

# National Institute of Science and Technology



## Scientific Research Report INCT 2025

*A Study of the Informal Sector Relocations and  
Policy Options for the Future*

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# National Institute of Science and Technology



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### *A Study of the Informal Sector Relocations and Policy Options for the Future*

**Field of Knowledge: Sustainable Economy**

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**National Institute of Science and Technology**, on the 13<sup>th</sup> of November, 2025.

**Signature of the Principal Investigator:**



# **A Study of the Informal Sector Relocations and Policy Options for the Future**

## ***Abstract:***

This study investigates the socioeconomic dynamics of street vendors in Dili, Timor-Leste, focusing on their relocation to the Manleuana and Taibessi retail centres and its implications for livelihoods and urban development. Using a mixed-methods approach, quantitative data from 227 vendors were analysed alongside qualitative interviews to explore how relocation affected income, business stability, and perceptions of integration into formal markets. Findings reveal that most vendors are women with low educational backgrounds, limited financial access, and incomes below USD 100 per month. Relocation has generally reduced customer access and sales, though some vendors noted improved cleanliness and safety. Chi-square results show no significant relationship between age, experience, and income, indicating that structural factors such as market visibility and capital access shape outcomes more than individual traits. The study concludes that inclusive urban planning, financial literacy programs, and participatory vendor engagement are essential to ensure sustainable and equitable integration of the informal sector into Dili's urban economy.

***Keywords:*** *Informal sector, relocations, policy options, Timor-Leste, employment, shopping malls*

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# 1. Introduction

## 1.1 Contextualisation

Timor-Leste has made significant progress since the restoration of its independence in May 2002: It is one of the more democratic countries in the region, stable, peaceful, with a free press, and a relatively high level of representation of women in the Parliament. On 26 February 2024, Timor-Leste became a member of the World Trade Organization (WTO), during the 13<sup>th</sup> WTO Ministerial Conference in Abu Dhabi, United Arab Emirates. On 26 October 2025, it formally become a full-member of the Association of Southeast Asian Nations (ASEAN). Timor-Leste aspires to reach upper middle-income status by 2030, as envisaged in the Strategic Development Plan, 2011–2030: *‘The economic vision of the Strategic Development Plan is that by 2030, Timor-Leste will have joined the ranks of upper middle-income countries, eradicated extreme poverty and established a sustainable and diversified non-oil economy’* (Government of Timor-Leste, 2011:195).

In spite of the achievements made thus far and the ambitious goals, its economy is neither diversified nor productive. The economy continues to be highly dependent on the Petroleum Fund, and successive governments have failed to address the long-standing challenge of informality, which contributes to narrow domestic revenues. The informal sector is defined as *“all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements”* (International Labour Conference, 2002:53). Although it is not possible to estimate the precise size of informality, large proportion of the Timorese population is engaged in the informal low-end services sector, which is mainly driven by necessity rather than by opportunity. As a result of rapid population growth and insufficient new jobs, compounded by more than 90% of the economic activities being concentrated in Dili (National Institute of Statistics, 2023), the influx of rural migrants into the capital seems unavoidable. Only few of these rural migrants can afford to be openly unemployed. Given the limited offers in Dili, everyone able to work finds ways to generate a living, with different degrees of success. They are street vendors, who produce and sell legal goods and services in urban public spaces. They are poor and marginalized people who have chosen to make a living in the capital. By definition, street vendors are not officially regulated by the law and they conduct daily activities in non-permanent built structures

(Cross, 2000). They constitute part of the informal economy, which is growing significantly. Some of the street vendors have settled for years in the main street's sidewalk, public spaces, and wherever they can find a space to run their business. Due to low labour productivity, there is a significant increase in low-value added, low-skill activities such as informal retail trade, repair of motorbikes, street vending, kiosks, food, garbage recycling, sweatshops (*obralan*), haircut, and transport services, which require low-skilled intensive labour. The absorption of labour in the informal economy is easy, labour regulations do not apply or respected, workers do not pay taxes, and they are not covered by social benefits. The latest *Labour Force Survey* (LFS) conducted in 2021 points to an excessive weight of informal employment (77.3%) in all employment, with vulnerable employment reaching considerably high levels (58%), resulting in low and insecure incomes and jobs without social protection. Women working in the informal employment in Timor-Leste comprised 80.4% and men 75.3% (Government of Timor-Leste, 2022). To situate the country in the regional context, informal employment in Timor-Leste today is comparable with the situation in Myanmar and the Lao PDR in 2017, when their rates were 89.1% and 73.4%, respectively, or the situation in Cambodia in 2021 when the rate was 90.3% (ASEAN, 2019).

Meanwhile, the entry of multinational retail (and wholesale) shops in Dili along with this very traditional, low productivity, low technology, low income, and fragmented small-scale retailers who occupy non-permanent structures, have added to a new set of problems in the urban area of the capital, including traffic congestion, lack of hygiene, and blockage of the sewage system in the capital. Recently, the authorities chose to evict them out of their non-permanent structures and relocate them in two larger retail centres, namely Manleuana and Taibessi, locations in the periphery of the capital. While the street vendors have now been relocated in Manleuana and Taibessi, more and more multinational retail and wholesale shops, including shopping malls, have been erected along the main roads of the capital, raising some suspicion of the government's unfair treatment of street vendors versus the new comers.

The forced eviction of the street vendors out of the main streets sidewalk intensified prior to the visit of Pope Francis in September 2024, as well as the celebration of national days with the presence of international VIP dignitaries. These street vendors do not have the ability to compete with the multinational retail vendors, and the evictions may threaten their survival. Today, although the streets sidewalk is free from most street vendors and the sewage canals are now reopened, the most fundamental question remain unanswered,

*i.e.*, what would be the best alternative to handle street vendors, the products they produce and sell in order to be able to support their household basic needs. In this study, the authors will focus on the street vendors and how their activities have impacted the low and middle-income consumers.

As a matter of fact, the retail centres in Manleuana and Taibessi are open spaces surrounded by private homes, full with vendors, access is difficult, the parking area is extremely limited, the compounds are dusty during the dry season, and lack of public services to cater a growing number of vendors, leaving them with far less opportunity to make a living to support their households and dependants. In addition, there is no safe storage and handling of produce, there is no proper packaging, all of which can contribute to increased risk of food-borne illness.

As most of the economic activity takes place in Dili, the number of street vendors and retail sellers will continue to rise in the capital in the near future, leading to more problems of unfair competition, fighting for limited space, unhygienic environment, and uncertainty in terms of security for both the vendors and consumers. Although it is difficult to know the exact number of vendors, they represent an important segment of the informal economy in the country, hence cannot be ignored. For many of them, the economic activities have been an escape out of poverty. Therefore, it is important to anticipate future consequences that the rural immigration into the capital may bring in terms of urban planning and the use of public spaces.

As referred to earlier, we know little about the street vendors, the dynamics and characteristics involved in this particular segment of the population. Some of the information come from qualitative studies are worth referring to. For example, a survey that was conducted by *Mata Dalan Institute* (MDI) in 2021 revealed that 56% of the respondents in the informal sector confirmed that the main source of financing their activity was from their own funds, and more than two-thirds (66%) of the respondents said their activities could maintain their basic household needs with the income from the products they produce and sell (Mata Dalan Institute, 2021; Mau-Quei & Cameron, 2019). Another useful source of information about the informal sector in Timor-Leste can be found in a doctoral thesis written by Mau-Quei (Mau-Quei, 2019). Certainly, these research activities have thrown some light into the informal sector, but they are also limited in terms of sample sizes for a highly mobile segment of the society.

Given the gaps in the data underlying the informal sector, high-quality data and empirical evidence are therefore critical for designing the right policies to address it in

the country. This study contributes to an in-depth understanding of the informal sector in Timor-Leste, with particular focus on the socioeconomic dynamics of the street vendors, their recent relocation to the Manleuana and Taibessi retail centres and its impact on their livelihoods. Understanding the characteristics of the informal sector in Timor-Leste is necessary for long lasting solutions for both urban planning and the informal sector itself in the country.

## 1.2 Literature Review

In many developing countries, the informal sector is the most important source of employment, ranging from about 30% to 70% of total employment. According to the International Labour Organization (ILO), the share of informal employment in emerging and developing countries is 69.6% of the employed population (approximately 2 billion people), while in developed countries, the informal employment is equal to 18.3% (ILO, 2018:15). Different terms have been used to denote the “informal sector”. For example, some call the “informal sector” as the “black”, “cash-in-hand”, “hidden”, “irregular”, “invisible”, “shadow”, “undeclared”, “underground”, “unobserved”, “unorganized” or “unregulated” economy, sector, work, employment, activity, to name but a few. Many scholars regard the informality as temporary phenomenon that will dissipate as economic development progresses. And yet its growth and persistence in emerging and developing economies cannot be ignored.

It was not until the early 1970s that the British Anthropologist Keith Hart introduced the concept “informal sector” in his study of Ghana, which was published two years later (Hart, 1973). Since then, there has been subject to much research and policy debate about how to define this sphere of economic activity and differentiate it from the formal economy. The ILO has been at the forefront of analytical work on informality since the introduction of the concept (ILO, 1972). Later, the 2002 International Labour Conference (ILC) *Resolution on Decent Work and the Informal Economy* provided a clear framework which recognizes the diversity and heterogeneity of actors and activities in the informal economy and broadening the understanding of its parameters. Informality does not only exist across a wide range of sectors, but also importantly, it includes casual and precarious work within the formal economy (ILO, 2002).

For Todaro and Smith, the informal sector is “an unorganized, unregulated, and mostly legal but unregistered” sector, which is difficult to show up in the formal modern-

sector unemployment statistics. The informal sector is defined as “*the part of the urban economy of developing countries characterized by small competitive individual or family firms, petty retail trade and services, labour-intensive methods, free entry, and market-determined factor and product prices*” (2015:349). Indeed, the informal sector is so heterogeneous that some scholars find it impossible to use one or two theories to explain the informality phenomenon. For example, Dell’Anno argues that there is no comprehensive theory of informality that suits both developed and developing countries, hence policy measures should be tailored according to the specificities of informality, taking into account its characteristics, contexts, and the needs of those engaged in the informal sector (2021:8).

Certainly, it is not the focus of this study to go through the many different interpretations of informality. However, it is worth noting that even prior to Hart’s concept of “informal sector”, Arthur Lewis already modelled the existence of informal employment as a form of exclusion or Employer of Last Resort (ELR) in his two-sector model – the underdeveloped economy, which consisted of a traditional, overpopulated, rural subsistence sector, characterized by zero marginal labour productivity, and a high productivity modern, urban industrial sector into which labour from the subsistence sector is gradually transferred. Lewis’ model was later modified, formalized and extended by John Fei and Gustav Ranis (Lewis, 1954; Fei and Ranis, 1964; see also Harris and Todaro, 1970). In the same vein, other scholars argue that enterprises are “excluded” from the formal economy because of high costs of registration, regulatory and tax compliance, which tend to discourage businesses from being part of the formal economy (Friedman *et al.*, 2000; De Soto, 2003). The “exclusion” from the formal economy is partly due to limited jobs in the formal economy, so that the informal sector acts as a necessary space for the surplus of labour and their small businesses (Porta and Schleifer, 2008).

On the flip side of this view, there is the so-called “parasite view” whereby businesses intentionally stay small and informal to avoid detection by (tax) authorities (Porta and Schleifer, 2008).

Other scholars, however, view informal employment as the result of a private cost-benefit calculation, in which enterprises and workers choose to “exit” the formal economy and voluntarily be informal when they perceived costs of formality outweigh its benefits (Magnac, 1991; Maloney, 1999 and 2004). In other words, by remaining in the informal sector was intentional to achieve certain economic or strategic advantages, rather than being forced to do so by external factors or a lack of options. There are other factors that

contribute to informality, including poverty and worker needs. For the poor segment of society, informal activities are the only available option, as informal jobs can offer flexibility in working hours, which is a benefit for those with other responsibilities, enabling them to set other schedules. This, in turn, creates precarious working conditions.

So, the main causes and the drivers behind the growth and prevalence of the informal sector in many emerging and developing economies have to do with the lack of economic opportunities and the failure of formal institutions (*i.e.*, poor governance) in dealing with informality which, according to the 2002 ILC Resolution, emanate from

*“Inappropriate, ineffective, misguided or badly implemented macroeconomic and social policies, often developed without tripartite consultations; the lack of conducive legal and institutional frameworks; and the lack of good governance for proper and effective implementation of policies and laws” (ILO, 2002).*

The informal sector, as conceptualized by various authoritative bodies such as the International Labor Organization (ILO) and the World Bank, encompasses a spectrum of economic activities that are neither regulated nor monitored by the state. This definition implies that the informal sector operates outside the purview of formal economic systems, which differentiates it from the formal sector where business practices comply with legal standards and regulations. Scholars have nuanced this definition by exploring diverse characteristics that delineate the informal from the formal sector. For example, Mughal and Schneider illustrate how the informal sector influences the formal economy, particularly in developing countries like Pakistan, where the accessibility of capital and relaxed documentation requirements facilitates interactions between these two sectors (Mughal & Schneider, 2020). Similarly, Chattopadhyay and Mondal discuss the implications of trade liberalization in the context of the informal economy, emphasizing how it leads to increased employment and wages as firms transition between sectors (Chattopadhyay & Mondal, 2016). The informal sector is characterized by a lack of job security, absence of formal contracts, and often lower income levels, yet it frequently serves as a crucial source of employment for marginalized populations, particularly in developing nations where the formal sector may be insufficient or completely lacking (Etim & Daramola, 2020; Chattopadhyay & Mondal, 2016). This sector not only provides jobs but also serves as a critical buffer against economic fluctuations and adversity, thereby enhancing resilience among urban populations (Balogun, 2022). For instance, Mpofu and Sibindi argue that informal financial solutions significantly drive the growth

of small and medium enterprises (SMEs), which often find themselves reliant on informal financing channels due to gaps in formal financial services (Mpofu & Sibindi, 2022).

Moreover, the informal economy contributes meaningfully to urban economies. García's study on agglomeration economies in Colombia suggests that despite potential diseconomies brought about by significant informal activity, there are substantial benefits derived from the informal sector's presence, such as increased local interactions and dynamism within urban environments (García, 2019). Furthermore, Ruzek emphasizes that communities engaged in informal economic activities, such as farmers' markets and street vending, often show increased sustainability, promoting local economies and augmenting social capital within these marginalized groups (Ruzek, 2014).

The informal sector also serves as a vital source of survival for individuals in environments marked by poverty or economic instability. Sharma and Adhikari indicate that informal economies often act as a safety net for residents during times of economic downturn (Sharma & Adhikari, 2020). This perspective aligns with the findings of Etim & Daramola, who highlight how the informal sector is increasingly recognized as a sector of growth, particularly in response to economic difficulties in South Africa and Nigeria (Etim & Daramola, 2020). This dual role of the informal sector functioning as both a critical employment source and a resilience builder further underscores its significance in the socio-economic fabric of developing economies.

As with the street vendors, their socioeconomic characteristics frequently reflect the diverse demographics of the informal sector. Street vendors typically range from varied age groups and backgrounds, often characterized by low educational attainment yet significant practical skills related to their trade. For instance, a study by Huynh-Van *et al.*, reveals that the majority of vendors operate with a senior secondary school education, particularly among fixed vendors, while mobile vendors often possess junior secondary school qualifications (Huynh-Van *et al.*, 2022). The income levels of street vendors can also vary significantly depending on factors such as location, type of goods sold, and market demand. Setyaningsih *et al.*, found that business experience played a more crucial role in income differentiation than educational background, suggesting that practical skills can effectively compensate for formal education (Setyaningsih *et al.*, 2019). Additionally, Bhattarai and Pathak emphasize the implications of street vending on poverty alleviation and economic mobility, indicating that these vendors often serve as a primary income source for their households (Bhattarai & Pathak, 2020).

Moreover, street vendors typically engage in diverse business activities, from selling food and refreshments to a variety of merchandise. The operational dynamics observed in the street economy reflect not only individual entrepreneurial initiatives but also adaptations to urban economic environments. Negassa *et al.*, report that vendors with higher incomes tend to maintain better food hygiene practices, highlighting an association between economic status and operational quality within the street vending landscape (Negassa *et al.*, 2023).

Street vendors deploy various livelihood strategies shaped by their daily operations within urban contexts. Their adaptability often includes mobility across locations to optimize their sales potential, particularly in high traffic areas such as markets, tourist spots, and transport hubs (Pitoyo *et al.*, 2021). The COVID-19 pandemic significantly affected the operational patterns of these vendors, compelling them to adapt their strategies through extended work hours as demand fluctuated due to restrictions (Meher *et al.*, 2021).

Despite their resilience, street vendors face numerous challenges, including regulatory pressures, economic instability, and inadequate access to resources. Duy and Thành argue that migrant street vendors, in particular, suffer considerable income shocks during crises, exposing them to unique vulnerabilities (Duy & Thành, 2024). Furthermore, the threat of eviction and harassment from local authorities adds to their precarity, necessitating the development of coping mechanisms ranging from forming alliances to pooling resources for mutual support (Kambara & Bairagya, 2021). Kambara & Bairagya corroborate these findings, indicating that women street vendors are particularly susceptible to marginalization and harassment, highlighting a gendered dimension in the struggles faced by street vendors (Kambara & Bairagya, 2021).

One important element to note is the interaction between street vendors and the formal economy. The interaction between street vendors and the formal economy is complex and multifaceted, characterized by both synergistic and competitive elements. Street vendors can play a substantial role in local supply chains, providing flexible and accessible goods, particularly in urban environments where formal retail may fall short in serving local needs (Iqbal *et al.*, 2022). This interdependence highlights the informal sector's ability to complement formal economic structures, with street vendors often acting as informal wholesalers and retailers.

However, the hybrid nature of these relationships raises issues concerning taxation, regulatory compliance, and recognition within the broader economic

framework. For instance, Martínez and Short suggest that efforts to relocate street vendors into regulated spaces reflect official attempts to formalize informal economies, though these interventions often produce mixed results (Martínez & Short, 2017). Such relocations may fail to address the fundamental needs of vendors or ultimately displace them from key market areas (Recio & Gomez, 2013).

Additionally, studies indicate that better integration into the formal economy could enhance street vendors' livelihoods. Empowering street vendors with training and access to microfinance can bridge the gap between formal and informal operations, thus leveraging their potential to contribute to urban economies while ensuring compliance with regulations (Husain *et al.*, 2015).

In a nutshell, understanding the various factors that make the informal sector so heterogeneous, as well as continuing to grow and persist, is critical in contributing to the formulation of effective policies for the informal sector's economic role, poverty alleviation, and development in the country. The policy choices that are available to address this long-standing challenge of informality range from taking no action, eradicating the informal sector, deregulating the formal sector, to formalizing the informal sector. Each of these policy options carry with it advantages and disadvantages. For example, if no action is taken, the disadvantages can possibly far outweigh the advantages. Or, if eradicating the informal sector is pursued as the policy option, then the disadvantages may potentially outweigh the advantages, as may be the case when deregulation of the formal sector is pursued. The types of interventions in dealing with the informal sector can be found in the supra-national agencies documents, such as the ILO, European Union and OECD (ILO, 2013; European Commission, 2016; OECD, 2023).

In conclusion, while street vendors are often relegated to the margins of urban economies, their socio-economic characteristics highlight their vital role in employment and local commerce. They possess adaptive livelihood strategies that enable them to navigate numerous challenges, including forced relocations, and other discriminatory forms while interacting with the formal economy. Undoubtedly, there is a need for nuanced policy approaches that recognize and support this integral subset of the informal sector, which this study intends to contribute to.

### **1.3 Problem Formulation**

Although Timor-Leste has made considerable progress in promoting democracy, stability, and economic integration, its economy remains largely undiversified and heavily dependent on petroleum revenues. One of the most persistent structural challenges is the expansion of the informal sector, which absorbs the majority of the country's labour force. The informal economy in Dili, particularly the street vending sector, has become both a vital livelihood mechanism and a complex governance issue.

In recent years, the government has introduced relocation policies aimed at reorganizing informal street vendors in the capital. Vendors were moved from the main roads of Dili to two newly established retail centres, Manleuana and Taibessi with the intention of improving public order, sanitation, and traffic flow. However, these relocation measures have raised new challenges that question their long-term effectiveness and inclusiveness.

Many vendors have reported declining income, reduced customer access, poor infrastructure, and limited public services in the new crowded locations. The retail compounds, although intended to formalize vending activities, are characterized by inadequate space, poor hygiene, insufficient parking, and lack of facilities for safe food handling and storage. Meanwhile, multinational retail chains have continued to expand along the city's main roads, creating a visible contrast between formal and informal economies and raising concerns of unequal treatment and social exclusion.

Furthermore, access to financial services remains minimal among informal vendors. Most rely on self-financing or informal credit arrangements, which restricts their ability to invest in or expand their businesses. Without adequate access to capital, financial literacy, or institutional support, street vendors remain trapped in a low-income, high-risk cycle.

The relocation policy has also exposed gaps in urban planning and social dialogue. There has been limited consultation with vendors and consumers, resulting in a mismatch between policy intentions and the daily realities of those affected. The perceptions of both vendors and customers regarding relocation and modernization efforts such as the idea of integrating vendors into a modernized retail environment remain underexplored.

Given these multiple layers of complexity, the problem extends beyond physical displacement. It involves the social, economic, and institutional dimensions that shape the survival of informal workers in a rapidly changing urban economy. There is a pressing

need to generate empirical evidence on who the vendors are, how relocation has affected them, how they interact with the formal economy, and what kind of long-lasting solutions could balance livelihood protection with urban modernization.

Accordingly, this study addresses the following central research problem:

**How has the relocation of informal street vendors in Dili affected their socioeconomic conditions, access to financial services, and interactions with customers and the formal economy, and what policy options can ensure more inclusive and sustainable urban management in the future?**

From this main problem arise several **research sub-questions** aligned with the study:

1. What are the socioeconomic characteristics, business activities, and income patterns of informal street vendors, and how do these differ between long-term vendors and those recently evicted or relocated?
2. To what extent do street vendors have access to financial services, and how does this influence their business performance and household well-being?
3. How do both vendors and customers perceive the relocation and the possibility of integrating informal vending into a modern retail system?
4. What are the main economic and social impacts of relocation to Manleuana and Taibessi on vendors' income, accessibility, and living conditions?
5. What policy recommendations can be formulated to manage informal street vending in a way that promotes inclusivity, equity, and sustainable urban development in Timor-Leste?

Through the analysis of these questions, the study seeks to provide a comprehensive understanding of the informal sector's relocation process and to develop practical policy options that strengthen the government's capacity to integrate informal actors into Timor-Leste's broader economic and urban development agenda.

## **1.4 Formulating Hypotheses**

Given the descriptive and exploratory nature of this study, the following hypotheses are formulated as guiding assumptions to orient the descriptive and cross-tabulation analysis conducted using the Statistical Package for the Social Sciences (SPSS). The analysis focuses on understanding how selected demographic, economic,

and perceptual variables relate to the livelihoods of informal street vendors currently operating in the Manleuana and Taibessi retail centres in Dili.

### **H1 – Experience and Income Level**

Street vendors with longer years of experience in vending tend to earn higher average monthly income compared to vendors who have been in the activity for a shorter period of time.

### **H2 – Age and Income Level**

There is a positive relationship between the age of vendors and their income levels, assuming that older vendors may have more business stability, better customer relations, and experience in managing sales.

### **H3 – Working Hours and Income Level**

Vendors who work longer hours per day are expected to obtain higher income levels, reflecting the direct relationship between labour time and earnings in informal self-employment.

## **1.5 Objective**

### **1.5.1 General Objective of the Study**

The general objective of the study was to gain an in-depth understanding of the informal sector, particularly looking into the socioeconomic dynamics of the street vendors in Dili, with a focus on their relocation to the Manleuana and Taibessi retail centres and its impact on their livelihoods, as well as exploring long lasting solutions for urban planning and the informal sector in Timor-Leste.

### **1.5.2 Specific Objectives of the Study**

More specifically, this study sought to:

1. Establish a profile of the informal sector, including types of activities, profits and losses, and its interactions with the formal economy.
2. Investigate their access to financial services and how this have impacted on their economic activities and the well-being of their respective dependents.
3. Identify the perceptions of the vendors regarding the possibility of accommodating them under a modernized retail system, such as a shopping mall, to address their needs while improving the quality of the retail environment.

4. Examine the impact that the recent relocations may have on their earning capacity, accessibility to customers, and overall living conditions.
5. Propose a set of actionable recommendations for managing street vendors in urban public spaces, balancing their needs with urban development goals, and fostering inclusivity in Timor-Leste's economic growth.

## **1.6 Importance of the Investigation**

The informal sector constitutes a significant component of Timor-Leste's economy and labour market, yet it remains poorly understood and weakly integrated into formal policy frameworks. Understanding its dynamics, especially the impact of recent relocation policies on street vendors in Dili, is of crucial importance for shaping equitable and sustainable development strategies in the country.

This study is particularly relevant for several reasons. *First*, it provides empirical evidence on the socioeconomic characteristics of informal street vendors, a population often excluded from official statistics and public policy discourse. By documenting their demographic profiles, income structures, working conditions, and access to financial services, the research fills a critical knowledge gap in national data and offers valuable insights for policymakers.

*Second*, the study contributes to policy evaluation and formulation. The relocation of vendors to the retail centres in Manleuana and Taibessi has become a visible aspect of Dili's urban transformation, yet its long-term effects on livelihoods remain unclear. By analysing the social and economic impacts of relocation, this research supports government institutions such as the Ministry of Tourism, Trade and Industry, the Municipality of Dili, and related local authorities, in designing more inclusive urban management strategies that align with both economic modernization and poverty reduction goals.

*Third*, the findings of this study have broader implications for the country's Strategic Development Plan 2011–2030, particularly its objectives of economic diversification, private sector development, and poverty eradication. Informality will continue to be a defining feature of Timor-Leste's economy in the coming years; therefore, understanding how to manage it through evidence-based and participatory approaches is fundamental for national progress.

*Fourth*, the study holds social relevance by giving voice to marginalized urban actors, the street vendors, whose economic activities are vital for household survival and for meeting the needs of low- and middle-income consumers in Dili. Their inclusion in future urban policy frameworks will contribute to stronger social cohesion and reduce economic inequality.

From an academic perspective, the study enriches the theoretical and empirical literature on informal economies in post-conflict and small developing states. It also provides a comparative reference for other ASEAN countries facing similar challenges of informality and urban growth.

In sum, the research is justified by its potential to:

1. Produce reliable data and insights to support evidence-based policymaking in Timor-Leste;
2. Contribute to the development of inclusive urban planning policies that recognize the informal sector as a legitimate part of the national economy;
3. Strengthen collaboration between academic institutions, government agencies, and development partners, and
4. Promote social and economic inclusion in line with the national vision of sustainable and diversified growth by 2030.

Through this multidimensional contribution, the study aims to serve both as a scientific reference and a practical tool for formulating future policy options for the informal sector in Timor-Leste.

## **1.7 Organization of the Work**

This research report is structured into several coherent parts to ensure alignment between the objectives, methodology, and results. Each chapter contributes to understanding the socio-economic dynamics of street vendors in Dili and the policy options for the informal sector's future management.

**Chapter 1 – Introduction** presents the national and urban context of Timor-Leste, the importance of the informal economy, and the challenges related to vendor relocation. It includes the literature review, problem formulation, hypotheses, objectives, justification of the study, and the organization of the work.

**Chapter 2 – Methodology** explains the explanatory sequential mixed-methods approach, beginning with the quantitative phase a field survey of 227 street vendors

analysed with SPSS using descriptive and cross-tabulation techniques followed by the qualitative phase, which involved ten in-depth interviews analysed thematically using NVivo. The chapter also presents the sampling strategy, instruments, and data integration through triangulation.

**Chapter 3 – Analysis and Discussion of Results** integrates both quantitative and qualitative findings to interpret vendors' socio-economic profiles, access to finance, perceptions of relocation, and readiness for integration into a modern retail system. The analysis highlights patterns, relationships, and contextual explanations derived from both datasets.

**Chapter 4 – Conclusions and Recommendations** summarize the main findings, verifies the hypotheses, and formulates policy recommendations aimed at inclusive and sustainable management of the informal sector in Timor-Leste.

The report concludes with the list of References in APA format, compiling all works and documents used. This structure ensures logical progression from context and theory to empirical evidence and practical solutions.

This structure allows for a sequential and integrated reading of the work, from theoretical and methodological contextualization to empirical analysis and the formulation of practical solutions applicable to the Timorese reality.

## **1.8 Geographic Location**

The study was conducted in Dili Municipality, specifically in the Manleuana and Taibessi retail centres – the two main sites designated by the Government of Timor-Leste for the relocation of informal street vendors. These centres are located on the outskirts of Dili and serve as the key destinations for informal economic activities relocated from the city's main streets.

While the Manleuana Retail Centre is surrounded by a concrete wall, the Taibessi Retail Centre is surrounded by open space near private homes. Both centres have very limited parking lots, lack of modern infrastructure, basic stalls, and unpaved areas – a testament to the local need for a central, structured and organized marketplace.

The Manleuana Retail Centre is situated along the southwestern corridor of Dili and accommodates vendors engaged in selling food, household goods, clothing, and agricultural products. The Taibessi Retail Centre, located in the eastern part of the capital,

hosts a similar range of vendors, many of whom were previously operating along central urban roads and sidewalks.

Data collection was carried out directly in these two centres through field surveys, in-depth interviews, and focus group discussions (FGDs). Additional secondary information was obtained from local authorities, the management of the retail centres, and relevant policy documents.

These locations were chosen because they represent the core of the government's recent informal sector relocation policy and provide a clear picture of the socio-economic realities of relocated street vendors in Timor-Leste's urban context.

## **2. Methodology**

### **2.1 Research Method**

As most of the economic activities in the informal sector are not registered, and production and selling are not reflected in the government statistics, there are few choices available regarding research methodology. There is more research being conducted regarding developed formal economy, such as Business Activity Survey and Enterprise Survey, than about the informal sector. This research gap must be narrowed, particularly given the importance of the informal employment from a labour market perspective where 77.3% of all employment in 2021 was in the informal economy. Many of the workers in the informal sector, including street vendors, are micro self-employed, or own-account workers.

As this study aims to explore the socio-economic dynamics of the informal sector, including the street vendors in Dili who have been relocated to the Manleuana and Taibessi retail centres, an explanatory sequential design approach was used. This approach began with the collection and analysis of quantitative data, followed by qualitative data collection to complement and deepen the understanding of the quantitative results. A triangulation or data integration approach was applied to ensure both quantitative and qualitative data complement each other, thus providing a richer and more comprehensive analysis.

### **2.2 Population and Sample**

#### **2.2.1 Population**

The population of this study comprises all street vendors operating in the Manleuana and Taibessi retail centres, including both recently relocated vendors and long-term tenants.

### **2.2.2 Sampling Technique**

Two sampling techniques were used:

1. Quota Sampling for the quantitative survey, ensuring representation of key categories such as type of product sold and duration of operation in each retail centre; and
2. Purposive Sampling for the qualitative interviews, targeting vendors with direct relocation experience and those with long-term tenure.

Initially, the study aimed for 200 respondents, but a total of 227 vendors participated, 126 in Manleuana and 101 in Taibessi. In addition, 10 participants were selected for in-depth interviews in the qualitative phase.

Relevant variables include: age, gender, education, income, business expenses, years of experience, working hours, type of product sold, access to financial services, and perceptions of relocation.

## **2.3 Data Collection Techniques and Instruments**

Three main data collection instruments were used:

### **1. Structured Questionnaire (Quantitative Phase)**

A 34-item questionnaire divided into five sections collected information on vendors' demographic profiles, socio-economic conditions, income levels, and access to financial services. The survey was administered face-to-face by trained enumerators to ensure accuracy and response completeness.

### **2. Semi-Structured Interviews (Qualitative Phase)**

In-depth interviews were conducted with selected vendors to gain deeper insight into their experiences and perceptions of the relocation process. Although Focus Group Discussions (FGDs) were initially planned, they were not carried out as data saturation was reached through the interviews.

### **3. Observation and Secondary Data Review**

Direct observation during field visits helped contextualize vendors' working environments and market conditions. Secondary data, including reports and

publications (Mata Dalan Institute, 2021; Mau-Quei & Cameron, 2019; Mau-Quei, 2019), provided additional background and validation of findings.

All participants were informed of the research objectives and assured of confidentiality. The fieldwork was conducted by five enumerators and two core researchers, under the supervision of a team leader, with oversight from the INCT, I.P. monitoring team.

## **2.4 Data Collection, Data Transcription, and Data Analysis**

Data collection was carried out directly in the Manleuana and Taibessi retail centres between vendors' active working hours.

Quantitative data were first processed using Microsoft Excel and analysed in SPSS to generate descriptive statistics (frequencies, means, and percentages) and cross-tabulations exploring relationships between key variables such as income, expenses, and access to financial services.

For qualitative data, NVivo software was used to code and organize interview transcripts. Following Braun and Clarke's (2006) thematic analysis framework, recurring themes and patterns were identified to explain and expand on the quantitative findings.

Finally, both datasets were triangulated to integrate numerical results with qualitative insights, ensuring internal consistency, validity, and a comprehensive understanding of vendors' socio-economic realities.

All documentation, questionnaires, and transcripts have been digitized and securely stored for submission to the INCT, I.P., alongside the final research report.

## **3. Analysis and Discussion of Results**

### **3.1 Analysis of Data Result**

#### **3.1.1 Overview of the Dataset**

A total of 227 street vendors participated in the quantitative survey, consisting of 126 vendors in the Manleuana retail center and 101 vendors in the Taibessi retail center. The overall dataset reflects a strong representation of women in the informal economy: around two-thirds (67%) of all respondents were female, confirming the predominance of women in small-scale retail and food vending activities in Dili.

In terms of age distribution, most vendors in both locations were adults between 26 and 50 years old, accounting for approximately 75–80% of respondents. The mean age

for vendors in Taibessi was approximately 36 years, while in Manleuana it was slightly higher, averaging around 38 years, indicating that most participants are in their economically active age group.

Regarding educational attainment, the majority of vendors had attained basic education, with a notable proportion completing primary or secondary schooling, while about one-third had reached bachelor level, a relatively high level of education for informal self-employed workers. This suggests that educational background does not necessarily translate into access to formal employment opportunities, compelling many to engage in street vending for household income generation.

Most respondents in both centers were self-employed business owners (97% in Taibessi and 100% in Manleuana), typically operating small family-run stalls. The average length of vending experience ranged from five to ten years, reflecting the long-term nature of vending as a stable source of livelihood.

Overall, the dataset portrays a population of vendors that is predominantly female, economically active, moderately educated, and highly experienced in informal trading, highlighting the importance of this sector for household subsistence and urban economic activity in Dili.

### 3.1.2 Descriptive Analysis – Quantitative Results

#### 3.1.2.1 Profile and Characteristics of Street Vendors

This section presents the demographic and socioeconomic characteristics of the street vendors operating in the Taibessi and Manleuana retail centres. The analysis highlights key aspects such as age, gender, marital status, family dependents, education level, and business ownership. These characteristics provide a clearer understanding of the composition of informal workers affected by the relocation program and their socioeconomic conditions in the new market areas.

The following two tables summarize the demographic profiles of street vendors in Taibessi and Manleuana.

**Table 1. Demographic Profile of Vendors in Taibessi**

<b>Variable</b>	<b>Category</b>	<b>Frequency (n)</b>	<b>Percent (%)</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b>Age</b>	18 – 25 YO	14	13.9	2.4851	.89010
	26 – 35 YO	37	36.6		
	36 – 50 YO	37	36.6		
	> 50 YO	13	12.9		
<b>Gender</b>	Female	70	69.3	1.3069	.46352

	Male	31	30.7		
<b>Marital Status</b>	Single	83	82.2	1.1782	.38460
	Married	18	17.8		
<b>Family Dependents</b>	None	17	16.8	2.5842	.94093
	1 – 2 Members	23	22.8		
	3 – 4 Members	46	45.5		
	> 5 Members	15	14.9		
<b>Education Level</b>	No School	28	27.7	2.7030	1.28487
	Elementary School	18	17.8		
	Senior High School	11	10.9		
	Bachelor	44	43.6		
<b>Business Ownership</b>	Yes	98	97.0	-	-
	No	3	3.0		

The demographic profile of vendors in Taibessi shows that the majority (73.2%) are within the productive age range of 26–50 years, with an average age of around 36 years. This indicates that most vendors are economically active and engaged in vending as a primary means of livelihood. The data reveal that female vendors (69.3%) dominate the informal retail activities in Taibessi, reflecting the critical role of women in household income generation through small-scale trading. In terms of education, while 27.7% of vendors have no formal schooling, a notable 43.6% attained a bachelor’s degree, suggesting that higher education does not necessarily guarantee formal employment opportunities. Most respondents are single (82.2%) and self-employed (97%), indicating that vending is largely an individual economic activity rather than a family enterprise. The majority (45.5%) support three to four dependents, showing the economic pressure many face to sustain their families through informal work.

**Table 2. Demographic Profile of Vendors in Manleuana**

<b>Variable</b>	<b>Category</b>	<b>Frequency (n)</b>	<b>Percent (%)</b>	<b>Mean</b>	<b>Std. Dev.</b>
<b>Age</b>	18 – 25 YO	13	10.3	2.58	0.83
	26 – 35 YO	42	33.3		
	36 – 50 YO	56	44.4		
	> 50 YO	15	11.9		
<b>Gender</b>	Female	82	65.1	1.34	0.48
	Male	44	34.9		
<b>Marital Status</b>	Single	100	79.4	1.22	0.45
	Married	24	19.0		
	Divorce	2	1.6		
<b>Family Dependents</b>	None	22	17.5	2.55	0.89
	1 – 2 Members	25	19.8		
	3 – 4 Members	66	52.4		

	> 5 Members	13	10.3		
<b>Education Level</b>	No School	30	23.8	2.58	1.19
	Elementary School	37	29.4		
	Senior High School	15	11.9		
	Bachelor	44	34.9		
<b>Business Ownership</b>	Yes	126	100.0	–	–

In Manleuana, the majority of vendors (77.7%) are also within the 26–50-year age group, with a mean age of approximately 38 years, reflecting a similar demographic pattern to Taibessi. Women make up 65.1% of the total, confirming that female participation continues to be central to the informal market economy. Most respondents are single (79.4%), and like Taibessi, they tend to support three to four family members (52.4%). In terms of education, about 53% of the vendors have completed at least elementary or secondary school, and 34.9% have attained a bachelor’s degree, further underscoring the mismatch between education levels and access to formal employment. All respondents in Manleuana (100%) reported owning their business, suggesting a strong prevalence of micro self-employment and limited reliance on hired labor.

### 3.1.2.2 Business characteristics: type of products sold, length of time as a vendor, working hours.

This section describes the main business characteristics of street vendors in the Taibessi and Manleuana retail centres, focusing on the types of products sold, the length of time vendors have been in business, and their working patterns. These variables help to illustrate the economic diversity of the informal sector and the degree of stability that vending activities provide to urban households.

#### Type of products sold

**Table 3. Type of Products Sold in Taibessi and Manleuana**

Location	Category	Items Sold / Description
<b>Taibessi</b>	Vegetables & Fruits	Vegetables, eggplant, beans, corn, white pumpkin, banana, tomato, chili, oranges, cucumbers, onion, cabbage, green papaya, bitter melon, banana flowers, jackfruit, amaranth.
	Local Produce & Staples	Basic necessities (sembako), cassava flour, salt, mung beans, peanuts, grains, taro, ginger, turmeric, local products.
	Cigarettes & Phone Credit	Cigarettes, phone credit, joker cards.
	Instant Noodles & Packaged Food	Instant noodles, Pop Mie, eggs.

	Beverages & Snacks	Mineral water, coffee, sugar, biscuits, detergent, white coffee.
	Clothes / Used Clothes	Used clothes, new clothes, tailored clothing.
	Spices & Seasonings	Tamarind, Masako (seasoning).
	Cooking Oil	Cooking oil.
	Soy Products	Tofu, tempeh.
	Others	Bicycle tires, sea snails, tobacco, durable goods.
<b>Manleuana</b>	Basic Foods	Corn, cassava flour with tomatoes, instant noodles (Supermi, Popmie), rice grain, local maize, yellow rice.
	Vegetables & Fruits	Tomatoes, cabbage, ladyfinger, eggplants, pumpkin, peas, mung beans, bananas, oranges, apples.
	Cooking Ingredients	Salt, galangal, shallots, candlenut, coriander seeds, MSG (Ajinamoto), cooking oil, sugar.
	Snacks & Drinks	Coffee, biscuits, snacks (Chiki-chiki), sweets (Dosi), seasoning (Masako), drinks.
	Cigarettes & Phone Credit	Cigarettes, phone credit.
	Second-hand Clothes (OB)	Used clothes, shirts, trousers, dresses, shoes, bed linen.
	Others	Household items, detergent (Rinso), phone repair, mobile phone accessories.

The consolidated data reveal that vending activities in both Taibessi and Manleuana are heavily concentrated in the sale of basic food items and daily necessities, confirming that informal markets in Dili primarily serve low- and middle-income consumers. Vendors in both areas rely on fast-moving consumable goods such as vegetables, rice, instant noodles, and beverages which provide stable but modest daily earnings.

However, the Manleuana retail centre shows greater product diversity, including non-food goods like phone accessories, detergents, and second-hand clothing, suggesting a broader market reach and consumer demand. Meanwhile, Taibessi vendors are more specialized in fresh produce and local staples, reflecting a closer connection to agricultural supply chains from rural areas.

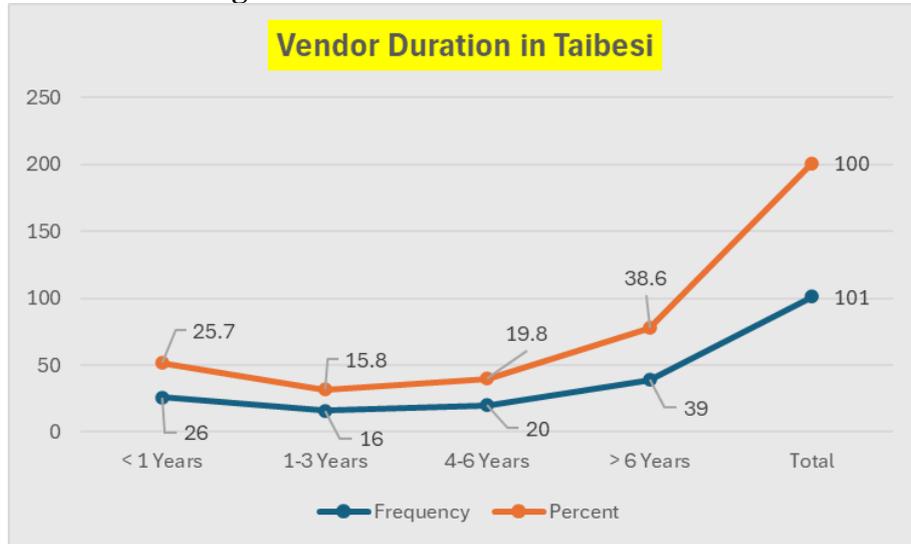
This diversity in product types highlights the adaptability of vendors to local demand and their resilience in maintaining business continuity within constrained market environments.

#### **3.1.2.2.1 Length of time as a vendor**

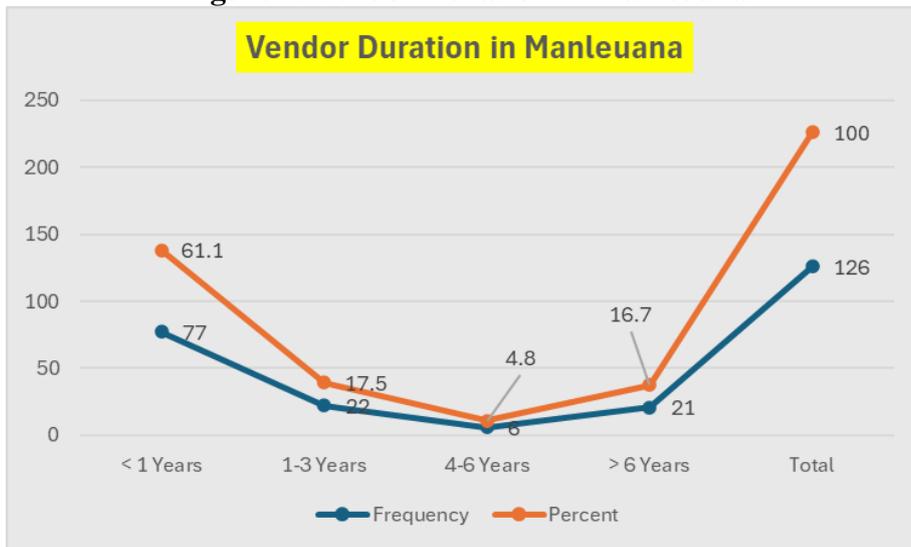
This section presents the duration of time that vendors have been engaged in vending activities in the Taibessi and Manleuana retail centres. The duration of vending

provides important insights into the stability, resilience, and continuity of informal economic activities, as well as the extent to which vending serves as a long-term livelihood strategy rather than a temporary source of income.

**Figure 1. Vendor Duration in Taibessi**



**Figure 2. Vendor Duration in Manleuana**



The findings reveal contrasting patterns between the two centres. In Taibessi, most vendors (38.6%) have been operating for more than six years, while smaller proportions fall within shorter duration groups indicating that vending has become a stable and long-term occupation for many. This pattern suggests that the Taibessi centre attracts experienced vendors who have adapted to market conditions over time.

In contrast, in Manleuana, the majority of respondents (61.1%) have been vending for less than one year, demonstrating that most vendors there are new entrants following

the recent relocation process. Only a small fraction (16.7%) has more than six years of experience, reflecting the centre’s relatively recent establishment and its role as a new relocation site for displaced street vendors from Dili’s main streets.

Overall, the data show that while Taibessi accommodates a more established and experienced vendor population, Manleuana functions as a transitional market space for recently relocated traders still in the process of building stable economic footing. These contrasting dynamics highlight the different stages of market consolidation between the two centres and the varying levels of vendor adaptation to the new retail environments.

### 3.1.2.2.2 Working Patterns of Vendors

This section describes the working hours and working days of vendors in the Taibessi and Manleuana retail centres. These patterns help explain the vendors’ daily engagement and economic dependence on informal trade as their main livelihood source.

**Table 4. Working Hours and Working Days of Street Vendors in Taibessi and Manleuana**

Location	Variable	Category	Frequency (n)	Percent (%)	Mean	Std. Dev.
Taibessi	Working Hours/Day	Less than 4 Hours	2	2.0	3.43	0.68
		Between 4–6 Hours	5	5.0		
		Between 7–9 Hours	42	41.6		
		More than 10 Hours	52	51.5		
	Working Days/Week	Between 1–2 Days	15	14.9	3.47	1.09
		Between 3–4 Days	2	2.0		
		Between 5–6 Days	5	5.0		
		7 Days	79	78.2		
Manleuana	Working Hours/Day	Less than 4 Hours	6	4.8	3.17	0.70
		Between 4–6 Hours	4	3.2		
		Between 7–9 Hours	79	62.7		
		More than 10 Hours	37	29.4		
	Working Days/Week	Between 1–2 Days	7	5.6	3.71	0.78
		Between 3–4 Days	4	3.2		
		Between 5–6 Days	8	6.3		
		7 Days	107	84.9		

The analysis shows that vendors in both Taibessi and Manleuana work long hours and operate almost every day of the week, reflecting a high dependence on daily income from vending.

In Taibessi, more than half of the vendors (51.5%) reported working over 10 hours per day, and 78.2% work seven days a week, highlighting the intensity of labor among experienced vendors who rely entirely on street vending for subsistence.

In Manleuana, most vendors (62.7%) work 7–9 hours per day, and 84.9% operate daily, indicating that newly relocated vendors have also quickly adapted to long working routines to secure income stability.

These findings underline the absence of formal labor protections, limited rest opportunities, and the continuous nature of informal self-employment, where income generation depends directly on daily sales performance.

### 3.1.2.3. Economic Profile of Street Vendors

This section presents the economic characteristics of street vendors in the Taibessi and Manleuana retail centres, focusing on their average monthly income and expenses. The results are compared between long-term vendors (Taibessi) and recently relocated vendors (Manleuana) to understand their income stability and financial vulnerability after relocation.

**Figure 3. Monthly Gross Income vs Monthly Expenses**



**Table 5. Economic Profile of Street Vendors in Taibessi and Manleuana**

Location	Variable	N	Minimum	Maximum	Mean	Std. Deviation
Taibessi	Monthly Gross Income	101	1.00	3.00	<b>1.13</b>	0.37
	Monthly Expenses	101	1.00	4.00	<b>1.57</b>	0.85
Manleuana	Monthly Gross Income	126	1.00	4.00	<b>1.38</b>	0.60
	Monthly Expenses	126	1.00	4.00	<b>1.88</b>	0.69

The graphs and descriptive data reveal clear economic contrasts between the two vendor groups.

In Taibessi, most vendors report lower income levels (Mean = 1.13) and lower expenses (Mean = 1.57), suggesting a stable but low-margin business model typical of long-term informal traders who have adjusted their operations to sustain daily needs. Their financial pattern indicates controlled spending and reliance on loyal customers, reflecting economic resilience despite limited profits.

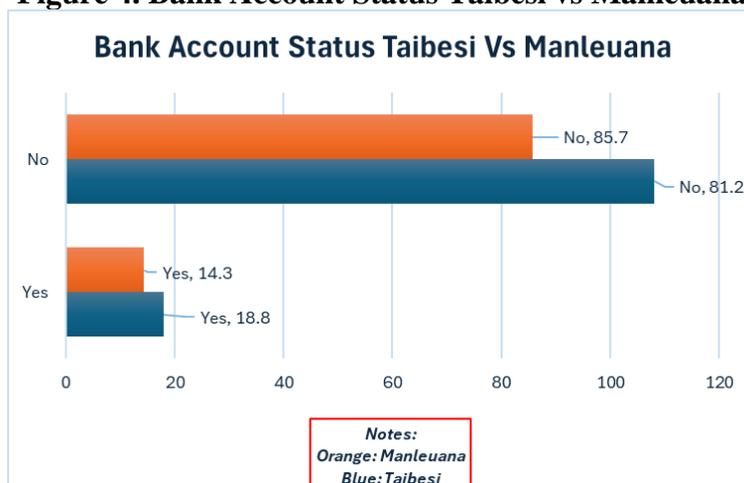
Conversely, in Manleuana, vendors show slightly higher income levels (Mean = 1.38) but also higher operating expenses (Mean = 1.88). This trend points to the higher cost of adaptation among recently relocated vendors, who face increased transportation costs, rent, and inconsistent sales in a less established market environment. The greater variability (standard deviation) also indicates income instability and financial vulnerability among this group.

Overall, while Taibessi vendors appear to have achieved economic steadiness through experience and established networks, Manleuana vendors are still undergoing economic adjustment and face challenges in achieving financial balance. These differences highlight how relocation affects informal livelihoods differently, depending on tenure and market maturity.

#### **3.1.2.4. Access to Financial Services**

Access to financial services is a crucial factor influencing the capacity of informal vendors to expand their businesses and improve household welfare. This section presents data on the level of financial inclusion among street vendors in the Taibessi and Manleuana retail centres, including bank account ownership, loan access, and loan utilization patterns. The findings reveal persistent financial exclusion, with most vendors relying on informal or family-based lending mechanisms rather than formal banking systems.

**Figure 4. Bank Account Status Taibesi vs Manleuana**



**Table 6. Usage of Financial Services (Loans) for Vendors in Taibessi and Manleuana**

Location	Category	Sub-category	Frequency (n)	Percent (%)	Mean	Std. Deviation
Taibessi	Loan Application Status	Yes	62	61.4	1.39	0.49
		No	39	38.6		
	Loan Source	From Bank	15	14.9	3.65	1.21
		Microfinance Institution	7	6.9		
		From Family	62	61.4		
		Informal Lenders	17	16.8		
	Loan Purpose	Business Investment	19	18.8	3.03	1.25
		Household Expenses	20	19.8		
		Health/Emergency	1	1.0		
		Education	61	60.4		
Active Loan Repayment	Yes	48	47.5	1.52	0.50	
	No	53	52.5			
Manleuana	Loan Application Status	Yes	36	28.6	1.71	0.45
		No	90	71.4		
	Loan Source	From Bank	9	7.1	4.51	1.49
		Microfinance Institution	18	14.3		
		From Family	41	32.5		
		Informal Lenders	7	5.6		
No Loan		51	40.5			

	<b>Loan Purpose</b>	Business Investment	20	15.9	3.33	1.53
		Household Expenses	32	25.4		
		Health/Emergency	1	0.8		
		Education	32	25.4		
		Other	41	32.5		
	<b>Active Loan Repayment</b>	Yes	35	27.8	2.34	1.43
		No	65	51.6		
		Unknown/No Response	26	20.6		

The data reveal low levels of financial inclusion among both groups of vendors. Only 18.8% of Taibessi and 14.3% of Manleuana vendors have a bank account, confirming that most informal traders operate entirely in cash.

In Taibessi, over 61.4% of vendors have applied for loans, predominantly from family members (61.4%), while only 14.9% accessed formal bank loans and 6.9% from microfinance institutions. Most loans are used for education (60.4%) or household needs, indicating that credit is often diverted from productive business use to meet daily survival costs.

In Manleuana, only 28.6% of vendors have ever applied for a loan, with a striking 40.5% reporting no access to any financial source. Informal support from family (32.5%) and microfinance (14.3%) dominates, with limited engagement with banks. Loan purposes are more diverse, including household expenses (25.4%), education (25.4%), and small business investment (15.9%), but repayment rates remain modest (27.8%).

Overall, these findings suggest that the informal sector in Dili remains largely excluded from formal finance, relying instead on social capital and kinship-based credit systems. This financial dependency limits investment capacity and contributes to low business growth and vulnerability to shocks.

### **3.1.2.5. Impacts of Relocation and Vendor Perceptions**

#### **3.1.2.5.1 Relocation Process and Communication**

Understanding how the relocation process was implemented is essential to assess the level of transparency, consultation, and government–vendor engagement before the transfer took place. Effective communication during relocation can influence how well vendors adapt to their new environment and maintain trust toward local authorities.

**Table 7. Government Prior Notification to Relocation**

Location	No (%)	Other (%)	Yes (%)	Total (%)
Manleuana	56	1	44	100
Taibesi	30	0	70	100
Grand Total	51	1	48	100

The findings reveal a significant gap in communication and consultation between government authorities and informal vendors during the relocation process. Overall, more than half (51%) of all respondents indicated that they were not notified prior to relocation. This lack of notification was particularly pronounced among vendors in Manleuana (56%), compared to 30% in Taibesi, suggesting that the relocation process to Manleuana was conducted more abruptly and with limited coordination.

The relatively higher notification rate in Taibesi (70%) could be linked to the fact that this centre had been used earlier for previous relocations, allowing for better administrative preparation and vendor awareness. In contrast, Manleuana was a newer site, and the relocation took place under time-sensitive circumstances notably ahead of major national events resulting in inadequate communication and socialization of policies.

These results highlight a key procedural weakness: limited participatory planning and insufficient engagement of affected vendors. The absence of early notice likely contributed to confusion, loss of business continuity, and emotional stress during the transition. Strengthening coordination mechanisms between municipal authorities, market management teams, and vendor associations will therefore be essential in ensuring smoother and fairer relocation processes in the future.

### **3.1.2.5.2 Economic and Business Impacts of Relocation**

The relocation of street vendors from central Dili to the peripheral markets of Manleuana and Taibesi has had significant economic and operational implications. This section presents the financial and business impacts as perceived by vendors, focusing on income changes, business performance, and accessibility to customers.

**Table 8. Economic and Business Impacts of Relocation**

Indicator	Category	Manleuana (%)	Taibesi (%)	Grand Total (%)
Financial Loss Since Relocation	Yes	74	93	77
	No	26	7	23

Change in Income	Decreased	57	74	60
	Remained the Same	29	11	25
	Increased	13	11	12
	Prefer Not to Say	2	4	2
Satisfaction with Current Business Location	Poor	1	4	1
	Fair	38	11	33
	Good	56	11	48
	Very Good	5	74	17
Feeling of Safety in New Location	No	36	22	33
	Same as Before	21	67	29
	Yes	43	11	37
Access to Customers in New Location	No	52	67	54
	Same as Before	20	15	19
	Yes	29	19	27

The findings reveal that most vendors suffered economic setbacks after being relocated. A majority (77%) reported financial losses, and 60% experienced a decline in income, suggesting that relocation disrupted their regular customer flow and income-generating capacity. This effect was particularly severe among Taibesi vendors, where 93% reported losses and 74% reported reduced income, compared to 74% and 57% in Manleuana, respectively.

Although the Taibesi market shows better physical facilities, customer access and safety perceptions remain mixed. Only 37% of all vendors considered the new location safer, while 33% believed it is less safe, and 29% said it is “the same as before.” Moreover, 54% of respondents stated that access to customers has worsened. The issue of declining customer access appears more pronounced in Taibesi (67%) than in Manleuana (52%), likely due to distance from high-traffic areas and inadequate public transport.

These outcomes highlight that relocation policies alone cannot ensure livelihood stability if not accompanied by proper infrastructure, visibility, and market connectivity. Therefore, any future relocation policy should integrate economic recovery measures, such as improved transport routes, signage visibility, marketing support, and regular consultation with vendors to mitigate income disruption.

### 3.1.2.5.3 Vendors' Perceptions, Needs, and Future Outlook

Beyond the economic and operational impacts, it is important to understand how street vendors perceive their role in the local economy, the kind of support they need, and their willingness to transition toward more formalized business environments. These perceptions are crucial for developing inclusive policies that balance informal livelihood protection with urban modernization goals.

**Table 9. Vendors' Perceptions, Support Needs, and Future Outlook**

Indicator	Category	Manleuana (%)	Taibesi (%)	Grand Total (%)
Vendors contribute positively to the local economy	Agree	37	70	43
	Strongly Agree	63	30	57
Support Needed to Improve Business	Marketing Support	35	74	42
	Financial Literacy & Training	34	74	41
	Adequate Facilities	59	78	62
	Affordable Rent Cost	15	74	25
Integration of Informal Vendors into the Formal Economy	Strongly Disagree	1	0	1
	Disagree	1	4	1
	Agree	26	81	36
	Strongly Agree	72	15	62
Doing Business Inside a Mall Helps Business Growth	Agree	37	26	35
	Strongly Agree	63	74	65
Preparedness to Move to a Modern Location (e.g., Mall)	No	6	0	5
	Not Sure	14	48	20
	Yes	79	52	75

The data indicate that vendors maintain a strong sense of economic contribution and optimism about their role in local development. Overall, 57% strongly agree and 43% agree that they play an important part in the growth of the local economy, showing that vendors recognize their activities as legitimate and productive.

When asked about the support needed to strengthen their business, the majority (62%) emphasized the need for adequate market facilities, such as proper stalls, water access, and waste management systems. Around 41%–42% expressed the need for financial literacy training and marketing support, while 25% highlighted the importance

of reducing rent costs. These findings suggest that vendors are eager to enhance their business capacity if structural and institutional support is available.

Regarding future perspectives, an overwhelming 98% of vendors support the idea of integrating informal businesses into the formal economy, with 65% strongly agreeing that operating within modern retail spaces such as shopping malls could help their business grow. Furthermore, 75% indicated willingness to move to a modern location, provided that rent costs and business conditions are fair.

However, differences exist between the two sites. Manleuana vendors (79%) expressed stronger readiness to relocate again compared to Taibesi vendors (52%), where nearly half (48%) remain uncertain. This hesitation may be due to previous relocation experiences that caused income loss and operational difficulties, signalling the importance of trust-building, stable policies, and participatory dialogue in future relocation efforts.

### 3.1.3 Cross-Tabulation Analysis

#### 3.1.3.1. Experience and Monthly Gross Income

**Table 10. Cross-tabulation of Vendor Duration and Monthly Gross Income by Location**

Location	Vendor Duration	Less than \$100	\$100–199	\$200–299	> \$300	Total (n)
<b>Taibesi</b>	< 1 year	92.3%	7.7%	0.0%	–	26
	1–3 years	87.5%	12.5%	0.0%	–	16
	4–6 years	85.0%	10.0%	5.0%	–	20
	> 6 years	87.2%	12.8%	0.0%	–	39
	<b>Total (Taibesi)</b>	<b>88.1%</b>	<b>10.9%</b>	<b>1.0%</b>	–	<b>101</b>
<b>Manleuana</b>	< 1 year	83.1%	15.6%	0.0%	1.3%	77
	1–3 years	54.5%	40.9%	4.5%	0.0%	22
	4–6 years	33.3%	66.7%	0.0%	0.0%	6
	> 6 years	28.6%	61.9%	4.8%	4.8%	21
	<b>Total (Manleuana)</b>	<b>66.7%</b>	<b>30.2%</b>	<b>1.6%</b>	<b>1.6%</b>	<b>126</b>
<b>Total (All)</b>	< 1 year	85.4%	13.6%	0.0%	1.0%	103
	1–3 years	68.4%	28.9%	2.6%	0.0%	38
	4–6 years	73.1%	23.1%	3.8%	0.0%	26
	> 6 years	66.7%	30.0%	1.7%	1.7%	60
	<b>Grand Total</b>	<b>76.2%</b>	<b>21.6%</b>	<b>1.3%</b>	<b>0.9%</b>	<b>227</b>

**Table 11. Chi-Square Test Results**

Location	$\chi^2$	df	Sig. (2-sided)	N of Cases
<b>Taibesi</b>	4.559	6	0.602	101
<b>Manleuana</b>	30.799	9	<b>0.000</b>	126
<b>Total (All)</b>	12.357	9	0.194	227

The Chi-Square test examined whether the duration of business activity (vendor experience) is associated with monthly gross income across locations. The results show a significant relationship in Manleuana ( $\chi^2(9) = 30.799, p = 0.000$ ), while the association in Taibesi ( $\chi^2(6) = 4.559, p = 0.602$ ) and the combined dataset ( $\chi^2(9) = 12.357, p = 0.194$ ) are not statistically significant at the 0.05 level.

In Manleuana, vendors with longer experience (> 6 years) are more likely to report higher income levels, with 61.9% earning USD 100–199 and small portions exceeding USD 200–300. By contrast, newer vendors (< 1 year) largely remain in the lowest income bracket (83%). This indicates that experience and longer business presence contribute to improved income stability in Manleuana, possibly due to accumulated customer relationships, familiarity with the new retail environment, and better adaptation after relocation.

In Taibesi, however, income distribution remains relatively uniform across experience groups. More than 85% of vendors, regardless of years in business, earn less than USD 100 per month. This uniformity suggests structural constraints in Taibesi, such as weaker market access, lower customer traffic, and less diversified product offerings, which limit income growth even among long-term vendors.

For the overall sample, the relationship between experience and income was not statistically significant ( $p = 0.194$ ), reflecting a general pattern of economic homogeneity within Dili’s informal sector. While some locations show potential benefits of experience, the broader trend confirms that external market and infrastructure factors remain more decisive than individual vendor experience.

### 3.1.3.2. Age and Monthly Gross Income

**Table 12. Cross-tabulation of Age and Monthly Gross Income by Location**

Location	Age Group (Years)	Less than \$100	\$100–199	\$200–299	> \$300	Total (n)
Taibesi	18–25	92.9%	7.1%	0.0%	–	14
	26–35	89.2%	10.8%	0.0%	–	37
	36–50	83.8%	13.5%	2.7%	–	37
	> 50	92.3%	7.7%	0.0%	–	13
	<b>Total (Taibesi)</b>	<b>88.1%</b>	<b>10.9%</b>	<b>1.0%</b>	–	<b>101</b>
Manleuana	18–25	53.8%	38.5%	0.0%	7.7%	13
	26–35	59.5%	35.7%	4.8%	0.0%	42
	36–50	73.2%	26.8%	0.0%	0.0%	56
	> 50	73.3%	20.0%	0.0%	6.7%	15

	<b>Total (Manleuana)</b>	<b>66.7%</b>	<b>30.2%</b>	<b>1.6%</b>	<b>1.6%</b>	<b>126</b>
<b>Total (All)</b>	18–25	74.1%	22.2%	0.0%	3.7%	27
	26–35	73.4%	24.1%	2.5%	0.0%	79
	36–50	77.4%	21.5%	1.1%	0.0%	93
	> 50	82.1%	14.3%	0.0%	3.6%	28
	<b>Grand Total</b>	<b>76.2%</b>	<b>21.6%</b>	<b>1.3%</b>	<b>0.9%</b>	<b>227</b>

The cross-tabulation analysis reveals that the majority of street vendors in both Taibesi and Manleuana earn less than USD 100 per month, reflecting a strong prevalence of low-income activities across age groups.

In Taibesi, over 88% of vendors fall into the lowest income category, with little variation across ages even among those aged 36–50 years, who might be expected to have more experience. Only a marginal share (1%) report earnings above USD 200.

In contrast, Manleuana vendors show a slightly broader income distribution. Around 30% earn between USD 100–199, and small portions (1.6%) exceed USD 200 or USD 300 per month. The 18–25 and 26–35 age groups are more represented in these higher brackets, suggesting that younger vendors in Manleuana may be experimenting with diversified or higher-turnover products.

Overall, the combined dataset (n = 227) indicates that 76.2% of all respondents earn below USD 100 per month, while only 2.2% (sum of > \$200 groups) achieve higher income levels. This confirms the low-income and survivalist nature of informal street vending in Dili, regardless of age, and highlights the structural constraints limiting income growth even after relocation.

**Table 13. Chi-Square Test of Association Between Age and Gross Income**

<b>Location</b>	<b>Pearson Chi-Square (<math>\chi^2</math>)</b>	<b>df</b>	<b>Sig. (2-sided)</b>	<b>N of Cases</b>
<b>Taibesi</b>	2.412	6	0.878	101
<b>Manleuana</b>	13.600	9	0.137	126
<b>Total (Combined)</b>	9.065	9	0.431	227

The Chi-Square test was carried out to determine whether there is a significant relationship between the age group and gross monthly income of street vendors in Taibesi and Manleuana. The results show that there is **no statistically significant association** between the two variables at the 0.05 level in either location. In Taibesi,  $\chi^2(6) = 2.412$  with  $p = 0.878$ ; in Manleuana,  $\chi^2(9) = 13.600$  with  $p = 0.137$ ; and for the combined sample,  $\chi^2(9) = 9.065$  with  $p = 0.431$ . Since all p-values are greater than 0.05, it can be

concluded that **age does not significantly influence income levels** among street vendors in either area.

Even though the relationship is not statistically significant, the data reveal a slightly broader income variation in Manleuana. Younger vendors, especially those aged 26–35, tend to earn between USD 100–199, while in Taibesi, almost all vendors remain within the lowest income category, earning less than USD 100 per month. This suggests that while income distribution is more diverse in Manleuana, overall earning potential remains very limited.

In summary, these findings support the descriptive conclusion that experience or age alone does not determine vendor earnings in Dili’s informal retail sector. Instead, external structural constraints such as market access, infrastructure, and limited capital play a more decisive role in shaping the income patterns of street vendors.

### 3.1.3.3. Working Hours and Monthly Gross Income

**Table 14. Cross-tabulation of Working Hours per Day and Monthly Gross Income by Location**

Location	Working Hours per Day	Less than \$100	\$100–199	\$200–299	> \$300	Total (n)
<b>Taibesi</b>	< 4 hours	100.0 %	0.0 %	0.0 %	–	2
	4–6 hours	100.0 %	0.0 %	0.0 %	–	5
	7–9 hours	85.7 %	11.9 %	2.4 %	–	42
	> 10 hours	88.5 %	11.5 %	0.0 %	–	52
	<b>Total (Taibesi)</b>	<b>88.1 %</b>	<b>10.9 %</b>	<b>1.0 %</b>	–	<b>101</b>
<b>Manleuana</b>	< 4 hours	100.0 %	0.0 %	0.0 %	0.0 %	6
	4–6 hours	100.0 %	0.0 %	0.0 %	0.0 %	4
	7–9 hours	57.0 %	39.2 %	1.3 %	2.5 %	79
	> 10 hours	78.4 %	18.9 %	2.7 %	0.0 %	37
	<b>Total (Manleuana)</b>	<b>66.7 %</b>	<b>30.2 %</b>	<b>1.6 %</b>	<b>1.6 %</b>	<b>126</b>
<b>Total (All)</b>	< 4 hours	100.0 %	0.0 %	0.0 %	0.0 %	8
	4–6 hours	100.0 %	0.0 %	0.0 %	0.0 %	9
	7–9 hours	66.9 %	29.8 %	1.7 %	1.7 %	121
	> 10 hours	84.3 %	14.6 %	1.1 %	0.0 %	89
	<b>Grand Total</b>	<b>76.2 %</b>	<b>21.6 %</b>	<b>1.3 %</b>	<b>0.9 %</b>	<b>227</b>

**Table 15. Chi-Square Test Results**

Location	$\chi^2$	df	Sig. (2-sided)	N of Cases
<b>Taibesi</b>	2.367	6	0.883	101
<b>Manleuana</b>	11.960	9	0.216	126
<b>Total (All)</b>	14.904	9	0.094	227

The analysis explored whether the number of working hours per day is associated with the gross monthly income of street vendors in Taibesi and Manleuana. The Chi-Square results show that there is no statistically significant relationship between working hours and income in either location ( $p > 0.05$ ).

In Taibesi, income distribution is relatively uniform regardless of working time. Over 85% of vendors earn less than USD 100 per month even when working 10 hours or more per day. This suggests that longer working hours do not necessarily translate into higher income due to limited customer demand and low profit margins.

In Manleuana, vendors who work between 7–9 hours daily display a slightly broader income spread: around 39% earn between USD 100–199, and small portions exceed USD 200. However, vendors working longer than 10 hours show lower returns, indicating diminishing productivity after extended working time.

For the combined dataset ( $N = 227$ ), the pattern remains statistically non-significant ( $\chi^2 = 14.904$ ,  $p = 0.094$ ). Most vendors are concentrated in the lowest income bracket irrespective of their daily hours, reinforcing the descriptive finding that income in Dili's informal retail sector is constrained more by market saturation and low pricing structures than by labor effort.

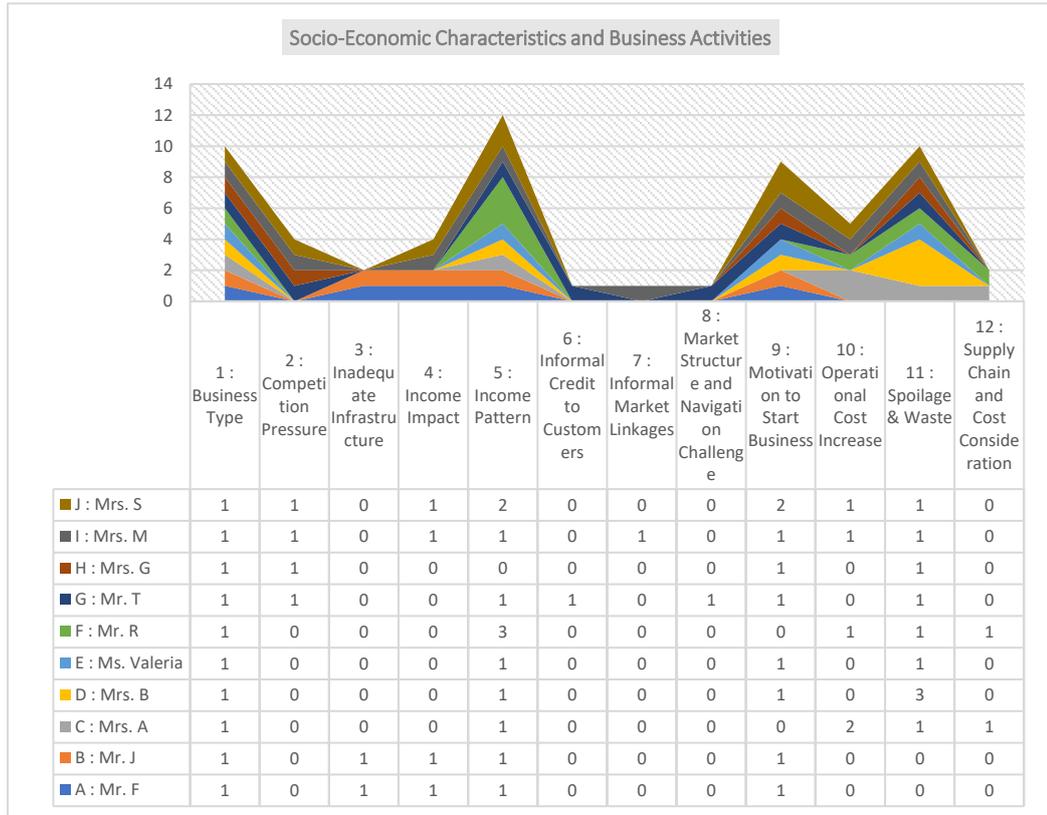
### **3.1.4 Qualitative Findings: Thematic Analysis Results**

#### ***Theme 1 - Socio-Economic Characteristics and Business Activities***

This theme explores the diverse backgrounds, motivations, and daily challenges faced by informal vendors in Manleuana and Taibesi. Drawing from interview transcripts, the coding highlights a range of issues such as types of business activities, income patterns, financial constraints, and operational obstacles. The responses reflect the vendors lived experiences as they navigate informal market systems while striving to support their families and sustain their livelihoods.

The chart below illustrates the distribution of key sub-themes across respondents. The visual representation and matrix of coded qualitative data illustrate the frequency and distribution of key challenges and themes emerging from interviews with 10 respondents involved in informal sector activities. Each column represents a thematic code, and each row shows how many times that theme was referenced in a given interview.

**Figure 5a - Socio-Economic Characteristics and Business Activities**



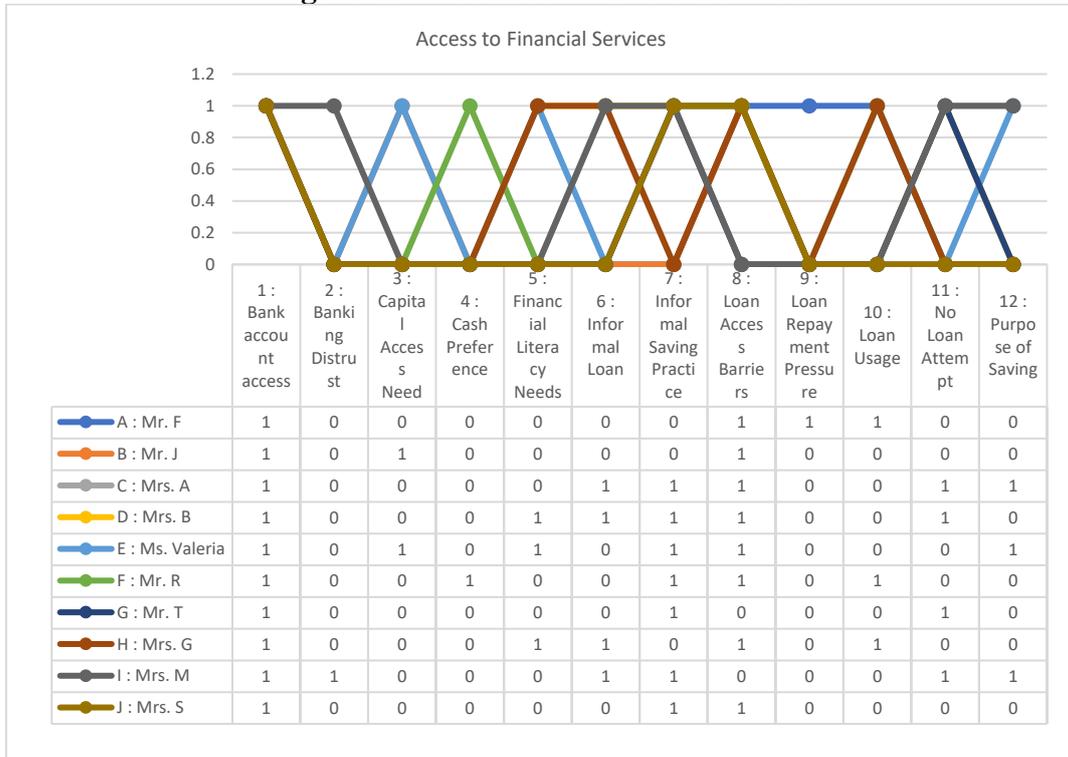
While “Informal Credit to Customers” (Code 6) and “Inadequate Infrastructure” (Code 3) were less frequently mentioned, they still surfaced as important constraints. A few respondents indicated that offering goods on credit sometimes undermined their ability to reinvest capital. Others pointed out poor market design (e.g., back rows, muddy areas) as a reason for reduced visibility and foot traffic. Notably, “Informal Market Linkages” (Code 7) and “Market Structure and Navigation Challenges” (Code 8) received relatively few mentions, suggesting that while broader systemic barriers exist, immediate daily struggles like product spoilage, income inconsistency, and cost management are more pressing for most vendors.

The data also reveals individual variance in theme density. For instance, respondents like *Ms. Valeria (E)* and *Mr. F (A)* exhibit higher total counts across multiple themes, possibly indicating richer or more detailed narratives during interviews.

To further illustrate the dominant issues raised by participants, the word cloud below visualizes the most frequently mentioned terms across all interviews. Words such as “**income, business, sells, and daily**” appear prominently, reflecting the vendors’ strong focus on earning consistency and sustaining their livelihoods. Other frequently



**Figure 6a - Access to Financial Services**



The chart above summarizes key patterns identified from the coded interviews. All participants indicated that they have access to a bank account, but they mostly do not use the account. There is some distrust in the banking system, especially among female vendors. Several respondents expressing a preference for handling transactions in cash rather than through formal banking systems. Financial literacy gaps were identified in nearly all cases, especially regarding loan processes and repayment mechanisms.

Interestingly, while some respondents had previously taken informal loans or engaged in informal saving practices (e.g., *arisan* or community-based savings groups), barriers to accessing formal loans were very common. These include strict eligibility criteria, high interest rates, and fear of default. Loan repayment pressure was a recurring concern, particularly among those supporting large families or operating with unstable incomes. While many vendors used loans to support or expand their businesses, others had never attempted to access a loan at all, due to fear or lack of information.

Finally, motivations for saving varied: some saved to cover daily operational costs, others for emergencies or school fees. The chart visualizes how each respondent's experience intersects with twelve identified sub-themes under this broader theme of financial service access.

To better understand general perceptions and frequently raised topics related to access to financial services, a word cloud visualization was generated based on the qualitative data collected. This visual tool helps highlight the most commonly mentioned terms during interviews and discussions. Larger words indicate higher frequency of occurrence, thus reflecting dominant concerns, behaviours, and experiences of informal vendors regarding financial services.

**Figure 6b - Access to Financial Services**



The word cloud provides a visual representation of the most frequently mentioned terms related to financial access among participants. Dominant words such as **“financial, account, small bank, loan, never, and access”** highlight recurring issues in the interviews. The prominence of **“never, small bank, and account”** suggests that many participants have little or no experience with formal banking institutions and prefer informal or community-based financial solutions.

Terms like **“afraid, confused, complicated, and process”** indicate a sense of uncertainty and intimidation associated with banking procedures, which often prevents individuals from engaging with financial institutions. Additionally, the presence of words like **“needs, capital, repay, apply, and support”** points to a clear demand for capital access, financial education, and structured loan systems though these remain largely unmet.

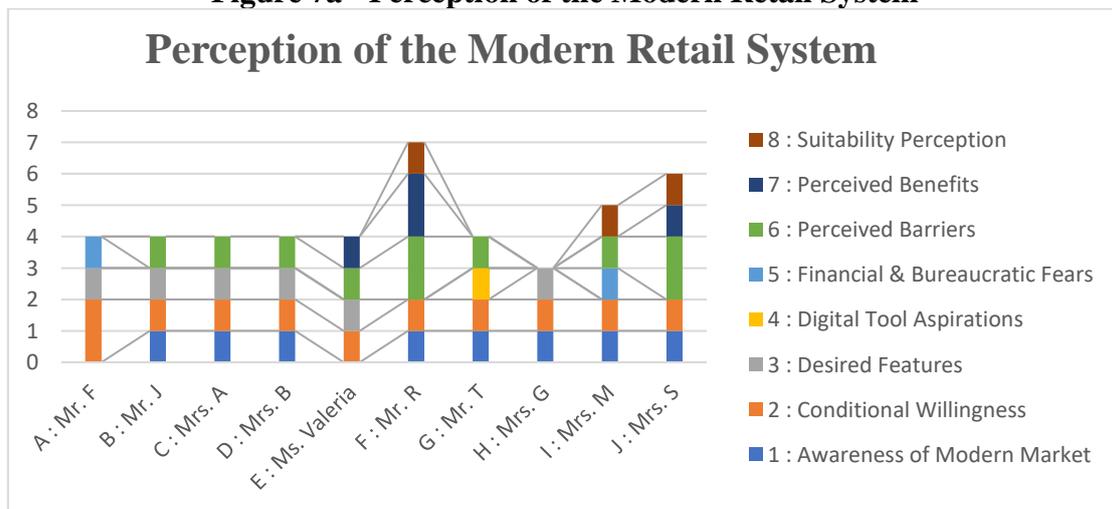
Interestingly, the appearance of words such as “**saves, emergencies, cooperative, stock, and money**” suggests that saving practices do exist, often within informal frameworks such as cooperatives or rotating savings groups (*e.g.*, arisan), particularly for urgent needs or small business operations.

Overall, the word cloud reinforces the findings in the chart underscoring limited trust in banks, a strong reliance on informal saving and borrowing mechanisms, and the need for financial literacy initiatives tailored to the realities of informal sector vendors.

**Theme 3- Perception of the Modern Retail System**

To explore vendors’ readiness and attitudes toward transitioning into a modern retail environment, we analysed their perceptions related to key aspects such as awareness of modern markets, willingness to change, perceived benefits and barriers, and aspirations toward digital and institutional integration. The data were coded from in-depth interviews and are summarized in the chart and word cloud below.

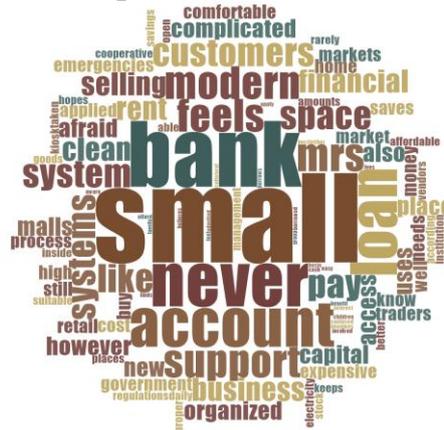
**Figure 7a - Perception of the Modern Retail System**



The chart presents diverse perspectives among the ten respondents on modern retail systems. A strong awareness of modern markets (1) is shown consistently across respondents. Many participants expressed conditional willingness (2) to participate in modern systems, indicating openness but with hesitation due to various constraints. The most frequently cited perceived barriers (6) included high costs, complexity, and regulatory concerns. Financial and bureaucratic fears (5), such as rent, taxes, and licensing, were also dominant themes, showing that formalization remains a daunting process for many vendors.

Interestingly, some participants revealed aspirations toward using digital tools (4), especially for payments and inventory, although actual usage remains low. Desired features (3) like clean spaces, access to stable electricity, and customer flow were highlighted as incentives. Respondents who recognized clear benefits (7) or suitability (8) of the modern system were often the ones who had more business experience or had interacted with such systems before.

**Figure 7b - Perception of the Modern Retail System**



The word cloud reinforces the complexity of perceptions around formal retail environments. Key terms like “**small, bank, account, loan, system, mall,**” and **support**” reflect both the opportunities and anxieties vendors associate with modern retail systems. Words such as “**never, afraid, expensive, complicated and process**” indicate ongoing concerns about affordability, bureaucracy, and loss of autonomy.

At the same time, hopeful terms like “**organized, support, clean, and comfortable**” suggest that vendors do see value in more structured and supportive market environments provided their conditions and capacities are acknowledged. This duality between aspiration and fear characterizes how informal vendors navigate the idea of transitioning to modern retail systems.

#### ***Theme 4- Impact of Relocation***

The relocation of street vendors to formalized market spaces has generated mixed reactions among participants. While some recognized improved infrastructure or compliance with government regulations, many others expressed concerns about the negative impact on their business activities. Key issues include decreased visibility, loss of loyal customers, and lack of supporting facilities in the new locations.



“The space is big and clean, but there’s no signage or visibility. People don’t even know there’s a market here.”

In contrast, participants like **Mrs. A** and **Mr. F** are represented with **lighter colour intensities**, indicating **fewer mentions or milder views** on the issue. This could reflect **lower levels of disruption**, or **better individual adaptation** to the new business environment. **Mrs. A**, for example, showed optimism:

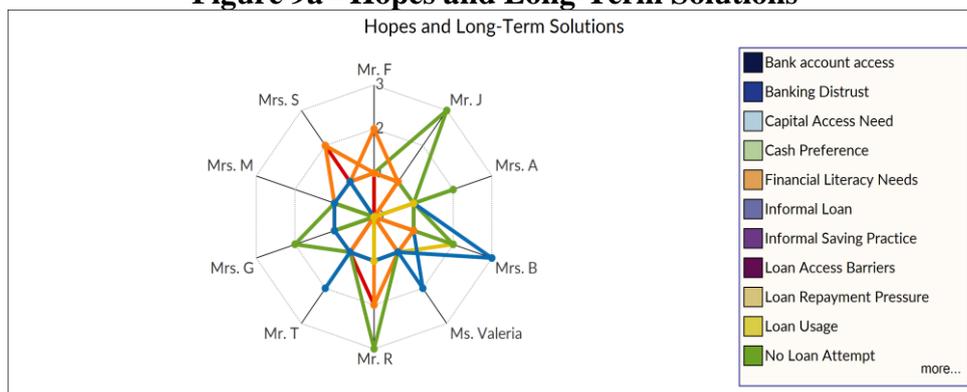
“We’re just starting out in the new location. It’s not crowded yet, but we’re preparing for what’s next.”

This data visualization helps to **contrast experiences** of vendors in their transition highlighting a **spectrum from severe business impact to cautious optimism** and offers useful direction for targeted policy or infrastructural support.

### Theme 5- Hopes and Long-Term Solutions

The final theme in our analysis explores participants’ hopes and envisioned long-term solutions for improving their business sustainability and livelihood security. This theme sheds light on their expectations toward government support, infrastructure, access to capital, and training. The findings highlight both a deep sense of resilience and clear calls for structural support, especially in the aftermath of relocation challenges.

**Figure 9a - Hopes and Long-Term Solutions**





saving: “*We save in our group, not in banks,*” and Mr. R advocated for practical state support: “*Please provide small capital support, not just rules and fines.*” Collectively, these responses reveal a landscape where economic aspirations coexist with institutional scepticism, and where hopes for the future are tightly intertwined with both financial and infrastructural needs.

The word cloud insight further reinforces the qualitative patterns identified in the spider chart by visually emphasizing the core language of hope and advocacy expressed by the participants. The prominence of terms such as “*safe, government, support, clean,*” “*small,*” and “*capital*” reflects a shared demand for basic infrastructure, secure spaces, and inclusive economic support mechanisms. These words point to aspirations that are rooted in tangible conditions such as safety from forced relocation, access to clean and organized marketplaces, and the provision of financial assistance to help traders sustain their livelihoods.

### **3.2 Discussion of Results**

This section summarises the key messages and implications of the analysis conducted so far, connecting the empirical findings of this study with relevant theoretical perspectives and comparative research.

The overall perspective that emerges from the data is that the street vendors in this study represent a relatively low-income and poorly educated segment of the population. Most vendors are women with limited formal education who work long hours often seven days a week for modest earnings. These findings mirror global evidence from the International Labour Organization (ILO, 2018), which shows that informal work is disproportionately concentrated among low-skilled and female workers, typically excluded from formal employment opportunities.

The survey results indicate that the return to labour is relatively small, and there is little evidence of significant business growth or capital accumulation. This situation supports the argument that the informal sector is constrained more by structural conditions such as location, infrastructure, and access to customers than by the effort or experience of individual workers (Chen, 2012). In both Taibesi and Manleuana, income levels remain low regardless of age or working hours, underscoring the limits of labour productivity within informal economies (Hart, 1973; Perry & Maloney, 2007).

A major challenge identified through both quantitative and qualitative data is the lack of access to financial services. The vast majority of vendors operate purely within a cash-based system and have no bank accounts. Most have never borrowed money, and those who have relied mainly on family networks or informal lenders. This pattern is consistent with the findings of Friedman *et al.*, (2000), who argue that exclusion from formal credit systems perpetuates the low-capital, low-return cycle typical of informal enterprises. A small minority of respondents reported engagement with microfinance institutions, which appears to have offered limited but valuable support for business operations similar to observations in other developing economies (ILO, 2002).

These financial constraints, coupled with the absence of institutional support, limit business resilience especially when vendors are required to adapt to major changes such as relocation. The findings show that relocation has imposed both direct financial costs and indirect losses through reduced customer access and visibility. As vendors were moved from high-traffic streets and public spaces to designated market centres, they lost spontaneous foot traffic from passers-by. Comparative research confirms that relocations that improve order and hygiene often reduce sales when markets are placed away from consumer flow (Recio & Gomez, 2013; Roeber & Skinner, 2016). The evidence from Dili is consistent with these patterns: 77% of surveyed vendors reported income declines and 54% indicated worse access to customers.

Nonetheless, it is worth noting that most vendors express openness toward formalisation and modernisation nearly all respondents agreed that integrating into formal systems could enhance their business, provided that rental costs remain affordable and infrastructure is adequate. This aligns with the “regulated inclusion” approach to formalisation proposed by Chen (2012), which suggests that formalisation efforts can succeed when regulations are adapted to vendors’ capacities rather than imposed uniformly.

Overall, these findings portray the realities of a vulnerable yet highly adaptive informal workforce operating within structural limitations. While relocation policies have aimed to bring order and modernisation, they have also exposed the fragility of vendors’ livelihoods and the limited institutional support systems available to them. The persistence of low-income levels, minimal financial access, and limited upward mobility underscores that informality in Timor-Leste is not merely a matter of individual entrepreneurship, but a systemic condition rooted in the broader socio-economic environment.

When compared with research on the informal sector and vendor relocation in other developing countries, the results of this study are largely consistent. Similar to findings in Manila (Recio & Gomez, 2013) and Johannesburg (Roever & Skinner, 2016), relocation in Dili has produced mixed outcomes achieving spatial order and compliance with regulations, yet reducing customer access and vendor income. Relocating traders from high-traffic urban centres to peripheral market compounds reflects a broader regional trend where governments prioritise urban aesthetics and control over livelihood protection (Bhowmik, 2010). Without participatory planning, supportive infrastructure, or marketing strategies, such policies tend to displace rather than empower informal workers.

Patterns of income and labour dynamics observed in this study also align with findings from Indonesia and Vietnam. Setyaningsih *et al.*, (2019) demonstrated that business experience, not education, most strongly influences income levels among street vendors, while Huynh-Van *et al.*, (2022) found that vendors with minimal schooling sustain livelihoods primarily through extended work hours and family cooperation. Similarly, the weak statistical relationship between age, experience, and income found in Dili suggests that informal earnings are determined less by individual capacity and more by structural conditions such as location, capital access, and customer flow (ILO, 2018; Chen, 2012).

Financial exclusion remains a persistent theme across developing economies. The reliance of Dili's vendors on informal lending mirrors findings from other contexts, where limited access to banking systems restricts business growth (Mpofu & Sibindi, 2022; Sharma & Adhikari, 2020). The preference for cash-based transactions and distrust of formal institutions reflect similar experiences among informal traders in South Africa and Bangladesh (Balogun, 2022; Yunus, 2007). This suggests that beyond financial constraints, social and cultural perceptions of risk and bureaucracy also reinforce exclusion from formal financial systems.

Qualitative evidence from this study also echoes patterns identified elsewhere. Feelings of uncertainty, economic strain, and loss of customers following relocation resemble those documented by Martínez and Short (2017), who argue that forced relocations without adequate consultation often worsen vulnerability. Yet, the cautious optimism expressed by some vendors in this study particularly regarding clean spaces, safety, and government support aligns with the adaptive resilience observed among

informal traders in Indonesia, who are generally willing to formalize if given affordable and inclusive conditions (Pitoyo *et al.*, 2021).

While these findings align with broader regional and global evidence, their generalization must be approached carefully. The informal sector in Dili operates within a small, highly concentrated urban economy with limited diversification and emerging institutional frameworks. Thus, while the trends mirror those of other developing nations, their manifestation in Timor-Leste is uniquely shaped by the country's scale, governance capacity, and economic dependency. The insights gained here are therefore most applicable to comparable small developing economies struggling with informality, urban relocation, and livelihood insecurity among low-income vendors.

The theoretical and practical implications of these findings suggest that informality in Dili functions as both a survival mechanism and a symptom of structural exclusion. The persistence of informal work, despite relocation efforts, reinforces the argument that informality cannot be eradicated solely through regulation or enforcement but requires systemic interventions that address access to capital, infrastructure, and institutional trust. The findings correspond with the exclusion–exit framework of informality, where many vendors are not informal by choice but by necessity due to limited opportunities in the formal economy. This highlights the need for policy approaches that integrate rather than displace informal workers. Practically, the results underline the importance of participatory urban planning, financial inclusion programs, and vocational training that respond to the lived realities of vendors. Supporting vendors through microfinance, cooperative savings, and small business capacity building could transform informal work from a condition of vulnerability into a pathway of empowerment and local economic resilience.

Based on these justification, finally we summarise our key policy recommendations with the following details:

- 1. Purpose and Planning.** The issue of relocation of street vendors needs to be addressed in the context of a broader public policy discussion. The perception given by the government's actions in this instance is that these low-income, vulnerable people (mostly women), are an inconvenience to the image of Dili as a modern city, and they need to be "hidden" in much less accessible locations. A wider public discussion of the situation, the options and the general approach, would ensure that government actions align with the will of the people. There are alternatives to relocations, that include making street vendors an attraction by

improved facilities and other supports in the more prominent areas which they formerly occupied.

2. **Communication.** A number of vendors made the observation that they were not informed of the relocation until it was upon them. It's not always clear whether this is the true situation or whether this is the perception, but it is certainly an important thing that when a major change like this is taking place, it is incumbent on the government to communicate regularly and often and give plenty of warning and notice to the vendors of this major shift.
3. **Choice.** When the stall holders and vendors were relocated, most report being given no choice about where they were to relocate to. It would be worth considering in future such situations, whether people can be offered choice about where they relocate to. Having two or three options available to them allows them to have some agency in the decisions that are happening around their business.
4. **Compensation.** There is no doubt that a relocation is going to lead to costs. There are direct costs of moving, but there are also indirect costs of losing regular customers and having to rebuild your customer base. Those costs hopefully are just short-term and eventually the business can recover and rebuild. But in that short-term period, these low-income vendors do not have the resources to manage the transition. Compensation is needed by the government as they execute a policy like this. For example, a one-off payment that helps these women through the transition would have been very helpful.
5. **Business support.** A number of vendors indicated a desire for more support in operating their businesses and in marketing and in other areas. A relocation would provide an excellent opportunity to offer that additional support to those vendors as they establish new markets and establish new business operations. Knowledge and know-how are critical to successful businesses and there is clearly more demand for such learning and knowledge than there is supply of such services.
6. **Formal Registration.** As noted in the literature review, formalising businesses is a valuable step. There is a good deal of interest in this among the survey participants. It may be worth considering a simplified business registration process for micro and small businesses with minimal turnover.
7. **Financial Access.** These small businesses are constrained because of their lack of access to financial services. Most do not have bank accounts, and have limited access to loans. This is severely limiting their capacity to grow as businesses. It

is important to think through solutions carefully here. It is likely that microfinance institutions will be better able to support access to simple financial services and to loans, given the low level of sales for these vendors. The formal banking system clearly is not reaching the vast majority at this point. An initiative to strengthen the reach and impact of existing microfinance institutions would be a valuable step forward. A small investment by government could have good payoffs.

## **4. Conclusion and Recommendations**

### **4.1 Conclusion**

The findings of this study provide a comprehensive understanding of the socioeconomic conditions, challenges, and adaptive strategies of informal street vendors in Dili, particularly those relocated to the Manleuana and Taibessi retail centres. The study set out to analyse how relocation has affected vendors' livelihoods, access to financial services, and interaction with the formal economy. Both quantitative and qualitative data converge to portray a group of workers who, despite operating in precarious circumstances, remain resilient and resourceful in sustaining their families and communities.

The verification of the study's hypotheses revealed that there is no statistically significant relationship between vendors' age, experience, or working hours and their income levels. This finding confirms that, within Dili's informal sector, earnings are not primarily determined by individual characteristics but by external structural factors such as market location, capital access, and customer flow. The analysis also demonstrated that most vendors operate with limited education, low income, and minimal financial inclusion. A majority of vendors do not have access to bank loans or formal financial services, relying instead on informal family-based lending. These results answer the research problem and objectives by confirming that relocation and limited institutional support have constrained the vendors' capacity to grow their businesses or achieve financial stability.

The qualitative findings complement the statistical results by shedding light on the human dimensions of informality. Many vendors expressed frustration about declining income, reduced customer visibility, and poor infrastructure in the new market areas. Others, however, recognised the value of cleanliness, safety, and potential long-term stability that the relocation could bring if properly supported. The combination of

economic vulnerability and cautious optimism reflects a broader pattern of adaptive resilience that characterises the informal sector.

In conclusion, the study confirms that relocation policies in Dili, while well-intentioned, have not yet achieved inclusive and sustainable outcomes for informal vendors. Without addressing fundamental issues such as financial exclusion, poor market infrastructure, and lack of consultation, relocation risks deepening rather than reducing vulnerability. Nevertheless, the vendors' willingness to formalize their activities and engage with modern retail systems signals a valuable opportunity for policy innovation and institutional reform.

## **4.2 Recommendations**

### **1. Strengthen Financial Inclusion Programs:**

The government, in collaboration with microfinance institutions, should design targeted financial inclusion programs for informal vendors. Simplified credit schemes, financial literacy training, and group-based savings models can empower vendors to expand their businesses sustainably.

### **2. Enhance Market Infrastructure and Accessibility:**

Improving physical infrastructure in Manleuana and Taibessi—such as signage, waste management, electricity, and security—would help increase customer flow and ensure hygienic conditions. Creating better access roads and transportation links can further attract consumers.

### **3. Promote Participatory Urban Planning:**

Policy design and implementation should involve vendors' associations, community representatives, and local authorities. Regular dialogue can help ensure that relocation plans and market regulations reflect the needs and capacities of the vendors themselves.

### **4. Support Skills Development and Entrepreneurship Training:**

Training programs on entrepreneurship, inventory management, and digital marketing would enhance the vendors' capacity to operate more efficiently and potentially integrate into the formal economy.

### **5. Encourage Cooperative and Collective Models:**

Vendors could be supported to form cooperatives to negotiate fair rents, access collective loans, and manage shared facilities. Cooperatives can serve as an intermediary between informal vendors and formal institutions.

6. Establish a Monitoring and Evaluation Mechanism:

Continuous assessment of market performance, vendor satisfaction, and income trends is essential to measure the long-term impact of relocation. Data-driven monitoring will enable evidence-based adjustments in policy and management.

7. Promote Inclusive Policy Frameworks for the Informal Sector:

Finally, a national policy on informal sector development should be established, integrating aspects of social protection, taxation, and business formalization in a way that acknowledges the realities of informal work while promoting dignity, stability, and equity.

Together, these recommendations offer a pathway toward transforming informal street vending from a condition of vulnerability into a recognized and empowered component of Timor-Leste's urban and economic development.

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