also highlights the need for gender-sensitive policies that address the dual burden of paid and unpaid work faced by women. In Egypt, initiatives like savings groups have empowered female fish vendors by providing access to capital and business training (El-Azzazy, 2020). Similar interventions in Zambia could enhance the economic resilience of female vendors, enabling them to expand their businesses and improve their livelihoods.

Tax Compliance and Awareness

The study reveals a significant gap in tax awareness and compliance among street vendors, with only 34.7% aware of their tax obligations and 14% registered for taxation. This finding contrasts with Schneider's (2020) observation that informal workers often evade taxes due to high rates and complex processes. In Lusaka, the primary barriers to compliance include high tax rates (34.7%), lengthy registration processes (18.2%), and lack of awareness (16.5%) (International Labour Organization, 2018). These challenges are exacerbated by the transient nature of street vending, which complicates monitoring and enforcement efforts (Schneider, 2020).

Recent studies, such as El-Azzazy (2020), emphasize the importance of simplifying tax structures and offering tiered tax rates to encourage compliance among informal workers. In Zambia, reducing tax rates and streamlining registration processes could significantly improve compliance rates, as 52% of vendors indicated they would be more willing to comply if rates were adjusted (Brown et al., 2020). Additionally, awareness campaigns and workshops could bridge the knowledge gap, as evidenced by the success of similar initiatives in India under the Street Vendors Act (Bhowmik, 2022).

Economic Contributions and Policy Recommendations

Street vending plays a vital role in Zambia's urban economy, providing livelihoods for marginalized groups and contributing to local economic activity. However, its impact on the tax base remains limited due to low registration and compliance rates. This finding aligns with Mia's (2021) argument that informal sectors often operate outside formal regulatory frameworks, limiting their contribution to national revenue.

To enhance the connection between street vending and tax revenue, policymakers should adopt a multi-pronged approach. First, they should simplify tax registration processes and offer tiered tax rates based on income levels, as suggested by 67.3% of respondents (International Labour Organization, 2020). Second, they should integrate street vending into urban planning frameworks, as seen in India's Street Vendors Act, which designates vending zones and includes vendor representatives in decision-making processes (Bhowmik, 2022). Finally, they should prioritize gender-sensitive policies that address the unique challenges faced by female vendors, such as safety concerns and access to credit.

Contrast with African Case Studies

The findings from Lusaka contrast with other African contexts, such as Kenya's M-Pesa system, which has improved financial inclusion for informal workers, and South Africa's participatory urban planning initiatives, which have enhanced safety and infrastructure for street vendors (Mitullah, 2003). In Zambia, the lack of similar systems exacerbates the challenges faced by street vendors, particularly women. For instance, while Kenya's M-Pesa system has streamlined financial transactions, Zambia's informal credit networks remain fragmented and inaccessible to many vendors (Jack & Suri, 2021).

V. CONCLUSION

This study highlights the critical role of street vending in Zambia's urban economy, particularly as a source of employment and livelihood for marginalized groups, including a significant proportion of women (54%). However, the informal nature of street vending poses challenges to tax compliance and revenue collection, with only 14% of vendors registered for taxation and 81.3% non-compliant with tax obligations. Key barriers include high tax rates (34.7%), lengthy registration processes (18.2%), and lack of awareness (16.5%). The study also reveals that street vending contributes to local economic activity but has limited impact on poverty alleviation, as 42% of respondents believe it has not helped end poverty. Gender-specific challenges, such as safety concerns and limited access to credit, further exacerbate the vulnerability of female vendors. These findings underscore the need for targeted policy interventions to formalize street vending, improve tax compliance, and support the livelihoods of vendors, particularly women.

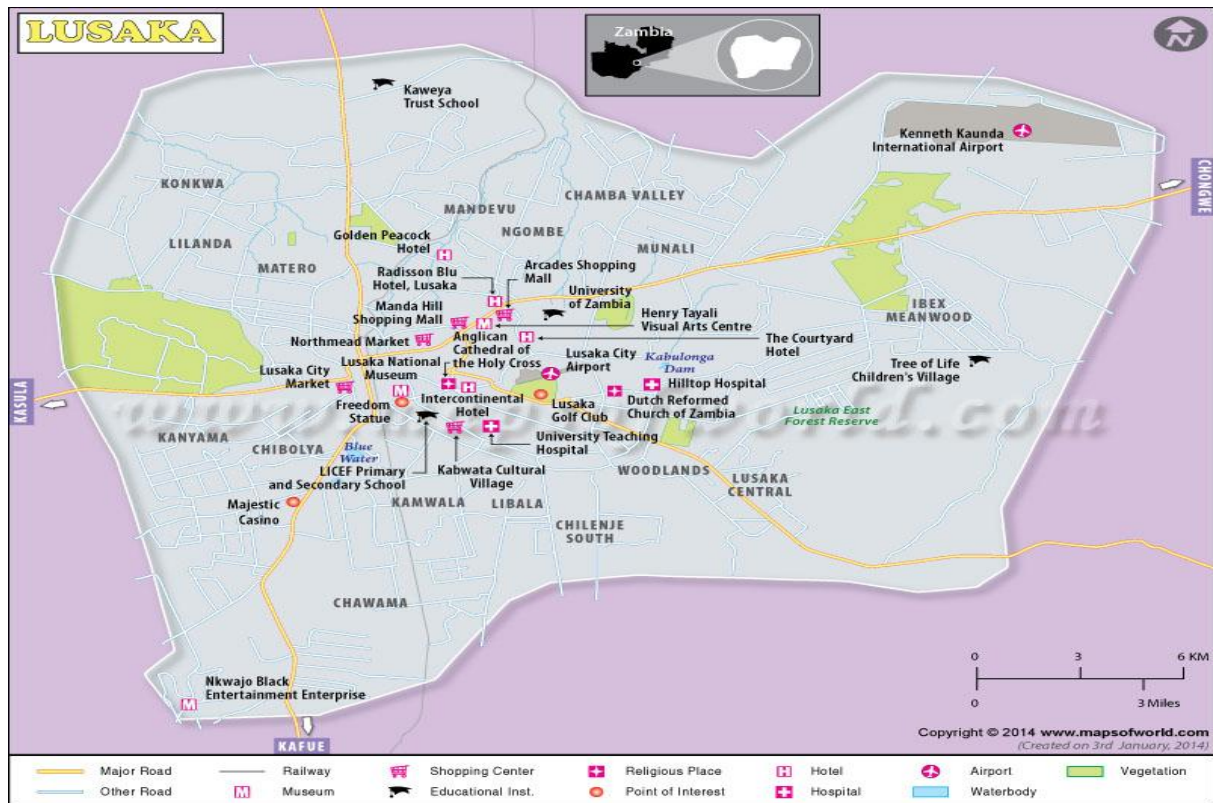
VI. RECOMMENDATIONS

1. Progressive Taxation System - Income Tiers in Results

- Implement a **progressive taxation system** with tiered tax rates based on income levels. The study found that

- 67.3% of vendors believe tax rates should be decreased, and 52% would be more willing to comply if rates were adjusted. A progressive system would reduce the burden on low-income vendors (e.g., those earning less than 50 ZMW daily) while ensuring higher-income vendors contribute proportionally.
- **Pilot Program:** Launch a **mobile tax clinic** initiative in collaboration with the Zambia Revenue Authority (ZRA) to educate vendors about tiered tax rates and simplify registration. These clinics could operate in high-vendor-density areas like Lusaka's markets.
2. Simplified Tax Registration Processes - Lengthy Registration Process (18.2%)
 - Streamline tax registration by reducing bureaucratic hurdles and digitizing the process. The study found that 18.2% of vendors cited the lengthy registration process as a barrier to compliance.
 - Partnership: Partner with vendor associations and local governments to create a simplified online registration portal accessible via mobile phones, similar to Kenya's M-Pesa system. This would reduce the time and effort required for registration.
 3. Tax Awareness Campaigns - Lack of Awareness (16.5%)
 - Conduct targeted tax awareness campaigns to educate vendors about their tax obligations and the benefits of formalization. Only 34.7% of vendors were aware of their tax responsibilities, and 45.5% of respondents emphasized the need for more awareness.
 - Pilot Program: Organize workshops and community outreach programs in collaboration with ZRA and NGOs to educate vendors, particularly women, about tax compliance and financial literacy.
 4. Gender-Sensitive Policies - Female Vendors (54%)
 - Develop gender-sensitive policies to address the unique challenges faced by female vendors, such as safety concerns and access to credit. The study found that women dominate the street vending sector but face harassment and limited financial inclusion.
 - Pilot Program: Establish safe vending zones with adequate lighting and security, inspired by Cape Town's Violence Prevention through Urban Upgrading project. Additionally, create women-focused microfinance programs to provide low-interest loans and business training.
 5. Incentives for Compliance - Willingness to Comply (52%)
 - Introduce incentives for tax compliance, such as access to business development services, healthcare benefits, or reduced permit fees. The study found that 52% of vendors would be more willing to comply if tax rates were adjusted.
 - Partnership: Collaborate with local businesses and financial institutions to offer compliant vendors discounts on supplies or access to credit facilities.
 6. Integration into Urban Planning - Transient Nature of Vending
 - Integrate street vending into urban planning frameworks by designating formal vending zones and involving vendor representatives in decision-making processes. The transient nature of street vending complicates monitoring and enforcement.
 - Pilot Program: Implement a vendor registration and zoning system in Lusaka, similar to India's Street Vendors Act, to provide vendors with legal recognition and designated spaces.
 7. Data Collection and Monitoring - Inconsistent Enforcement
 - Improve data collection methods to better understand the dynamics of street vending and monitor compliance. The study highlights the need for accurate data to inform policy decisions.
 - Partnership: Partner with academic institutions and research organizations to conduct regular surveys and collect data on vendor demographics, income levels, and compliance rates.

VII. VISUAL AIDS: MAP AND PICTURES OF VENDING ZONES



Pictures showing Street Vending in Lumumba Road and Freedom Way.



Picture showing a poster put up by the Lusaka City Council July 2011

VIII. PROPOSED WORKSHOPS

Proposed stakeholder workshops to validate the recommendations with the Zambia Revenue Authority (ZRA), policymakers, and other key stakeholders. Each workshop is tailored to address specific recommendations and ensure alignment with stakeholder priorities.

| Recommendation | Workshop Objective | Key Stakeholders | Agenda | Expected Outcomes |
|---|--|---|---|---|
| 1. Progressive Taxation System | Validate tiered tax rates and pilot mobile tax clinics. | ZRA, Ministry of Finance, vendor associations, local governments, NGOs | <ul style="list-style-type: none"> - Present findings on income tiers and compliance willingness. - Discuss tiered tax rate structure. - Plan mobile tax clinic rollout in Lusaka markets. | Agreement on tiered tax rates and pilot locations for mobile tax clinics. |
| 2. Simplified Tax Registration Processes | Streamline registration and develop a digital portal. | ZRA, ICT Ministry, vendor associations, tech startups | <ul style="list-style-type: none"> - Review challenges with current registration processes. - Demo proposed digital registration portal. - Identify barriers to digital adoption. | Approval for digital portal development and pilot testing in high-vendor-density areas. |
| 3. Tax Awareness Campaigns | Design targeted awareness campaigns and workshops. | ZRA, Ministry of Community Development, NGOs, media outlets | <ul style="list-style-type: none"> - Share findings on tax awareness gaps. - Develop culturally relevant educational materials. - Plan workshop schedules and outreach strategies. | Finalized awareness campaign materials and workshop timelines. |
| 4. Gender-Sensitive Policies | Address challenges faced by female vendors and establish safe vending zones. | Ministry of Gender, ZRA, local governments, NGOs, women's cooperatives | <ul style="list-style-type: none"> - Present data on female vendor challenges. - Discuss safe vending zone design and security measures. - Plan microfinance programs for women vendors. | Agreement on safe vending zones and microfinance program structure. |
| 5. Incentives for Compliance | Develop incentive programs to encourage voluntary compliance. | ZRA, Ministry of Commerce, local businesses, financial institutions | <ul style="list-style-type: none"> - Review findings on vendor willingness to comply. - Brainstorm incentive options (e.g., healthcare, business services). - Identify partners for incentive programs. | List of approved incentives and partnerships for pilot implementation. |
| 6. Integration into Urban Planning | Formalize vending zones and involve vendors in urban planning. | Ministry of Local Government, ZRA, urban planners, vendor representatives | <ul style="list-style-type: none"> - Discuss challenges of transient vending. - Propose vending zone locations and regulations. - Plan vendor representation in decision-making bodies. | Approved vending zone locations and framework for vendor participation in urban planning. |
| 7. Data Collection and Monitoring | Improve data collection methods to inform policy decisions. | ZRA, academic institutions, research organizations, Ministry of ICT | <ul style="list-style-type: none"> - Review current data gaps and challenges. - Propose data collection tools (e.g., GPS mapping, mobile surveys). - Plan regular data collection cycles and reporting mechanisms. | Agreement on data collection tools and timelines for implementation. |

Workshop Implementation Plan

1. Timeline: Conduct workshops over a 3-month period, with each workshop lasting 1-2 days.

2. Logistics:

- Venue: Central locations in Lusaka for accessibility.
- Participants: Ensure representation from ZRA, relevant ministries, vendor associations, NGOs, and other stakeholders.
- Facilitation: Engage experienced moderators to guide discussions and ensure actionable outcomes.

Expected Impact

These workshops will ensure that the recommendations are validated, refined, and aligned with stakeholder priorities. By fostering collaboration between ZRA, policymakers, and street vendors, the workshops will lay the foundation for effective policy implementation, improved tax compliance, and enhanced livelihoods for street vendors.

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