

Interdepartmental Project on the Urban Informal Sector

DISCUSSION PAPER NO. 5

**SELF-HELP ORGANIZATIONS
IN THE INFORMAL SECTOR
OF THE DAR-ES-SALAAM REGION**

**Pius Wenga
Andrea Iffland
Michael Schulz**

Note: Discussion Papers are preliminary documents circulated informally in a limited number of copies mainly to stimulate discussion and to obtain critical comments.

International Labour Office, Geneva May 1995

1. Executive Summary

1.1 This is one in a series of studies commissioned as part of the Interdepartmental Project. In describing self-help organisations in the informal sector it portrays the richness and ingenuity of popular responses to the growing economic hardship and social injustice, as well as the unpredictability of government action, particularly at local level. It also shows how self-help organisations, in serving the legitimate interests of their members, are forced to conspire extra-legal arrangements with the powers-that-be, thus making themselves part of the system rather than challenging its patterns of dominance and subservience.

1.2 We provide the Interdepartmental Project with a basic tool to identify, understand and approach self-help organisations in the informal sector of Dar es Salaam. In addition, we assess

"the role of interest organisations to defend members' interest in policy processes at the level of the Dar es Salaam municipality (advocacy):"

We show that existing self-help organisations do not and cannot, at present, engage in publicly presenting and defend the members' interests.

"their capacity to provide services to members and to facilitate access to training, locations/business sites, credit, sources of technology, raw material/equipment supplies and to sales markets (business and social services)"

We prove that existing self-help organisations in Dar es Salaam do produce and deliver a wide range of services from their own resources. These are those services that an individual member cannot produce or that the environment does not provide or that the individual member has no access to. Self-help organisations, in the current institutional environment, can only in exceptional cases mobilise externally provided services and thus cannot immediately act as conduits for such services, as they lack the experience to do so.

"the extent of degree of self-organisation in Dar es Salaam:"

Our estimate is that around 20% of informal sector operators are organised in some form of group that at least has the potential to become a genuine selfhelp organisation.

major factors that inhibit the development of effective interest and service organisations."

Most of these, according to our experience and analysis, derive from the need of self-help organisations to strike illegal deals with their environment and are thus external to them. The other set of factors is internal in nature and can be summarised as lack of managerial ability, political foresight, and democratic traditions.

"the need for institutional reform (legal, fiscal, political, financial) to ensure wider participation of organisations in local policy-making and implementation;"

We argue that both sides are not ready yet for such co-operation and the need now is not so much for institutional reform as for facilitating a national dialogue about the informal sector, supported by exemplary procedures as well as measures, that would eventually define the kind of institutional reform required and build up the support for it in the process.

"scope for participatory support programmes to strengthen managerial and service capacity of self-help organisations."

The scope exists but to fill it with meaningful and sustainable measures requires a careful approach that is demand-driven, process-oriented and incremental in nature. We describe these and other elements in more detail in the last part of the report.

1.4 Based on extended participant observation and additional research with 55 organisations over the past three years, we go over a long list of aspects of self-organisation in an almost ethnographic manner, each aspect depicting the inner workings and outside relations of self-help organisations in a different light. We also present 20 brief case studies, adding texture to the more general descriptions. This centre piece has made the report longer than perhaps befits the kind of action-oriented contribution the Interdepartmental Project had obviously wanted. We hope that the reader will feel compensated by the wealth of information woven into the presentation.

1.5 In the descriptive part of the report, we try to show how difficult members of self-help organisations find it to maintain their collective integrity and sense of pride for their achievements. Self-help organisations walk a thin rope as members always feel inclined to readily expect, if rarely receive, help from others. There is an almost churlastic hope that one day a donor agency may give them the kind of cash that they believe can solve their problems. Self-help organisations tend to spend a lot of time and energy on second-guessing how they could conform to outside expectations. This changes their mode of operation and affects their ability to provide but the most vital services to their members. We provide clues that help distinguish genuine self-help organisations from others, and implicitly suggest not to consider co-operation at all with organisations that do not meet the hard core criteria of a self-help organisation. There is a disturbing tendency in development agencies and government circles to circumvent the difficulties in co-operating with genuine self-help organisations. They create organisations from the top and in their own image. These lack popular roots and legitimacy. Despite their claims to the opposite, they certainly do not aim at self-help and do not represent genuine interests other than those of their creators.

1.6 Concluding the report, we argue that genuine self-help organisations in the informal sector of Dar es Salaam are neither immediately capable of becoming engaged in implementing traditional participatory support programmes nor of acting as advocacy agents, i.e. publicly stand up for the interests of their members. We further doubt whether the political will and institutional culture exists yet to seriously accommodate the needs of the informal sector and to honestly accept its self-help organisations as partners in policy dialogue. We therefore suggest that the ILO should assist in preparing both the body politic and existing self-help organisations for a broad-based and bottom-up policy dialogue, and support both sides on the way to reaching a national consensus on how to bridge the gap between the informal sector on the one hand, and the formal institutions and economy, on the other. To facilitate this process, give it weight and demonstrate commitment to it, we propose a formal arrangement and initial action to be taken by an inter-ministerial force based at, and operating with the full support of, the Prime Minister's Office.

1.7 We also outline the basic elements of an extended process of civic education, training and round table talks that could lead to this national consensus and produce micro-models in Dar es Salaam to guide efforts elsewhere in the country. The *raison d'être* of the vast majority of self-help organisations lies in collectively defending the 'invasion of a piece of land. The macro-models, therefore, should be grouped around land and land management issues. Throughout, we emphasise the genuine political name of the process and the futility of technocratic procedures and solutions. At the end, we offer suggestions, based on our experience, as to what formal requirements to observe when entering co-operation with self-help organisations so that, apart from adding strength to their services and societal position, interventions also enhance the members' sense of ownership as well as their democratic competence.

2. Background

2.1 The study brief

2.1.1 Representatives of the Interdepartmental Project had been in touch with the authors of this study since its formative stages in early 1993. As a result of extensive discussions between the two parties, the project manager felt that we were placed in a unique position to carry out this study and suggest measures to be taken. Both parties agreed in November 1994 on the following terms of reference:

"Employment promotion, improvement of working conditions and the achievement of an acceptable degree of social protection in the urban informal sector can only be pursued in a comprehensive and sustainable manner by involving organisations of the informal sector itself. An active role in policy processes and the efficient delivery of productive and social services by interest groups are a prerequisite for widening the scope for participation to those which are presently excluded from economic opportunities and are socially marginalised.

The Interdepartmental Project for the Urban Informal Sector is aiming to develop methodologies for institutional changes that contribute to the achievement of the above objectives. An important theme of its strategy is the strengthening of self-help organisations and other interest groups in the informal sector.

In order to assess the extent and strength of organisations in the informal sector in Dar es Salaam, a study will be undertaken with the ultimate aim of identifying areas for institutional reform and the scope for participatory support programmes.

The study will, in broad terms, address two distinct, but related dimensions of self-organisation:

- a) the role of interest organisations to defend members' interest in policy processes at the level of the Dar es Salaam municipality (advocacy);**
- b) their capacity to provide services to members and to facilitate access to training, locations/business sites, credit, sources of technology, raw material/equipment supplies and to sales markets (business and social services).**

The main output of this assessment will be a research containing:

- 1. Overall assessment of extent and degree of self-organisation in Dar es Salaam (with the 1991 Informal Sector Survey as the general point of reference despite its systematic shortcomings);**
- 2. Major factors that inhibit the development of effective interest and service organisations;**

3. The need for institutional reform (legal, fiscal, political, financial) to ensure wider participation of organisations in local policy-making and implementation;

4. Scope for participatory support programmes to strengthen managerial and service capacity of self-help organisations.

The study will in principle cover all types of organisations, with legal status or not, of self-employed people and micro-enterprises up to 5 workers employed, irrespective of the profession of the members (manufacturing, services, street vending) in Dar es Salaam. The study will, throughout, refer to gender and its relevance to organisational processes..."

2.1.2 The Head of the Interdepartmental Project agreed with the authors that, where they saw fit, they could raise issues not specifically mentioned in this brief and that the number of case studies provided could exceed the stipulated five.

2.1.3 The authors of the study form the management team in a project that assists to strengthen self-help organisations in the informal sector of Dar es Salaam. We therefore welcome the opportunity for this kind of co-operation. We feel this is a most appropriate way of utilising the experience and accumulated knowledge of another project in the same field and of ensuring a coherent approach to working with self-help organisations in the informal sector, with complementary rather than contradictory instruments and measures. Through our taking part in the Interdepartmental Project we hope we can help other parties understanding a bit better the strengths and weaknesses of self-help organisations. If then they would be following slightly sounder practices in dealing with them rather than replacing them with their own self-inflicted Frankenshtains, we would feel more than rewarded. The discipline the study imposed on our own thinking and the scope of issues it forced us to explore has already had its impact on the project for which we work.

2.1.4 Our long engagement with self-help organisations make this report different from others the Interdepartmental Project has contracted. We are not in a position to restrict our presentation and its interpretation to a limited set of data elicited perhaps over a month or so. The reader may regard as redundant what we feel is vital to know; and may wish to know details we regard as less relevant.

2.2 The context

2.2.1 The ILO has been engaged in the informal sector through research, data-gathering and promotional activities and produced a large body of experience and reflections on the issue since it first coined the term, subsequent to a comprehensive employment mission to Kenya in 1972 (ILO 1973). Realising that the informal sector is not a transient phenomenon but an ever-growing element of the overall economy in developing countries, the ILO lately has embarked upon a strategy that aims at facilitating the integration of the informal sector into the national economy while continuing to enhance its capacity to absorb labour and generate incomes. The basic idea is that perhaps both elements of the economy have to change so that they can accommodate each other (ILO 1991).

2.2.2 Recognising also that, despite the rich data available and the oftentimes positive impact support programmes had on the performance of the informal sector operators concerned, a broader and more systematic approach was required, the ILO has, with the Interdepartmental Project, begun to combine comparative research, and co-ordinated intervention in three totally different urban environments: Dar es Salaam, Metro Manila, and Bogota. The Interdepartmental Project in these cities follows an approach that cuts across traditional ministerial divides and holistically looks at all the vital issues involved. This study report, therefore, is only one in a series of others that cover almost all aspects: improvement of the employment- and income-generating capacity of the sector; improvement of the welfare of the poorest groups; establishment of an appropriate regulatory framework, including social protection and adherence to basic standards; and organisation of informal sector producers and workers.

3. Methods, Sources of Information, and Notes of Caution

3.1 The project for which the authors work has its own data base on all self-help organisations it has been in touch with over the past three years. The quality and validity of these data vary, depending on whether the project team had worked with an organisation on joint measures of assistance, or had only introduced the project services to it. In the latter case, data and background information originate from interviews with elected leaders or other spokespersons only. The total number of selfhelp organisations covered thus is 135. In the cases, where the project team had worked with an organisation on one or more such measures, the information is comprehensive and much more reliable, also the background is richer as they originate from close and intensive participant observation, sometimes over several years. Most of the participant observation was carried out by the project's fieldworkers and discussed and put into context with the whole project team. Participant observation was supplemented by a membership satisfaction analysis and a rapid financial analysis. The membership satisfaction analysis involved a minimum of 30 or one third (whichever was the lower number) of the members in a given group and required from them to first state what they expected from their organisation, their fellow members, and their elected leaders respectively, then to rank the importance of each set of expectations, and finally to assess their satisfaction in each of the areas identified and ranked. The rapid financial analysis combined figures disclosed by the respective group with informed guesses of the field workers which they then fed back to it in a crude balance sheet and profit and loss account. These methods and tools were applied to the sample of 55 organisations analysed in more depth below. For a number of issues, we elicited additional data through structured or open interviews with members of selfhelp organisations, with the project fieldworkers, with ward officials of the ruling party, co-operative and community development as well as trade officers.

3.2 The sample of 55 self-help organisations is far from random and cannot be considered statistically representative, as it reflects the criteria and conditions for co-operation applied by the project for which the authors work (for a brief description, cf. ANNEX III below). To make up for this systematic bias, we have downplayed their statistical relevance in the descriptions below. There is perhaps more background in these descriptions from groups that chose not to co-operate with the project or that the project team felt did not qualify for co-operation. If this has created another bias, it is entirely ours, and not that of the Interdepartmental Project.

3.2 The basic data used in describing the informal sector in Dar es Salaam are contained in the Informal Sector Labour Market Survey of 1991 (URT 1992), also carried out with assistance by the ILO. The conclusions drawn from these data are ours alone.

3.3 The total numbers of registered co-operatives and associations are taken from the respective Registrar's files. The reader should know that these files do not make it possible to exactly determine whether or not an organisation should be regarded as representing informal sector operators, as defined by ILO for the purpose of this study. Also, quite a number of registered organisations cannot be contacted at the stated place or under the stated postal address, and thus the authors considered them either as extinct or as bogus registrations. Finally, the number of members tend to be inflated in many cases, particularly with trade-based associations.

3.4 The total number of unregistered associations of informal sector businesses, for obvious reasons, cannot be ascertained in the same manner and with the same degree of accuracy. Where we give numbers, these are informed guesses, based on our long engagement in monitoring this particular aspect of the informal sector in Dar es Salaam.

3.5 Our lack of detachment from what is taking place in the informal sector of Dar es Salaam may sometimes have coloured the presentation below. Poised between a statistical approach and a quasi-

ethnographic circumscription, we chose the latter. Despite the numerous studies that have proliferated since the early 1970's on the subject, the social and political dynamics at work in the informal sector are still widely unknown. This is all the more true for the topic of this study. Hernando de Soto in his book "The Other Path" (1986) describes the overall results and some of the general mechanism of collective self-help as they apply to the particular situation in Lima, Peru, and in large parts it reads like a prophecy of what could happen to Dar es Salaam in not too far a future. The internal workings of self-help organisations, however, and the vast differences among them, particularly in an African context, need further study. Our contribution aims at illuminating some of the colours and contours, or their lack, of an aspect of urban reality in Tanzania that so easily escapes attention despite its undeniable omnipresence.

4. The Informal Sector in the Dar es Salaam Region

4.1 The informal sector in Dar es Salaam is growing rapidly in response to the sharp fall in incomes and jobs in the official economy and the unabated rural-urban migration. In 1991, the Ministry of Labour counted more than 210,000 businesses with an average of 1.5 jobs per enterprise. These and the following figures taken from the same report (URT 1992) are probably gross underestimates of the real situation. They also do not include prostitutes, petty thieves, beggars or the vast army of domestic servants, gardeners, and watchmen who equally escape official statistics and constitute an important market segment for the informal sector.

4.2 The ILO, together with the Ministry of Labour, in a draft paper for a National Policy for the Informal Sector, has qualified approximately 95% of these informal businesses as survival activities with limited growth potential. Combined, however, they produce a value added that is equal to more than 32% of the officially recorded Gross Domestic Product. Individually they provide earnings per worker that are 2.6 times higher than minimum wages in the urban formal sector and realise an average return on investment of 330% p.a., indicating the minimal levels of investment rather than general prosperity.

4.3 Apart from a low capital base, the informal sector suffers from other structural weaknesses. These are mainly:

- high concentration in certain trades with the effect of self-destructive competition.
- businesses operate in premises / locations not legally recognised (86%);
- highly localised markets (only 2% of the products cross a district boundary);
- supply (75%), production (100%), sales (93%), and consumption form a closed circle at the bottom of the economy;
- operations take place outside industrial relations, safety, and environmental regulations, and social security systems"
- exploitation of family labour prevails.

4.4 The structural weaknesses are compounded by the individual shortcomings of the operators who have

- low levels of education (22% no schooling, 22% not completed primary and 51% completed primary school only);
- limited technical and hardly any commercial skills;
- no confidence in neither their environment nor in their business.

4.5 The policy environment for the fast growing informal sector is yet undefined and often contradictory. This is reflected in, if incoherent, measures by the local government authorities mostly against small pockets of informal sector operators. Conflicting government announcements and actions heighten the prevailing climate of insecurity. This climate, in turn, reinforces most structural and individual weaknesses described above. The investment base deteriorates or at best remains stagnant. Operators do not upgrade their skills. Weaker businesses withdraw into further obscurity. Innovation

cannot take place. Even modest savings are drained by minor set-backs in business. Thresholds of entry to the informal sector, such as the capital or skills base, are lowered and the sector absorbs increasing numbers of operators. Self-destructive competition enters a downward spiral and continues at even lower levels. Comparing the situation now with what the ILO found in 1984 (JASPA, 1985), this becomes very clear. A survey carried out at that time found a total of 6,520 enterprises in the informal sector of Dar es Salaam (1991: 21 1,000) with an average employment of 5.8 per establishment, being almost four times as high as to-day. A quarter of the workforce then was employed as apprentices, as compared to only 3.7% in 1991. Education levels of the owners in 1984 were slightly higher, but much lower among paid employees. While in 1984 the percentage of enterprises older than 5 years was pretty much the same (appr. 50%), the percentage of those younger than a year had risen from 0.7% to 16%. In 1984 71.2% of the enterprises had permanent structures. In 1991 the percentage had slumped to roughly 30%, if we include homebased businesses, and to 1% only, if home-based businesses were excluded. (We are aware of the different methods used and the different data base in the two surveys. We do not aim at a direct comparison and only wish to highlight the trend).

4.6 With little hope that the situation will improve in the foreseeable future or that the State will recover its moderating and redistributing functions, operators in the informal sector have not only developed individual strategies of survival but also collective means to cope with the situation. There exists a wide range and a substantial number of organisations in the informal sector. The authors estimated 1, 100 groups with approximately 45,000 members in Dar es Salaam, many of which, however, we shall below discount as genuine self-help organisations. Given the elusive nature of the informal sector and many of the self-help organisation in it, this count is certainly far from accurate. As the same is true for the informal sector survey of 1991 that recorded 210,000 informal businesses we can only assume that the degree of organisation in the sector, spontaneous and otherwise, is in the region of 20%.

5. Understanding Self-help Organisations

5.1 Some terminological and historical notes

5.1.1 Self-help organisations, under the conditions in Tanzania, depict and express deficiencies in the public order. They are collective responses to basic needs that the State does not meet and the individual is not capable of fulfilling alone. Genuine self-help organisations owe their existence to the need of informal sector operators for continuous and alternate acts of collective defiance and appeasement to defend their position.

5.1.2 In Tanzania, as elsewhere in Africa, the range of such basic needs that self-help organisations meet is growing rapidly. The traditional social fabric based on clan structures had eroded under colonial and mandatory rule. The efforts after Independence to build a nation state that was both unified and caring resulted in further undermining the support systems of the extended family.

Since the acceptance of the Structural Adjustment Programme in the mid-1980's more and more self-help organisations have sprung up, particularly in urban areas, that cut across tribal and clan boundaries. They slowly fill the gap, not with anything close to a political agenda but in a mere instinct for survival. They are new parochial forms of organising basic social and economic affairs of the common man in urban centres. The range of their organisational shapes is phenomenal, as is the scope of their problems.

5.1.3 Although this study focuses on the informal business sector only, for the general thrust of the Interdepartmental Project that commissioned the study it is critical to appreciate that there are basically two strands of self-help organisations in the informal sector of the Dar es Salaam Region. One organises informal business owners, ostensibly for the sake of protecting and enhancing their operations, the other organises residents in a neighbourhood for the sake of developing their social infrastructure. The latter lack the element of competition for markets and profits among members. This may make them more suitable for some of the measures the Interdepartmental Project wishes to consider.

5.1.4 Both types of self-help organisations finance their services from member contributions. Voluntary membership, the existence of services and the self-financing of these services are the hallmarks of self-help organisations. These characteristics set genuine self-help organisations apart from collective responses to, imaginary or real, promises to receive help from others. Yet the border line between these two common types of organisation is fluid. The same organisation may present itself both as a selfhelp organisation and as an organisation wanting help from others, depending on who meets them and under what pretext or circumstances. A group that got together in response to some promise for assistance may stay together beyond their realising that this promise will never be fulfilled and begin to provide services to its members from their own resources. Another group that started off as a genuine self-help organisation can easily lose its original integrity and turn into a passive recipient of, and no-valueadding distribution mechanism for, outside assistance. Self-help organisations, by definition as well as by the flow of services and the mode of self-financing, are also different from organisations that aim at help for others, although these may state selfhelp as an objective (to be fulfilled by others). In the following chapters, we refer to or present organisational forms other than genuine self-help organisations where the divide is thin and potential for true self-organisation may be found.

Case Study I

Officials of the youth organisation of the ruling party, in response to another appeal by the President to help finding gainful employment for unemployed school leavers, had arranged for a group of 34 youths to extract and grind lime for chicken feed in one of the villages on the northern outskirts of the region. With the assistance of the local branch of the ruling party, they had identified an area with rich deposits of lime in the form of corral stone close to the surface. Whatever the motives and knowledge of the party officials in this set-up, it turned out that an Arab claimed the concession to excavation on that land. When the youths started their work he stepped in and reserved the right to buy the lime from them which he then sold at a price 18% higher to a large poultry farm on the road to town. For a number of years the youths accepted their status as glorified piece workers while building up their relations with the leaders of the village government. In 1994 they had managed to gain the right to excavation from them in a nearby piece of land and moved there, now working on their own account. After being assured of direct access to the purchasing officer at the poultry farm and agreeing with him on the delivery of bags, they began distancing themselves from the party. In a symbolic gesture they stopped using the branch office, and held their sporadic meetings under a nearby mango tree instead. Although they cannot afford to completely sever ties with the party, they have graduated, through their own perseverance and a shrewd strategy of both submission and defiance, from a politically and economically subjected group to a genuine self-help organisation.

5.2 About the structure of presentation

5.2.1 Organisations in the informal sector of Dar es Salaam are diverse and fragile social aggregates. They escape simple definitions and direct observation. The members view their organisation and its use as peripheral to their day-to-day concerns and worries. Most members may appreciate that their business could not survive in its current location without the organisation. The business itself, however,

needs to be managed constantly and with full attention, and the owner could move to another location should the protection from the organisation fall. Membership after all is voluntary. Genuine self-help organisations are also slow in taking decisions. These decisions are invariably messy political compromises between forces within and with forces outside the organisation. From the members' point of view their organisation is far more complex and less straight-forward than their business where what counts are the proceedings of the day. Unlike in a small informal business, ownership and responsibilities are diffused within self-help organisations, and members easily lose track of what is going on in them, and why. They attend to organisational issues either as a matter of ritual or in times of crisis only. Their organisation may be closer to them than the State or Party machinery, but is still a far cry from their family and business concerns. For outsiders self-help organisations are even more elusive and obscure.

5.2.2 To understand their environment and their operations, we shall therefore approach the basic types of (self-help) organisations, their conditions of coming into existence, their accessibility as well as their mode of operation and their outlook from different angles. We shall look at areas of concentration of small businesses. Empirical evidence suggests that proximity creates one set of favourable conditions for the formation of self-help organisations. We shall study basic types according to whether or not they have assumed legal status, and if so which. The respective legal status of a self-help organisation does not mean much in itself, it has an impact on the internal cohesion and the external presentation of a group, particularly where the legal status serves to camouflage all sorts of illegal doings. We shall further look at the types of services that self-help organisations provide to their members and determine whether or not and how they differ in the range as well as in the production and delivery of these services. Services are at the heart of self-help organisations and the way they are produced and delivered determines their internal cohesion. Closely related to service production and delivery is the issue of financial strength and behaviour. We shall discuss basic differences between self-help organisations, or their lack, in this respect. Finally, we shall briefly touch upon the numerical aspect of membership. We hope with every new angle we shall also provide new insights. We have interspersed 20 case studies. This is far more than our Terms of Reference requested. We have tried to keep them shorter than was expected as we have included many of the salient points in the general descriptions.

5.2.3 The content of the presentation will also explain why we could not disclose the identity of most self-help organisations described or referred to as examples. Self-help organisations in the informal sector, to protect the livelihood of their members, have to strike political deals, to engage in corruption, and to otherwise breach the law in many ways. We could not afford to endanger the sensitive and complex relations of our ongoing project with the self-help organisations concerned.

6. Self-help Organisations By Areas of Business Concentration

6.1 Introduction

6-1.1 The current law in Tanzania does not provide for private ownership (freehold) of land. In urban areas citizens can obtain the right of occupancy on surveyed land through a leasehold for 33, 66 or 99 years. In rural areas land nominally falls under tribal or customary authority. However, the massive relocation of peasants under the villagisation programme in the 1970's has created an untenable situation. This programme settled hundreds of thousands of people on land for which clans and tribes other than their own claim authority. The issue remained fudged as long as the ruling party had effectively assumed the function of tribal authority. It is gradually losing this function but still exercises it in unsurveyed urban areas and the rural parts of the Dar es Salaam Region. A law passed last year was supposed to end the insecurity over this issue by transferring tribal authority to those currently

occupying and cultivating the land. Its execution has been held up by an injunction of the Supreme Court, and was finally quashed in December 1994.

6.1.2 The insecurity thus persists and the outcome of this court case may lead to legislation in favour of those who want to privatise land ownership and give the State the possibility to auction particularly urban land to the highest bidder. It is against this possibility of appreciation and the opportunities for speculation that one can understand the ongoing rush to acquire urban long-term leaseholds under the current conditions.

6.2 Residential areas

6.2.1 The current Master Plan for Dar es Salaam is based on the principle that residence, work and service provision should be as close as possible to one another. It therefore makes a general provision for spaces for small business activities and markets at all levels. A neighbourhood (defined as an area with not more than 5,000 inhabitants) is supposed to have 0.5 ha, a community (defined as having not more than 40,000 inhabitants) is supposed to have an additional 4 ha, and a planning district (defined as having not more than 300,000 residents) is supposed to offer a large part of its 40 ha district centre for small business activities and markets (Five Year Development Programme, 1979). Unfortunately, most of this Plan remained a plan. Yet those parts of it that got under way were implemented in times when the official policy carried a strong anti-business bias. Also, the range and quantity of commodities available then was severely restricted. Small businesses, before Structural Adjustment, played a comparatively minor role in the Tanzanian economy (cf 4.6, above). Combined with dubious administrative practices in the land allocation, this led to all land in the central and close sub-urban parts of town being given away for residential purposes, even land that was specifically earmarked for other purposes (schools, clinics, play grounds, parks, etc.). As a result, when the climate became more businessfriendly and the economy offered an ever growing range of opportunities for petty business, the only land left was public spaces along roadsides, fences, walls, etc., on pavements, in through fares, at bus stops, taxi stands, and on hazardous land, under power lines or in swamps, etc. To-day, these spaces are almost all taken, through individual or collective invasion, with or without the support of the respective local branch of the ruling party, but certainly to the dismay of the top administrators in the City. Their idea of a City does not accommodate the informal sector. Yet their finances and preoccupations do not allow them any formative role in influencing the developments that take place spontaneously. By the time of independence the City had three open markets built by the authorities. Since then the City built one closed central market (at enormous costs) with the monopoly for wholeselling all grain, pulses, fruits, and vegetables arriving in town from up-country. In the same period the people built sixty-two open food markets that the City tacitly recognises by collecting stand fees but that it has not legalised or in any other way guaranteed their existence. In addition, the people have built closed and open specialised markets, and developed a vast range of different business clusters, despite and against the aspirations of the City administrators.

6.3 Industrial and commercial areas, City Centre

6.3.1 Design and actual occupation in industrial and commercial areas, even in the Master Plan, leave no regular space for petty and small businesses that would serve mainly customers, drivers, workers, and employees of the industrial, commercial, administrative, and other establishments in these areas. As a result, these businesses have invaded shop fronts and porches, roadsides, parking lots, access lanes for the fire brigade, drainage ditches, factory walls, safety zones along railroad tracks, hazardous areas, etc.

6.4 Self-help organisations and their elastic responses to evictions

Case study 2

This trend was recently confirmed on a massive scale. The rehabilitation and widening of the main trunk road into the City temporarily drove more than 1,600 small enterprises from a reserve zone on both sides of the road that the City had earmarked for this purpose in 1974. At that time there were perhaps 50 small businesses along the road, mostly carpentry and building supply shops. The City had compensated the "owners" of the land, almost invariably not identical with the business owners affected, with money and alternative plots. When the plans to widen the road did not materialise, businesses settled again. By late 1993, we conducted a census of those businesses affected by the revival of the plan and counted 1,643 businesses within the newly earmarked zone. Again, those receiving compensation from the City were not the business but the land owners (who had bought it from the previously depossessed "owners"). The City also offered two wide open spaces at the far end of the road for the resettlement of businesses. As businesses in the zone waited until the last minute, these plots were invaded by others who claimed their stakes and let small portions to business operators, also to those few businesses who eventually moved from the reclaimed -one to the new sites. These spaces are now bustling markets of their own. Most of the 1,643 affected businesses, however, retreated by one row of houses or a block from the main road and trickled back to somewhere near their old site on the main road as soon as construction there was completed. The interesting aspect of this case is that our census focused on, but could not detect, any overt sign of collective organisation to prepare for the various and multifold moves involved. Yet the moves happened without any major disturbance and it seems clear in retrospect that people have shifted back and forth in an organised manner, preserving at least the core composition of the mini-clusters and mini-markets throughout process, something that obviously requires leadership, structure, and self-generate, collective finances.

6.4.1 In the past 15 years, there have been only few and minor sustained successes by the City administration to remove concentrations of small businesses from a certain location. If the City police destroys stands or kiosks and the location is not immediately fenced and occupied by a rightful owner, the same or other businesses are back a few days later, most recently often under the green party flag. Last year, the immediate fencing and occupation of such an area in the City Centre led to a not-like

destruction of the fence by an agitated and spontaneously gathered crowd, the return of the businesses, and the revocation of the title deed for the plot by the authorities.

6.4.2 Where the City tried to placate the small businesses concerned and offered alternative sites elsewhere, this invariably led to the occupation of the new site in addition to the holding onto, or the return to, the old sites. Thus administrative attempts at curtailing or controlling the mushrooming of small businesses mostly result in their further spread.

6.4.3 Similar patterns of re-settlement and return could be observed with the wood carvers, the fish mongers, the sea shell sellers, the clusters on and around the main public meeting ground in the City centre and other smaller clusters.

Case Study 3

Another notorious example for the force of this pattern is the protected Oysterbay Beach along the most exclusive residential area in the City. Over the past few years, it had become a makeshift entertainment district and luna park for the week-end nights with eventually more than 60 mobile restaurants and "pubs", serving a public that must have exceeded 30,000 on an ordinary week-end. At the instigation of UNDP and supported by a special HABITAT project, the City administration aired concerns over the destruction this caused to the delicate and thin fauna protecting the edges of the beach from erosion. Eventually it banned the parking of cars and the erection of the temporary restaurants and "pubs". Signposts were raised and for some time the police enforced the ban. Only a year later, the people and the businesses are back in greater numbers than before. The site is still the only place in town where people would come at night in large numbers and feel safe to stroll about. The organisational efforts and structure behind these moves probably had to escape the attention of the City administration and the UNDP project staff as they had never considered working on a joint solution with the business owners concerned.

Both case studies show the elusive and often ad hoc nature of self-help organisation in the sector.

6.4.4 The City administration, in continuance of colonial practice and despite its blatant inability over the past 30 years to do so, regards the provision and ownership of market sheds as its prerogative. When the City decides to offer a group a leasehold on the premises they occupy, this would have to be for a "commercial complex" of some sort that would involve major construction work and investments to be made within three years that are far beyond the means of any group we know. They could neither mobilise the capital required nor could they maintain any such investment from their incomes. They certainly lack the necessary management capacity for such venture.

Case Study 4

A group of 19 women selling cooked food had occupied an open space near one of the City markets in the centre. Their individual daily profits never exceeded \$3. In a move to clear the overspill area from that market, the City administration in 1987 moved more than 40 stalls to other markets or issued them with eviction orders but left the women untouched. Instead, and probably because of the protective concern often shown to women in such cases, it offered them in 1991 the leasehold to the premises for 99 years. The women accepted the offer, paid the fees and now are in possession. They ignored, of course, that the fine print on the backside of the leasehold document obliged them to raise a five-floor office-cum-commercial block with not less than 1,200 sqm. floor space within three years. Now surrounded by large hotels and offices, they continue operating their make-shift restaurants serving the people working in the neighbourhood. With great effort on their part, they manage to pay the annual lease fees. If an investor or the City evaluation teams would

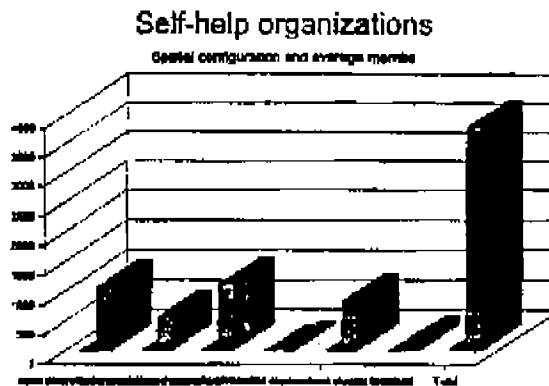
6.4.5 In ANNEX I we describe the major types of areas of business concentration. Almost all are the product of an invasion. If they did not require continuous or recurrent collective efforts at the invasion stage, one would assume that they require collective efforts to hold onto the land.

6.5 Spatial Configurations and Self-help Organisations

6.5.1 For the purpose of this study report, we shall call markets all those areas that are either recognised as markets in one form or the other or such areas in which stands, stalls, kiosks and small shops have some common pattern of design, jointly maximise the use of a patch of land, or provide common shelter, fencing, water supply or toilet facilities, or show some organised effort at keeping the immediate common surroundings clean. A market, for all practical purposes, is a permanent concentration of businesses. A closed market may have open market type overspill areas but the core has marked borders and entry points and usually some form of ownership, whether public, individual or collective. It usually also has some form of internal organisation. An open market is defined by "natural" limits to its expansion (e.g. the kerb, other buildings, somebody else's wall or fence, etc.). It could be a market in itself or an independent overspill from a closed market. It normally has no owner but can have an organisation of stall holders that assumes certain service functions and regards the area as "theirs". A cluster lacks clear demarcations, common facilities or designs, etc. A cluster also may not be permanent but move in parts or as a whole with temporary business opportunities (clusters in front of school gates, near transport pools and football pits, the drive-in cinema, social clubs, construction sites, etc.).

Self-help Organisations Spatial Configuration and Total Membership

	Open diversified market	Open Specialized Market	Closed specialized market	Diversified cluster	Specialized cluster	Not localized	Total
Number in sample	10	10	13	2	19	1	55
Total membership	1070	558	1114	64	836	149	3791



If clusters have some form of self-help organisation, the membership tends to be significantly smaller in numbers, compared to other spatial configurations. Self-help organisations whose members are not restricted to a common locality, by virtue of their configuration can accommodate higher numbers than any other.

6.5.2 The sample, although not representative, does indicate a trend. The degree of organisation is obviously highest in specialised clusters. This, in most cases, is a function of the occupants either owning the premises (7 out of 19), or having invaded a very precarious piece of public land (6 out of 19). e.g. the kerb of a major road. Closed specialised markets have a similar degree of organisation, in almost all cases based upon legalised (5 out of 13) or specially protected (8 out of 13) use of the premises.

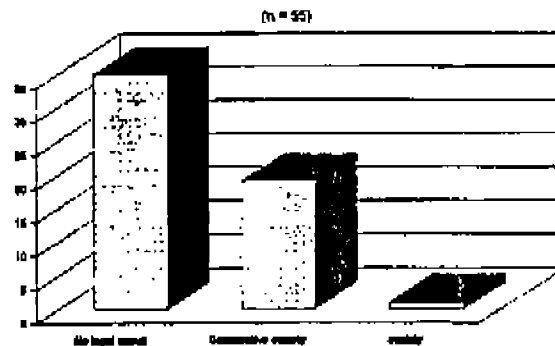
6.5.3 The lowest degree of organisation is found in diversified clusters. The core of such clusters are licensed businesses in rented premises. Such conditions require major individual efforts to maintain them and, once achieved, give the necessary protection from harassment that otherwise only a group provides. As the core is not organised and the peripheral businesses either feel they enjoy protection by extension or they are too diverse in nature and relatively remote from each other to get organised on their own. In the recent massive eviction exercise diversified clusters suffered most and affected licensed and unlicensed businesses equally, thus disproving their sense of security.

6.5.4 Open diversified or specialised markets do all have some form of organisation. These, however, are particularly weak and offer few services to selected members only. Their weakness lies in the relatively high internal stratification, comprising of retailers and wholesalers, very small and quite big businesses, craftsmen and traders, etc.

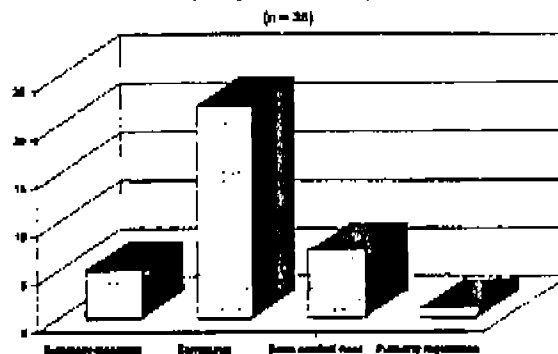
7. Self-help Organisations By Legal Status

7.0 At the one end of the legal spectrum in which to find self-help organisations, or rather a potential for their coming into being, there are loose groups without legal status. At the other end are trade-based associations, in Tanzania normally registered under the Societies Ordinance. Other groups have secured legal status under the various Co-operative Societies Acts (the last being of 1991). Each class in itself can broadly be sub-divided into several categories, using the chances for internal cohesion and the degree of genuine mutual self-help through the organisation as the main criteria.

Self-help organizations by legal status



Self-help org. without legal status



7.1 Groups without legal status

7.1.1 Externally mobilised groups The weakest forms in this class are groups normally brought together by a Community Development Officer, an Adult Literacy Teacher, an official from the Women's Association of Tanzania (UWT) or the Youth League, or some such representative of a public institution, a donor-inspired "non-governmental" agency, or the ruling party. They see it as their personal duty to convince people that working in groups brings certain advantages. Often their jobs are justified by the number of groups they patronise. Equally often these groups provide some extra income for them. Their recruitment basis is normally restricted to a given neighbourhood. Many of them do not get together for months on end, but all can be mobilised at short notice to impress visitors. They can hardly be located without the help of the patron and do not seem to have much of a life in the absence of the patron. Their members are most certainly all engaged in some informal sector activity but that would not depend on the existence of the group. They do not share a common locality for their business. The members do not normally pay regular contributions and do not receive any services. Apart from perhaps meeting a social need, the function of these groups is almost restricted to being at the disposal of the patron. They do not qualify as genuine self-help organisations unless they grow out of their dependency and begin to provide services to the members from their own resources. In Dar es Salaam there may be as many as 400 such groupings with altogether 5,000 members, most of which were formed between 1990 and 1992 in response to the promise of subsidised and soft loans under a UNICEF-sponsored programme of the National Bank of Commerce in conjunction with the community development department. This programme made it a condition that groups of women, to qualify for a loan, should not exceed 15 members. The vast majority of the groups formed earlier or independently of this programme are also composed of women.

UNICEF-sponsored programme of the National Bank of Commerce in conjunction with the community development department. This programme made it a condition that groups of women, to qualify for a loan, should not exceed 15 members. The vast majority of the groups formed earlier or independently of this programme are also composed of women.

Case Study 5

In 1983, a UWT officer talked 38 women into forming a group. They were all living in the same low-income neighbourhood and each intermittently supplemented her household income from the production and sales of local brew. She suggested that they should open a bank account and pay 10% of their individual proceeds into it. The bank agreed to opening the bank account because the UWT officer presented the case, but made it a condition that all thirty-eight members be joint and several signatories. It is very doubtful whether the members ever paid as much as 10% of their sales into the joint account, but by 1993 they had accumulated more than Tshs 200, 000/-. The group had lost four members who died and another six who had returned to their village in the south of Tanzania. The UWT officer who had formed the group was no longer in her position. This meant that they had no means to withdraw any more from their account, nor did they know how to change the arrangement with the bank. Yet they kept on paying at least token sums into the account. Some members, in response to the worsening economic situation, had made the production and sales of local brew a full time business. Others had branched out into cooked food selling. The group, because of the jointly accumulated funds and the social ties that they had developed over the years, in vain but good hopes kept on looking for a common purpose and met at irregular intervals. Members contributed to ad hoc collections for another member in crisis. UWT officers took foreign visitors to meet them. Perhaps also because of the strong tribal cohesion among members they seemed to have accepted their limbo status.

7.1.2 Communal groups: There are groups of informal business operators who have no codified objectives, rules and regulations but the members act intermittently in defence of the joint patch of land on which they squat, or act ad hoc in modestly supporting a fellow member in need. Members do not pay regular contributions to the organisation and their often self-appointed spokespersons do not receive compensation for their effort. In the beginning of their existence these groups need to actively broaden their membership to achieve the "critical mass" required to fend off attempts by the administration to evict them from their location. This often happens to the detriment of the individual business prospects. Their support mechanisms and their avoidance of overt competition vaguely resemble relations in the extended family. They lack reliable mechanisms to solve internal conflicts. The core function of these groups is representation restricted to protecting the right of the members to continue operating in their current location, and to regulate access of newcomers to the location. They neither have licenses nor pay taxes. In a recent development, many such groups have begun to adopt the local branch of the ruling party as their patron. They form so-called zealot sub-branches, wave the party flag, pay individual party fees, and jointly attend public party functions. Therefore they can be easily identified and contacted. In the Dar es Salaam Region there are more than 350 such groups with a total membership of more than 12,500. Both the number of such groups and the number of their members is rising by the week. The groups represent all sub-sectors of the economy. Members can be men or women or a mix of both. Groups dominated by women tend to be smaller than groups where women are a small minority.

Case Study 6

When a group of 16 women graduated from a tie and dye course organised by the Handicrafts Development Corporation (HANDICO), they decided to stay on together to gainfully employ their newly acquired skills. They soon got permission from a shop owner in town centre where they used to buy their materials, to sell their produce from his front porch. As more and more graduates from subsequent courses joined them they needed more space and began negotiating with adjacent shop owners for the use of their porches as well. The number of women grew to well above 50 and eventually split into three groups each of which now independently deals with the shop owners concerned and organises the ad hoc collection of contributions from members to alleviate a crisis faced by another. From time to time they pool resources for the bulk purchase of cotton materials

7.1.3 **Groups with basic codified rules:** Another category of groups shares most of the above characteristics but because they have grown in membership they have gone one step further and somehow codified their objectives. Members are expected to pay regular fees. The spokespersons are elected officials and may draw allowances from the organisation's funds. Most of the groups, at this stage, also try to broaden the range of mutual services provided through the organisation, to include security for the premises over night, savings and credit, and fixed contributions to funerals, weddings or any other occasion in a member's family that would require exceptional amounts of cash. More often than not the stated objectives are very general, have been suggested by an outsider and are adopted at face value with little meaning to the ordinary member. The ordinary member who, in his neighbourhood and extended family, would meet social obligations without many questions, would now hold the elected leaders responsible for the service delivery. To him the social obligation turns into a right when a need arises for him, and a dreaded kind of tax when a need arises for a fellow member. As regular member contributions begin to flow through the hands of the elected leaders, allowances, welfare or savings and credit schemes tend to first benefit the leaders mainly, before they collapse because members, realising or only suspecting misuse, stop or delay paying their full dues. An element of mistrust enters the relations between members and leaders that erupts regularly. It mostly ends with the election of a new set of leaders, without changing much else, thus laying the foundations for new mistrust to develop. The initial act of codification and formalisation tends to suffocate the active and continuous interest of the ordinary member in group matters. Unless they have adopted zealot-status from the ruling party or operate in open markets or have registered as a partnership, these groups may lead a rather obscure existence. An outsider may require extensive guidance in identifying and contacting them. There are perhaps 160 such groups with altogether 9,000 members. A very small fraction of these organisations are dominated by women. All others are mainly or entirely male.

Case Study 7

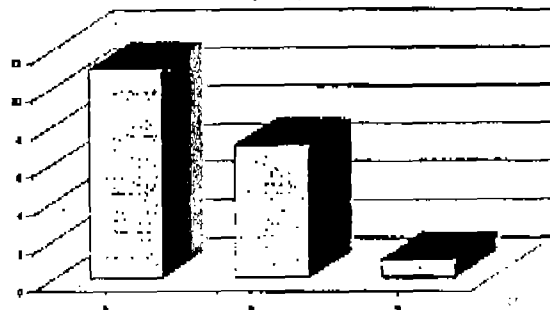
A group of 29 women and six men provides breakfast and lunch to workers in surrounding factories. Individually and over the years, each of them has bought the "right" to establish her/his canteen from a certain employee in one of the factories who had first settled his wife in a canteen there. He conveniently oversees the premises from his office window. He has no rights over the area as it belongs to Radio Tanzania but for some reason had been left outside the fences. As a group they realised their need to protect their property over night. They elected three of the men as their leader,,; and began to collect daily fees to pay watchmen. They also ensure that members keep their canteens and the surroundings clean. Individual members help each other out with utensils, personal and business advice, collections of money in terms of crisis and lending working capital to those who happen to fall out of their business cycle for some time. They have no written rules and regulations but some vague sort of statement of objectives, copied from the co-operative department. Since security is a common good from which they cannot exclude any owner of a canteen in the premises, and the group has not agreed on any punitive measures against defaulters, an average of only fifteen members now pay their dues regularly. This in itself has forced them to raise their fees to unproportionately high levels which, in turn, encourages more members to become free riders. To make things worse, the elected leaders have struck an arrangement with the man who regards himself the "owner" of the area according to which he would safe keep their savings, now amounting to Tshs 60,000/-, and there are indications that he has no intention to release this money should they need it. "en recently they had a shortfall in collections and could not fully pay the watchmen, he had kept on delaying and avoiding them until they had to collect extra contributions for the watchmen. The local health officer has threatened them repeatedly to get them evicted if they failed to build a pit latrine for their patrons. It not being "their" invasion, they seem to hesitate investing in something they may lose anyway and thus prefer to bribe the health officer with free meals and a little cash once in a while.

7.1.4 Groups pursuing legal registration: If pressure on such groups mounts to either vacate the area occupied or to acquire individual licenses or to pay tis a real and imminent possibility. The City administration further has embarked since last year on an evaluation exercise of all plots with

Co-operative societies by internal char

(6 * 18)

- a: Equal rights, equal shares
low value of assets
- b: Equal shares, unequal
rights, substantial assets
- c: Equal shares, external
domination,substantial
assets



property tax rates that will serve as an effective deterrent for low-income individuals as well as groups to obtain leaseholds. We touch upon the serious problem of groups holding title deeds in case study IV, above.

7.2 Co-operative societies

7.2.0 The authorities in Tanzania regard groups registered under the Co-operative Societies Act with some apprehension because of their close relation with the ruling party and the privileged allocation of price-controlled basic commodities to cooperatives in the past. This has caused the mushrooming of frivolous uses of the legal status as a co-operative with impunity and treated a widespread conspiracy between co-operatives and low-level officials. Savings and Credit Co-operatives and even Consumers' Co-operatives run open markets. Industrial Co-operatives that are supposed to respect the principles of "equal share, equal work and equal say" are actually owned and run by a few individuals. In fact, there is not a single registered Industrial or any other non-agricultural Co-operative that adheres to the mode of operation and principles enshrined in the Co-operative Societies Act. Whatever the stated purpose and the registered task of the co-operative, the license given to them in practice exempts every member's business from individual licensing requirements and taxes. Instead the co-operative pays a minimal tax based on the little range of transactions that pass through the co-operative books. At the end of the year, the cooperative department officer, against a bribe, would produce totally imaginary financial statements showing almost no profits or even a loss, and always hiding from the ordinary members how much their elected leaders drew in allowances, paid in bribes, etc. Co-operative department officials are also known for having conspired with cooperatives of such doubtful nature to obtain loans from the co-operatives' bank with no intention to pay back and struck an array of arrangements of mutual benefits between them and the elected leaders. More recently, co-operative department officials have approached the weakest and least informed groups to extort bribes for registration or for promises of loans that will never materialise. That co-operatives provide a legal shield for an otherwise totally illegal set of arrangements is not without irony. It is for this murky underground that we regard the urban co-operatives in Tanzania as part of the informal sector.

Case Study 9

A small group of would-be traders in 1977 founded a Consumers' Co-operative in order to have access to quota of basic commodities at controlled prices. They opened a little shop that they closed soon after as it never generated sufficient profits for all and was badly managed. Instead one after the other began settling in the adjacent premises, each with an own stand. Individually they used the name and status of the co-operative to obtain and replenish a basic stock of goods. They also enjoyed the tax and license cover. Over the years the market grew and to-day has more than 200 stands of which 137 are owned by members. In 1989 the leaders connived with the District Co-operative Development Officer to obtain a pick-up on hire purchase basis from Kadhara, a subsidiary of the National Bank of Commerce (NBC), ostensibly to economise the supply of commodities of the co-operative. The leaders, however, together with the district Officer used the vehicle at their discretion. Members stopped contributing to the re-payment and the co-operative fell into arrears with the bank. After an accident in 1991 the district officer took the vehicle to a garage for repairs. As the co-operative could not pay the repair bill the garage kept it as security and began charging storage fees. The vehicle has now a selling value of Tshs 1.6 mio. The co-operative owes Tshs 2.0 mio plus interest for more than five years to Karadha, Tshs 650,000/- to the garage for the repairs and another Tshs 600,000/- for storage. The balance sheet of the co-operative in December 1993 estimated the value of the co-operative to be Tshs 1.95 mio. Again the leaders connived with the district officer, this time to get the co-operative declared bankrupt and stricken from the Register. The batik may not even have been notified of this and, in any case, seems to have forgotten about its claims. All the while a sub-group within the co-operative that had distanced itself very early from the leadership kept organising the provision of services most vital to the members, to defend the invasion and to pay watchmen for the night to look after their property and stocks.

7.2.1 Cooperatives with equal rights, equal shares and low value of assets: In its inner working and the range of trades it may cover, this type equals very much Type 7.1.3, above. Their mission statement has once served as a constitution that got them the registration as a co-operative society but otherwise is forgotten and ignored. Their mode of operation and nature of business bear no relation to the stated objectives or the type of co-operative they registered. A Consumers' Co-operative may turn out to be an association of shop owners, butchers, carpenters, and fruit and vegetable sellers. Or they may just be a racket of two or three individuals who registered any type of co-operative but effectively control access to a squatter market, extorting "key money" and rents from the stall or kiosk holders. The elected or self-imposed "leaders" of these co-operatives "represent" and "protect" what outsiders believe are members, in their personal interest to avoid exposure. They offer in addition a broad tax and license cover for each and every operator that keeps them towing the official line. Any other form of mutual self-help that may develop between the occupants, e.g. security or welfare arrangements, exists despite the co-operative society, even if the "leaders" would wish to portray a different picture to outsiders. Where such co-operatives occupy open markets, the trade officers of the City Council often cut through the pretence and collect the daily market fees directly from each stand or kiosk holder. If it were not also for the continuous threats to their location, one could say that these groups have painted themselves into a corner where self-help has become a necessity of their self-imposed extra-legal arrangements. They have cut themselves effectively from any meaningful dialogue with outside agencies, and even with organisations at their own level, at once may have been a creative response to the political and administrative conditions at the time, has now become a barrier to exploiting new opportunities. In a way, even their customers are part of the conspiracy as they would not, and often cannot, accept the price rises that would have to follow proper taxation and licensing. There are about 20 such organisations in Dar es Salaam with a total of 2,500 members.

7.2.2 Co-operatives with equal shares, unequal rights and substantial assets: This type does not differ much from the previous one, only that the members' business operations are closer to the registered trade of the co-operative. They have usually registered as an industrial co-operative for the joint manufacturing and marketing of certain kinds of products and this is what the members actually do, albeit each for themselves. Or they have registered as a marketing co-operative and the members are all traders of some sort, except that they market their goods individually. The members join in little more than the common premises and the tax and license cover. Procurement, production and marketing is done individually. Other forms of mutual assistance develop in spite of the co-operative, as a function of their proximity rather than their stated objectives and shared status. The general degree of conspiracy with outside forces appears to be lower but there can be very obscure internal exploitation mechanisms. Often these co-operatives came into being in response to an offer of equipment or use of land by some outside agency that made it a condition that a certain minimum number of people got together as a co-operative. Because of this origin such co-operatives enjoy the mixed blessings of a high profile, as any development agency wanting to get closer to their "target group" will be referred to these. The members are tied to their work and their organisation is not engaged in a daily battle to protect their right of occupancy. Therefore, they normally remain passive if not apathetic in organisational matters, but can be mobilised for putting in a show for sympathetic visitors. These agencies or individuals leave them bewildered after a short visit or even some period of co-operation as they invariably fail to understand their inner workings and the true nature of their exploitative and/or conspirative arrangements. The exposure from the beginning to the thinking, preferences and modes of operation of development agencies has helped the elected leaders to develop public relations skills that, if they do not procure "help" (i.e. grants or "soft" loans) from others, at least they keep levels of expectations high, both with members and outsiders. To what they perceive as unjust intervention by low-level local government officials they often respond by personally complaining to a sympathetic minister or the President. This regularly stalls further intervention for some time, creates bad feelings on the part of local government officials, reinforces the high expectations and passive attitude of the members, and generally does not touch upon or otherwise improve the conditions under which they operate. For any outside agency that is limited by time or funding and therefore cannot care much for the impact of its intervention, these

groups are the most compliant and gracious clients. There are approximately 15 such organisations in Dar es Salaam with not less than 1,500 members. Only one of them has a majority of women but is managed by a group of elderly men.

Case Study 10

A group of 164 fish auctioneers and mongers is registered as a co-operative of fishermen. Some of the elected leaders, and a few other members used to be fishermen, and keep using the co-operative's funds to rent boats and equipment once in a while to go out fishing. By doing so, the previous leadership had exhausted all the collective savings for their own benefit and was thrown out of office in a general assembly in 1991. The current leadership may not touch the group funds, except for their extravagant allowances, but have recently started to charge new members for admission and non-members for wanting to operate from the co-operative's premises key money which they pocket privately. In their rather frequent contacts with representatives from foreign development agencies the leaders present the cooperative (in which 90% of the members are mongers) as a fishermen's co-operative whose most pressing need were boats, engines and fishing gear. Their other pet request is for an ice factory, although not 50m from their premises there is an ice factory having its own problems to keep going. Members do not realise the lop-sided presentation of the co-operative's status and needs, and have no chance to talk to visitors themselves.

7.2.3 Co-operatives with equal shares, external domination and substantial assets: Another type of co-operatives has unified supplies, production, sales, and, for the majority of members, even equal payment or housing but is dominated either by a shrewd individual or an appointed board of directors or trustees made up of non-members. These dominating figures or bodies determine the mode of operation and the nature and volume of benefits that the members receive, mostly by virtue of their access to foreign funding. The members may or may not put in their fair share of work. If they hold shares in the venture, these are less than nominal. By design or disinterest, they exert no control over financial matters. As the benefits are comparatively substantial, members tend to be rather compliant. Rocking the boat for an individual would probably end in subtle exclusion, and there is no record of broadbased internal resistance against such arrangements. They seem to be getting what they wanted and are satisfied with it. There are three major such organisations in Dar es Salaam with 170 beneficiaries. Two of these organisations have a rather high profile while the other is hardly known beyond its trustees and funders. However, there are numerous smaller groups, often claiming to be training schools for women or co-operative tailoring shops, that operate along similar lines.

7.3 Societies

7.3.0 Societies under the Societies Ordinance of 1954 and subsequent legislation are voluntary associations that are excluded from operating a business or to enter obligations that would result in major liabilities. This restricts them in service delivery and makes them useful mainly as an umbrella organisation for businesses or aggregates of businesses who wish to share information and to influence the administration and the body politic. If such associations would want to enter major liabilities they would have to establish a separate trust fund, a legal construct that is even more difficult for the members to control. The Ordinance does not describe the functions and objectives in normative terms but by exclusion. To judge from these and past practice, the thrust appears to be that societies are not meant to get involved in providing material services, such as credit, supplies, marketing, etc. The chambers, the Association of Tanzanian Employers or the Confederation of Tanzanian Industrialists are examples of societies in the formal sector. However, in recent years for any association of people with

no overt political agenda it has been easier and cheaper to register as a society, as the Registrar of Societies is just a small office in the Ministry of Home Affairs with no manpower or branches below that could obstruct the course of registration and extort bribes. This had the one noticeable effect that a large group of cattle traders who had been refused registration as a co-operative, on grounds that they were middle men, got registered as a society, without even changing its constitution. Ever since, this group has been licensed, taxed and otherwise treated as if it was a co-operative. Another large organisation with more than 6,000 members had been involved in major business activities and accumulated heavy debts in the process with impunity. In the sample there is one society but it operates like a co-operative and was thus grouped under that category. Instead we regarded for the purpose of this study a trade-based co-operative as a society. It has 149 members who are not operating in one location but are spread all over town.

7.3.1 Societies with mixed objectives and membership

One peculiar category in this class of self-help organisations are associations uniting employed professionals and self-employed business owners, or business owners of one trade and their employees. They normally have a mixed set of objectives covering both the integrity of a certain trade or profession and the commercial interests of business owners in the same trade and even some stated interest in the welfare of certain nonmember groups. They are managed by elected honorary officials and may or may not have a full-time administrator. Most of them have adopted a Minister, the Prime Minister or even the President as a patron. Between assemblies there is no flow of information among members or from the top down. The members meet once a year or once every other year, if at all, to rubber-stamp fictitious financial statements and endorse the leadership. Payment of membership fees is erratic, at best. Horizontal contacts between member businesses are rare and incidental. None of these associations provide any service vital to the businesses organised in them. If they get in touch with other agencies, it is for the sake of obtaining subsidies for their operations and material support for their members. Many of them openly state their intention "to seek assistance from donors", usually to finance full-time staff, an office in town centre, vehicles for their officials, and training courses abroad for the elected leaders. As a consequence, they do not normally strive to systematically broaden their membership base. There are not less than 15 such organisations with more than 9,000 members. One such organisation alone claims to represent 6,000 members (cf. case study XXII. below that also describes the historical and functional exceptions to some of the characteristics listed here). None of the organisations have a noticeable number of women in their ranks.

Case Study 11

In 1990 water engineers and borehole drillers from both within the Ministry and the private sector got together to form an association in an attempt to capitalise on the announcement of the Government that its drilling contracts would now go to the private sector. The members felt that the Ministry discriminated against Tanzanian and in favour of foreign firms and wanted to pressurise the Government for favourable tender conditions for their members. What they really wanted was for the association to have the main stake in the tendering process. As chairman they elected a director from within the Ministry and as patron the Minister. They further offered "corporate membership" and had convinced the national water development organisation and even some donor agencies (both of which would also be the main contractors to the members firms) to join them in that capacity, thereby fudging interests and issues even further. This arrangement may look queer for a pressure group with a clear objective but can perhaps partly be explained by the deep-rooted distaste in Tanzania for open confrontation and recognition of conflicts of interest. Another factor was the intention of some civil servant members to use the association to prepare the grounds safely before they would also enter the private sector. A year after its foundation, the leadership approached several foreign-funded projects for contributions to developing a plan of action for the next five years and to hold a general assembly of their nation-wide membership. They got sufficient funds to pay for a first draft of an action plan and the general assembly. The action plan had been prepared by one of their civil servant members against payment and consisted mainly of a technical training plan and a series of study tours for the elected leaders. It was not an action plan for the organisation but a funding request to be submitted to foreign donor agencies. The general assembly rejected it on grounds that it favoured the leaders and particularly those in the Ministry. They also elected a new chairman from the private sector to underline their main objectives and then dispersed. The whole exercise cooled off the interest of the agencies that had funded it. Without further outside funds the organisation was not capable of improving the action plan. The association's activities, including fund raising, have come to a standstill.

7.3.2 Externally initiated societies The next category of trade-based associations, in its relevance to members, in the intentions of the founders and in its internal workings, is similar to the category of loose groups described under 7.1.1, above. These associations have been formed top down by some ministry or department, or by some foreign development agency, such as the Association of Tanzanian Employers (ATE), the Tanzanian Forest Industries Association (TAFIA), the Chamber of Commerce, Trade, Industries and Agriculture (CCTIA), or the Metal Industries Development Association (MEIDA). For as long as a foreign development agency subsidises such association, it normally maintains an office with paid professionals and supporting staff, sophisticated office equipment, vehicles and other such symbols of self-importance. It would seek a high public profile by arranging for conferences and workshops which members may or may not attend but high ranking ministry officials certainly will. The paid officials are chosen for the requirements of the foreign donor rather than that of the members. The organisation rubber-stamps financial statements issued by the donor. A donor may even force the resignation of certain elected leaders, as has happened two years ago in CCTIA. Once foreign assistance is withdrawn the operation will shrink to its bare minimum, with a semiqualified full-time person in charge of trying to replace the lost source of funds. This is currently the case with TAFIA and MEIDA. ATE only recently came out of hibernation due to support from two foreign organisations. Membership can be highly localised. Members are conscripts more than volunteers.

Contributions from them trickle in erratically. They receive little attention from their organisation, except when a foreign donor or some high-placed government official takes a fleeting interest. Such association may serve as a vehicle to develop sectorial policies or action plans but are not seriously regarded as a partner in policy dialogue. Even if these plans are officially adopted they have no audience outside the parties involved in supporting it and have little impact, either on administrative practices or on the way business is conducted in the sector. There are 10 such organisations in Dar es Salaam, three of which currently receive foreign assistance. They have no or almost no women in their ranks.

Case Study 12

In April 1993, a donor-inspired non-governmental agency with strong ties to a central government ministry founded a national federation of small business associations the constituent associations of which did not exist. It appointed the executive committee, the chairman, the treasurer, and seconded from their staff the executive secretary who remained on their pay role. It also suggested to them a constitution which would have made them a subsidiary or branch of the founding agency. In August of the same year the national federation, in line with agenda given by its "patrons" founded a federation of what they called grass roots associations in Dar es Salaam the constituent member associations did not exist either. This regional federation never really invited members to join and initially said it represented street vendors and second-hand clothing sellers in Kariakoo, and later in the whole of Dar es Salaam. Two other organisations at the time claimed to represent the same trades. None of them had asked the people they said they represented. In the same manner, when the agency behind its foundation later got second thoughts and, in a move to become more attractive to its donors, it co-opted more self-appointed spokes persons of manufacturing and agricultural businesses as "members" of the federation. Representatives of this federation, through their founder agency, last year got invited, as only but self-appointed representatives of informal sector operators, to conference at which a national association of informal business operators was

Membership-based interest groups: The other type in this class of self-help organisations are voluntary associations formed from the bottom up by business owners in the same trade and within a certain range of investment and employment. They are almost all restricted to a municipality, with no apex or other form of inter-regional contact. Management rests with a few elected leaders, normally the treasurer or the secretary, who receive allowances and are supported by a typist and/or bookkeeper. When the active leader resigns or loses his office because he is no longer engaged in the trade, such an organisation often goes into hibernation until such a time that a strong individual takes interest again or external events force the members back into action. As long as they are alive and within a given region, these associations actively seek to broaden their membership base. They also seek donor support. Their main service to the members lies in negotiating tariffs with the government or service institutions and prices with suppliers. These are vital enough not to let the association die completely or to let a foreign agency take a total lead in organisational affairs. Member participation and control, however, is restricted to speaking and voting in general meetings once or twice a year, during which they may change a few faces in the executive committee. The flow of information between assemblies is dormant or quite selective. Membership fees are normally rather low, so is the budget of the organisation. Yet the organisations find it difficult to collect what is due to them. Horizontal linkages or contacts between member businesses is rare and incidental. At micro-business level sector level there are only two of these societies in Dar es Salaam. Their number of members is hard to establish as they tend to be inflated or membership is not properly defined or their real number is not even known to the elected leaders.

Case Study 13

In 1990 a group of 30 owners of power-driven small-scale mills in Dar es Salaam formed an association to represent the interests of their trade. It wished to secure ex-factory prices on spares, preferential tariffs from the electricity supply corporation and to organise repair services for their members. The executive secretary at the time was an energetic man who convinced his fellow executives to run an intensive campaign to increase the number of members. He had estimated the total number of small-scale mill owners in the Region to be 300. The campaign lasted 3 months and brought 85 additional members. Some suppliers had offered ex-factory prices on the spares. A general assembly in 1992 approved other more ambitious plans. However, the executive secretary in 1993 sold his business and resigned from his post. With him gone the association has not even been able to elect a new secretary general, let alone embark on any of their plans. It is as if the organisation has ceased to exist.

Case Study 14

An association of kiosk owners had never clearly defined who is a member as it did not oblige them to pay regular fees. At a time when it claimed to have some 240 members, the local government announced its intention to demolish all kiosks in the city centre. The elected office bearers moved swiftly and managed to meet the Minister of Home Affairs who immediately imposed a moratorium on such demolition. The association gave him the impression of an effective interest and pressure group. A little later the local government prepared for another campaign against street-based businesses such as hawkers, peddlers, second hand clothing seller, etc., some of their ad-hoc representatives also went to see the Minister of Home Affairs. He advised them to join forces with the kiosk owners' association. Soon its chairman gave interviews in which he claimed to represent 42,000 members. He co-operated with the local government in convincing a group of kiosk owners at a public square and park to temporarily dismantle their kiosks to give way for an important national celebration. After the celebrations the local government denied these kiosk owners the return to their previous business location. Meanwhile the chairman of the association changed its name to include all street-based businesses but the association failed to actually absorb them as its constitution provides for direct member representation only. The indiscriminate acceptance of new members without charging membership fees created a constitutional crisis, which the elected office bearers fail to solve. Soon after, the chairman retired from business into salaried employment and lost his position. Two years later the association has readopted its old name and now does not represent more than 48 members.

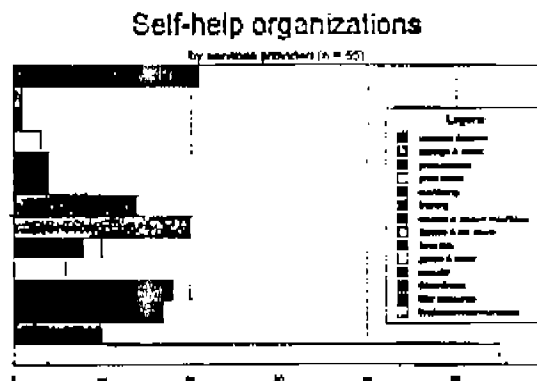
8. Self-help Organisations By Service Production and Delivery

8.0.1 Not all mutual assistance between informal sector operators takes an organisational shape. Overt competitive behaviour is regarded as rude and unbecoming in Tanzanian society. Where such behaviour develops it becomes a matter of grave concern, as there seems to be no other mechanism to deal with it than ridicule and ostracism. The generally observed cultural norm requires to assist the next person

in case of need, be it a neighbour, a working colleague or a school mate. This norm applies to adjacent business operators, too. They contribute to collections for funerals and weddings, help with small change, tools, materials, or missing commodities and look after a shop or stand, should the operator leave for a while or the day. Mutual assistance of this kind sometimes takes an organisational shape when operators in one location get together to agree specifically on what kind of assistance they would wish to provide to each other, somehow determine the value or scope of this assistance and appoint certain individuals to see to it that those regarded as beneficiaries will get it as if, in response to the worsening economic conditions, the cultural norm needs an extra effort to be maintained. We described the crudest form of that organisational arrangement under Type 7.1.2, above. Other self-help functions and mutual services require more sophisticated structures.

8.0.2 The table below gives an overview of the type of services provided by, and their distribution over, 55 self-help organisations. We shall discuss in more detail how each of these services is produced and delivered, and under which condition they would most likely occur in a group.

The average number of services provided by a self-help organisation, based on this sample, therefore is approximately 3.5. Whatever service members provide to each other through their organisation is grouped around the protection and representation function that all have in common. There is a significant and apparent difference between self-help organisations that have some sort of legal cover and those that do not have.



Self-help Organisations
Legal Cover and Average Number of Services Provided
(n=55)

Legal cover	Number of self-help organizations	Total number of services	Average number of services
Yes	20	119	6
No	35	75	2.1

Size of membership and average number of services have a significant relation only in the very big and the very small self-help organisations. The figures alone, however, can be misleading. The bigger an organisation, the smaller are the chances for members to have equal access to services, and vice versa.

Self-help Organisations
Size of Membership and Average Number of Services Provided
 (n = 55)

Number of members	Number of self-help organizations	Total number of services	Average number of services
Less than 30	18	52	2.8
31 to 60	22	74	3.4
61 to 120	7	25	3.6
More than 120	8	43	5.4

8.1 Protection and representation

We have shown that members in by far the most, and certainly in the more genuine, self-help organisations in the informal sector of Dar es Salaam share a location in which they operate their business. To jointly protect the continued occupation of such location, to let one or several spokespersons act on behalf of all invaders is the one service that all locality-based self-help organisations have in common and constitutes their *raison d'être*, even where there is no immediate threat, as is the case with many clusters of business women. The majority of groups has to defend and maintain a past invasion. The least a group has to do is to keep a critical mass of members together and to seek some patronage from the local party branch or some high office bearer in the government. The members of those few groups who hold a title deed are bound together by common property and the obligations arising from it (lease fee, property tax, etc.). Some few other groups collectively hold onto a site under customary law. Both latter categories may feel they have some security of tenure, and therefore do not experience the same constant anxiety as squatters. This security, however, is to a large extent illusory. In Dar es Salaam, the portion of surveyed land is growing rapidly and can reach any time sites currently held under customary law. Also privatisation of land

8.2 Legitimising City residence

The Human Resources Deployment Act of 1983 requires all town residents to prove gainful employment. Administrative practice is that self-employed persons without full commercial license cannot issue themselves with proof of gainful employment. The Nguvu Kazi Department of the Ministry of Labour until mid-1994 used to issue special annual licenses for self-employed. These licenses could be revoked any time and had never been fully recognised by the City authorities. At its peak, the Nguvu Kazi Department provided 13,000 licenses a year only, as compared to the officially counted 210,000 informal businesses in Dar es Salaam. Furthermore, it issued these licenses on the basis of a positive list of 74 trades recognised as legitimate only. All other trades, e.g. stone crushing, lime excavating, selling of seedlings or animal trading, were refused licenses. Over the years therefore, in a group of

business operators members would serve each other with some form of identity card, stating their gainful employment under its umbrella. As long as the local branch of the ruling party recognises these, a member is relatively safe from being held in jail when found in some minor trouble or outside his residence at night, particularly when the member is male and young. The Nguvu Kazi licenses will not be renewed this year, and there is a trend that the zealot status of a group of informal sector operators with the ruling party replaces both self-issued identity cards and Nguvu Kazi licenses, at least until the general elections in 1995 are over.

Case Study 15

How such changes and convulsions in administrative practice can affect an existing self-help organisation can best be illustrated by a co-operative of 158 street-based watch repairers. The members are scattered throughout the City centre and operate from porches and pavements. In addition, the co-operative rents a little office in Kariakoo where they keep commonly owned tools and sharpening instruments and where some of the elected officials repair watches. The co-operative is older than the Human Resources Deployment Act. When the Nguvu Kazi Department began issuing their licenses the co-operative began to lose member contributions as members would acquire an individual license and did not see the point of maintaining their membership. In 1991 the co-operative was in a deep financial crisis that deepened further when the year after the National Housing Authority increased the office rent by 800%. During the same period the City administration tried to clear the pavement and porches from business but never touched those watch repairers who had displayed the emblem of the co-operative. The executive committee felt this was sufficient evidence of the usefulness of the organisation. They announced the withdrawal and non-validity of identity cards and stickers with the emblem, and went around the former members to make them sign up again and pay the new shares, fees, etc. they had introduced. The response to this campaign was very slow until after the Nguvu Kazi Department stopped issuing their licenses in mid-1994. As the previous license expire former members come back in full force to again make use of the tax and license cover the co-operative provides.

8.3 Cleanliness and waste disposal

Individual informal sector operators keep their immediate surroundings clean as a service to customers and to avoid the attention of trade officers and health inspectors. A cluster of businesses and particularly a market need to do more: garbage heaps have to be removed and the wider surroundings need to be cleaned up regularly. Where no organisation exists to take care of cleanliness, business owners have to clean up a wider area and to remove their waste farther away. Where an organisation exists it often takes it onto itself to provide the solution. It pays the public garbage collectors if they pass on their route through town, or hires push cart operators for garbage removal. It employs cleaners or, in rare cases of small groups of mostly women, makes members take turns in cleaning the wider surroundings. Because of its real or perceived strength or protection members of registered self-help organisations may lower the minimum standards of cleanliness normally tolerated by the City administration even further. Cleanliness is a recurrent concern expressed in public statements on the informal sector by the highest office bearers in government.

8.4 Security

In the beginning of an invasion, squatters do not feel safe to leave any business property on the site. The City police prefers to clear invaded sites in the small hours of the morning before the operators arrive.

Cleanliness is a recurrent concern expressed in public statements on the informal sector by the highest office bearers in government.

8.4 Security

In the beginning of an invasion, squatters do not feel safe to leave any business property on the site. The City police prefers to clear invaded sites in the small hours of the morning before the operators arrive. When the squatters have reached the critical mass, their organisation has proven to be capable of providing some degree of protection, members feel safer in the location, and their business deals in low value but bulky commodities, such as fruit, vegetables, furniture, building and scrap materials, they normally hire through their organisation one or two watchmen to protect their property from theft and private vandalism at night. Watchmen are helpless against the public theft and vandalism of the City police. Very few, mostly small, groups keep a roster of members who would stay over night to spare the expenses of a watchman. Some groups close to bigger business or institutions pay some extra money to the watchmen employed there, against their keeping an eye on their property as well.

8.5 Peace and order

Internal peace and order are crucial for any informal business grouping in avoiding unnecessary attention by the authorities and not to embarrass the local party branch or the neighbourhood chairman. Many groups take extra precaution to keep out unruly or criminal elements. Few groups, however, have rules and regulations that could help them deal with internal conflicts, for example over fees to be paid, funds misappropriated, self-appointed middlemen who intervene in direct customer relations or duties to be carried out by members. Those self-help organisations that have such rules have normally accepted some standard set of rules suggested by outsiders. These are often totally inadequate to the situation and, in any case, ill-understood by leaders and members alike. Consequently, they are not applied and render these organisations as helpless as the others. Resentment builds up between individuals and sub-groups.

Communication breaks down. Often in such situations members add their suspicions over the way the leaders handle their contributions. Where such conflicts do not lead to the forming of sub-groups that take on some of the functions that the overall organisation used to provide or a change in leadership, members turn to outsiders, such as the local party branch, the neighbourhood chairman, the community or cooperative development officer or whoever they regard as their patron, to intervene. Only under very exceptional circumstances would a group turn to the police or the judiciary, as this would expose the group to unknown risks and could incur costs or loss of time on a course that is not always guided by the law. This in itself, of course, is a valuable service that the group can mobilise through its existence as an organisation, and an individual would find difficult to master.

8.6 Land use

Once an invasion of a site for business use has taken roots or a group has been allocated a location with or without title deed, two different patterns of spontaneous land use systems normally evolve. Either the occupied area grows from a core until it reaches its natural borders, or a few individuals manage to take control and to charge key money and rent from the ordinary members. The growth process here, in a first round, is similarly from the core to the periphery, with no clear lay-out and little difference in size of plot, structure of shed, and price for size, access and stay. Where a group preserves the communal nature of the invasion, the disregard for size, location and structure of a business is also preserved. If members pay a fee or rent, it is the same for all and there are no clear rules for the acceptance of newcomers or what should happen if a member leaves. In a site where certain individuals have monopolised access, rents and key money charges tend to differentiate soon, with those locations bigger than others or closer to the customers carrying a higher value. Neither type of system takes

deliberate care of business mix and other commercial considerations of land use. Lay outs remain rudimentary and only the lowest common standards are imposed.

8.7 Common license and tax cover

A common license provides not only a further measure of protection, it also exempts the individual member businesses from taxation. This is most obvious in the case of registered co-operative societies which status also restricts a member's liability to the value of the nominal share he holds. We have briefly described above (7.2) how current administrative practice disregards both the registered purpose of a co-operative and the actual arrangements between the co-operative and its member businesses. Cooperative development officers actively connive in preparing financial statements that would secure a minimum income tax to be paid by the co-operative, and an audit report that would maintain the pretence of a joint and unified business operation in the name of the co-operative. Only one industrial co-operative is known to withhold sales tax on its turn-over. In all other co-operatives the members pay, or do not pay, sales tax on their inputs, depending on the source, but their sales go unnoticed by the authorities. This practice is so well-established that many co-operatives and their members keep pretty accurate records of their sales without fear of being exposed. We also know of one large self-help organisation that is registered under the Societies Ordinance and two other equally large ones that operate under the individual commercial license of one of its members. Both are treated as if they were cooperatives. Some partnerships of up to 20 members each, often formed with the help of the community development department, enjoy similar privileges. Apart from selfhelp organisations having been able to, by and large, successfully carrying out and holding onto invasions in the face of hostility and appreciation and scarcity of land, the maintaining by self-help organisations of such extra-legal license and tax arrangements after ten years of structural adjustment economics and three years of multi-party politics is probably their major achievement.

8.8 Welfare and mutual insurance

A day of sickness, a family member falling ill and requiring a visit to the clinic and medicine, a funeral in the family, bailing a brother out of jail, and other calamities can easily throw an informal sector operator out of self-employment. So can the expenses of more anticipated events, such as a wedding, the beginning of a new school year and others. With the introduction last year of so-called cost-sharing schemes into almost all social services in Tanzania, the situation for informal sector operators has become even more fragile. For lack of cash and foresight they keep stocks to a minimum and replenish them with the proceeds of the day only. They cannot afford to separate finances and operations of business and household. Multiple outflows of cash are as common as multiple and reliable access to extra cash is necessary for survival. Every self-help organisation, therefore, at least provides a framework within which mutual assistance in times of crisis can take place. All genuine self-help organisations claim to manage such schemes, and indeed almost all of them have tried to do so at one stage or the other, and many of them have it on their agenda to somehow put it back into place. Welfare and mutual insurance schemes, to be effective and equitable, require regular contributions from all members. The absence of a reliable financial system and transparent rules, however, invite actual or suspected misuse in favour of certain members. In all but one of the 55 self-help organisations studied in depth, regular contributions from members petered out within a short time after introducing the scheme, and members go back to ad hoc collections as and when the need arises.

Case Study 16

The case of a porters' co-operative with 40 members provides an example how external changes can undermine and eventually destroy an internal mutual health insurance system and force members to return to ad hoc collections in times of need. A porter's job, as so many other jobs in the informal sector, in nutritional terms, is an energy sink in which the money gained is not sufficient to replace the nutrients spent in the work. Apart from rendering such a weak person victim to all sorts of endemic diseases, such as malaria, dysentery, pleurisy and pneumonia, it also causes all sorts of long-term damage to the bone structure, accidents and cases of hernia. A health insurance scheme, therefore, is of utmost importance to them. Health services have never really been free of charge. Yet with the introduction of "cost-sharing" for treatment and drugs even in Government hospitals, the scheme not only threatened to drain all the organisation's resources and created cash-flow problems. Members also started accusing each other of misuse of the facility. Their hard-won unity seemed to be at stake. The conflict lingered for almost a year. In the end, they decided to contribute only in very restricted cases and otherwise leave it to the members whether

8.9 Training, skills grading, quality standards, and collective guarantee

8.9.1 Perhaps the most informal and elusive service provided by self-help organisations is related to technical and commercial training. Particularly in self-help organisations of craftsmen, manufacturers and repair service businesses members take on apprentices. The content and formal requirements of apprenticeships do not normally concern the organisation until such a time that the members have to decide whether or not an apprentice has "graduated" into self-employment or not and can therefore receive full membership status. In the past, apprenticeships took several years, and particularly co-operatives believed that it was politically convenient to swell their ranks of full members. With the dramatic lowering of thresholds to entering the informal sector and the increasing demand for ever cheaper goods, apprentices leave for self-employment often after only three or four months of training. They thus create often unfair competition for their former masters. Where an apprentice leaves the location to set himself up somewhere else, again it is of no concern to the self-help organisation. They are getting increasingly concerned, however, over those who stay on or settle nearby.

8.9.2 As the organisations lack anything resembling a codified skills profile for their trade (and the established government profiles are not at all appropriate), the only criterion used is that of "self-employment". Many groups of repair service businesses, such as the plumbers and electricians, the mechanics and welders, the carpenters and construction workers, offer some form of collective guarantee to their customers. If the fault is not properly rectified the customers expect to be able to come back and get the additional work done free of charge. These organisations have recently begun looking into how to grade the skills of their members. The real organisational task in maintaining the guarantee offer and therefore attracting sufficient numbers of customers lies in collectively regulating access and contract negotiations between tons between customers and members, as other-wise the internal grading would not make much sense.

8.9.3 At least one other of these self-help organisations, a co-operative of tinsmiths, call for regular meetings of members at which they present their business problems, mostly of commercial nature, to elicit advice from fellow members. In most cases, such mutual advice and training takes place within an enterprise or between owners of a small sub-group of enterprises. It does not involve the organisation. In fact, commercial skills at enterprise level do not seem to percolate to organisational level, where members tolerate financial behaviour that, if applied to their business, would kill it (cf chapter 9, below on financial strength and behaviour).

8.10 Marketing

To offer collective guarantee is one rather sophisticated marketing service, peculiar to self-help organisations of repair service businesses. Groups of manufacturers often employ a cruder form of collective marketing. They reserve an area in their location to exhibit their products and employ a sales person-cum-typist to attend to customers. Some have or used to have showrooms or shops that do not perform to the expectation of members, either because they are badly managed or in the wrong location, more often than not they are both. The proceeds from the sales go directly to the producer who is expected to pay a commission to the organisation, normally 10% of the selling price. This figure is so wide-spread among industrial co-operatives that we assume but could not verify it was suggested by the co-operative department in the past (this commission is so unreasonably high that members try to cut out the organisation from their sales, or they delay or refuse payment of the commission, thus undermining both the service and the organisation). Porters' co-operatives enter almost all contracts through their organisation. Crushed stone sellers put their production together for bulk orders. Otherwise common marketing services are rare and few among groups. The marketing techniques applied are all passive, set into motion at the arrival of a potential customer on site. Marketing operations at organisational in general level reflect the parochial nature of both the member businesses and the organisation itself, and are in general less effective than those employed in the member businesses.

8.11 Price cartel

That second-hand clothes sellers maintain a price cartel of some sort is a realistic assumption. There is some evidence to that effect (such as the uniformity of prices in and between markets, and the uniform temporary price hikes before holidays), but we could not verify it beyond reasonable doubt, let alone identify the mechanisms by which the cartel is produced and enforced. The only case of an effective price cartel that we could prove to exist is that of a group of women stone crushers. After years of internal conflicts over members' undercutting each other, they gave themselves a set of strict rules last year, set the price, and now call upon the ward chairman of the ruling party to evict from the location a member who repeatedly fails to observe the cartel. This has happened twice since. Uniform prices are not always the result of a cartel. The prices charged by street-based cooked food sellers and "mama n'life" are certainly determined by market forces. Customers are prepared to pay only so much, and before inflation forces any price hike into effect cooked food sellers go through long periods in which they cut on quantities and ingredients or pour yet another kettle of water over the same tea leaves or keep on frying chips in the same oil for days on end. Three groups in our sample had tried but failed to establish a price cartel. Unlike in the case of the stone crushers who had succeeded, the business transactions of members in these groups do not always take place in the common location, and their fellows cannot observe and overhear what transpires between a member and the customer. This is particularly true for repair service businesses that carry out repairs away from the common site (plumbers, electricians, carpenters, construction workers, etc.) and for those artists who are hired by companies for any period of time to produce within the latter's premises. Where cartels are broken in such a way, they cannot be maintained for the business transactions taking place under the eyes of the fellow members either.

8.12 Procurement of supplies

Like savings and credit or welfare and mutual insurance facilities, collective procurement of supplies is an area that members regard as a genuine and important service that their organisation could and should provide but in which they equally fail to succeed. Looking at how it works where it works may explain why. The stone crushers, the scrap dealers, some groups of metal workers from time to time do schedules and interest rates that reflect the needs and capacity of businesses that are close to each

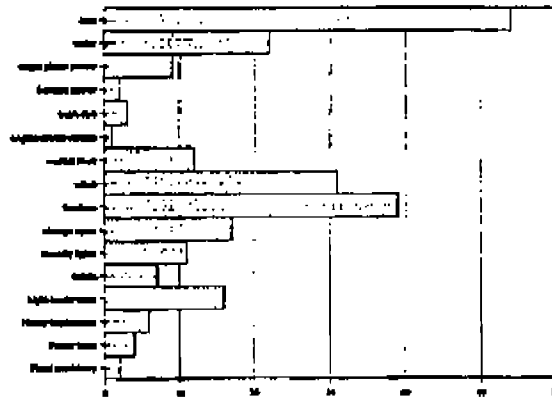
other, in terms of investment levels and turn-over cycles. In all known cases, therefore, this type operates at sub-group levels with different conditions for each sub-group. collectively procure supplies. As each member operates an independent business within these groups the organisation has no reserves for bulk purchasing, or would not dare risking their reserves on it. Instead when the need arises one member takes it into his hands to put together a list of what each individual would require and start collecting the money for each share in the purchase. Purchase can only take place after the last member on the list is paid up. As stocks are normally kept at an absolute minimum, members cannot wait long for the delivery. If the last payment is unduly delayed by a day or two only the whole deal is called off. Yet because of the delay and the lack of a financial system in which money can be deposited safely, more often than not the actual amount in the hands of the person responsible falls short of what was collected. Accusations fly and tempers get hot. Thereafter members may not take part in any further bulk purchase, or organise it in smaller sub-groups.

8.13 Savings and credit

In principle, there are three kinds of savings and credit schemes. The most common one in Tanzania is a one-off savings ring called "upatu" in which each member contributes a fixed amount every week or month and, according to a prefixed schedule, one member at a time receives the total collection. There are no interest or other charges involved. When the cycle is completed, the savings ring dies off. This scheme is popular and almost unailing because it does not require repayments. A new cycle would normally be started by a person who is in desperate need of some additional cash. As the initiator, she or he would be entitled to the first "harvest". A new cycle therefore also requires a new "harvesting" schedule to be fixed. The "upatu" really serves only the needs of the initiator. All other participants tie their money for quite some time during which inflation erodes its value, and they receive it at a time when they are not necessarily in such desperate need. Most members therefore use it for consumptive rather than business purposes. Except perhaps for the initiator the "upatu" cannot respond to the specific credit requirements of a business. Because of its temporary nature it also fails to habitualise saving. The second and next common savings and credit facility provided within or through a self-help organisation depends on surplus accumulated by the organisation, through commissions or business transactions or surcharges on services or savings on membership fees. In this case the organisation may decide to use these savings to extend credit to members. As ownership of this fund is fudged, self-help organisations do not have reliable and transparent financial systems, and the collective savings of this sort are rarely enough to cater to all members in time, and leaders normally start such a scheme without agreed upon procedures, criteria, repayment schedules, etc. the scheme lends itself to monopolies of access, bad repayment records, etc. It becomes first a source of irritation among members, and often the cause of a major leadership crisis. A rapid decline in member contributions precedes the leadership crisis so that other services normally provided by the organisation start crumbling. Of the 55 groups in the sample 35 have been through this or a similar cycle at one point in their history. We have only seen the beginnings of the third type of savings and credit facilities in four self-help organisations. It remains to be seen whether it, together with the improvements of the financial systems involved, proves to be more appropriate to the organisational culture in these groups. This third type requires from members to save individually, either up to a certain amount that would serve as their share, or continuously so as to keep the fund growing, before any credit is extended. It works with ceilings, repayment

8.14 Common facilities, utilities, and enterprise

8.14.1 The vast majority of self-help organisations in the informal sector of Dar es Salaam have only the land they occupy and the odd low-value common facilities or utilities. Very few operate a common enterprise. The higher the value of a common property the greater the pressure on the members to stay in the organisation. This does not necessarily increase the coherence or strength of the organisation. As we include the use of land as a service under this heading, of the 55 organisations studied in depth, all have some common utility or facility, 236).



8.14.3 Only four of these organisations had acquired this property through a donation or a soft loan. All others had financed the acquisition through accumulated savings from organisational income or through ad hoc collections from the members. There are three basic forms of access to, and use of, these facilities and utilities:

- a) restricted to a few members.
- b) open to all members, and
- c) open to members and non-members alike.

8.14.4 Equally, there are three different ways in which the organisations regulate access and raise money to meet the costs of maintenance:

- d) access is free of charge and maintenance is paid for from general membership contributions (167 out of 235);
- e) access against a separate fee (41 out of 235), though not always cost-
- f) preferential fees for members and higher fees for non-members (24 out of 235).

The interesting aspect here is that where access is free of charge we found a significant incident of access being restricted to a few members only (93 out of 167). It is this possibility of monopolising the use of common property that prompts spokespersons of self-help organisations to stress their need for more of such investments when meeting with outside agencies. It is them who normally can expect to benefit from group investments. As in the case of savings and credit or welfare and mutual insurance funds, unequal benefits to individual members from common investments are often at the root of internal discontent, and the subsequent lack of cohesion.

9. Self-help Organisations By Financial Strength and Behaviour

9.0 The financial strength of a given self-help organisation does not depend on the financial capacity of any of its member businesses. In fact, the trade-based associations of most formal and much more potent businesses, once their external assistance is withdrawn, are often both financially and organisationally weaker than some of the loose self-help groups described above. Their overheads are higher, and the spending practices of their officials are much more self-indulging. As they do not provide absolutely vital services (such as defending the occupation of a common location), these organisations often go into hibernation or cease to exist for financial reasons. In our sample of mostly

one of ours!"), rather than in business, i. e. ownership, terms. This partly is a legacy of the old regime in Tanzania that had politicised the economy, and partly it reflects the cultural norms of inclusion, aversion of overt competition, and denial of conflicts.

Case Study 17

One co-operative in our sample had a register of 267 shareholders but when, as part of a joint project with them, they had to define more specifically who was to benefit from a possible sale of the premises, they re-defined membership and were left with 68 shareholders only. In another case from the sample, a partnership of seven tinsmiths, in a move probably to placate the ruling party and to protect their enterprise from its anti-business wrath, but certainly to secure a loan for some heavy tools, had agreed to surrender all their assets to a newly formed co-operative of then 23 shareholders. The "founder" members were all elected into office. Part of their assets brought into the co-operative was the leasehold to the land, currently valued at more than S 30,000. Over the years former apprentices joined the ranks as members who to date number 58. Leadership changed also. When in 1993 one of the "founders" died, the other six former partners, disgruntled over their loss of influence and excited about the prospect of making a windfall profit, talked the family of the deceased into claiming their share in the land as heritage. They got a court order that fixed a date for the auctioning of the land within two weeks. Nobody had cared in the past to change the title deed holder. The new leaders of the co-operative, however, through a lawyer got an injunction of the court order, on the basis of the documents in which the old partnership had agreed to the transfer of all their assets. The legal case is still pending, and, as so many others, may never be solved. The uncertainty that creates for the members is obvious. So is the paralysing effect this has on both the individual businesses and organizational development. The legalities, however, are not as important as is the psychology of the "founders", their sense of real ownership and their round-about way of asserting it.

10.3 The same applies to those trade-based association that are open to business owners, State-employed professionals in the same trade and/or employees in the same business.

10.4 Where the number of members would really matter, i.e. in truly trade-based associations of business owners, the majority of potential members still remains outside the organisation. There are only timid attempts to broaden the membership base. This would require access to the media, broad

Case Study 18

The most notorious of these cases is the Tanzanian Drivers Association. It claims to have more than 6, 000 members who are taxi owners and taxi drivers. It is also interesting because of its political legacy. Formed in 1954, it secretly served as a logistical and intelligence agency in the struggle for independence, facilitating movements of party organisers and hearing out travellers for them. Perhaps as a token recognition of their role, the association, after Independence, was given the privilege to veto the registration of new taxis and the annual renewal of licenses. It is the only private body, in Tanzania with such powers. As a result, membership became obligatory and the token fees due to the association for the taxi owners became part of the cost of renewing the license. We could not find any evidence that the drivers ever paid membership fees in recent years. As long as Julius K. Nyerere was President of the country, the association retained some of its intelligence functions for the State. Nyerere also liked to meet the taxi drivers once in a while to sound them out about how the common Tanzanian felt about the political and economic situation in the country. At one point in the late 1970s the association held the franchise to a filling station in Dar es Salaam. This was at the times of fuel rationing. Leaders would draw fuel with a promise to pay later. Money coming in was spent for other purposes. In the end, the association never had sufficient money to replenish the tanks and to purchase the minimum required under franchise conditions. They very soon lost the franchise. With similar practices they ran down their insurance agency and their license plate shop. The combination of such mismanagement and the political protection the association enjoyed in high places as well as in the State Security led to a complete paralysis of the association. no ranks swelled with the registration of new taxis to the extent that the organisation would require a system of indirect representation of members, rather than the direct representation that their current constitution provides for. With now 6, 000 members they would have to hire a football stadium for their obligatory biannual general assembly. However, office bearers have not called a general assembly for the past fifteen years. Their accounts have not been cleared, neither have they stood for re-election. If the law was applied, association should have come under the custody of the Registrar's office a long time ago.

voluntary engagement of the existing members, and strategic foresight on the part of the leadership in reaching out to those not yet organized. In the few organizations of this nature that exist these conditions are far from being fulfilled.

11. Overall Conclusions

11.0.1 There can be no doubt as to the value of genuine self-help organisations in the informal business sector to their members and to the public in general. The following conclusions are a composite. They derive partly from the material presented in this study and partly from the experience the authors have gained so far in working with self-help organisations.

Politically, self-help organisations

- * exercise and establish the basic human right of free association for peaceful purposes.'
- * produce capable leaders from their own ranks and, in their daily workings, do not rely on strong personalities from a different class.'
- * penetrate and instrumentalise with great ingenuity the political and administrative system where it suits their purpose.'
- * defend successfully invasions of public, in some cases even private, land.'
- * lend a certain structure and basic discipline to what at first sight may look like a chaotic spread of business concentrations and an undirected growth in the number of informal businesses.'
- * demonstrate an astonishing resilience"
- * maintain the elasticity required to respond to changes in the environment and can mobilise their members for the necessary changes.'
- * persevere in demonstrating the ability of the common man to survive even under adverse conditions,
- * offer to their members a unique opportunity to gain basic political experience.

Socially, they

- * represent a new communal spirit that cuts across family and clan ties.

Economically, they

- * provide those most vital services to informal business operators that the State is not prepared to offer and the individual is not able to produce.'
- * protect their member businesses from undue disruption and extortion.

They rarely rely, however, on a heightened sense of defiance and of pride for achievements in the members. Despite their undeniable political importance and potential power they lack a political agenda and social perspective that would realise this potential. Instead they reproduce the paternalistic patterns of dependency so widespread in Tanzanian society at large, both in their internal workings and in their external relationships.

11.0.2 The shortcomings following from the last point made above are equally undeniable and do not warrant any repetition here. From what we have presented in the previous chapters it seems clear that self-help organisations in the informal business sector cannot easily absorb and funnel somebody else's support measures in any gainful manner. We also believe we have shown that they can act as partners in policy dialogue only after careful preparation and internal reform. Lastly, the institutional environment and the political culture does not yet exist in which such dialogue could take place and would lead to sensible changes.

11.1 Conditions conducive to self-organisation

As to the general likelihood of informal businesses getting organised beyond enterprise level, the following rules of thumb seem to apply:

- Proximity of informal businesses is a necessary, if not sufficient, precondition for most self-help organisations to come into existence.
- Informal business owners tend to team up with others when they squat on invaded land and need to form a critical mass with some structure to be able to defend their remaining there.
- Owners (as opposed to employed or bonded operators) in the same business and/or with comparable initial levels of investment, employment and income find it easier to get together.
- Subsequent internal stratification normally leads to stagnation in the organisation and apathy on the part of the weaker members.
- Stratification is often a function of the growing size of a group and produces unequal access to services.
- The smaller a group the better are its chances for social cohesion.
- Codifying organisational objectives and procedures along models offered either by the ruling party or any of the government departments (for co-operatives or community development) has a similarly stifling effect on the life of these organisations.
- Representation and other activities in the name of the organisation by elected leaders beyond the eye-sight and immediate control of ordinary members also tend to alienate them from each other.
- Threats seem to have a stronger and longer lasting unifying effect than offers of assistance.
- Women in informal business, despite their generally safer position, seem to find it easier to strike more equitable arrangements of mutual assistance if they operate in the same location.
- Men in informal business, on the other hand, once they get together tend to formalise their arrangements and to seek some form of recognition, either by the local branch of the ruling party or through registration.
- In mixed groups, men normally represent the members to the outside, even where they are a tiny minority only.
- Where a trade either charges officially sanctioned tariffs (such as in transport) owners may be obliged by the State to form associations. Where a trade is charged such tariffs (e.g. in power-driven milling) or wishes to conform with current conditions on Government tenders (e.g. engineering, borehole drilling) owners have a strong incentive to unite in trade-based organisations.

If organisations exist under any other circumstances or for other reasons, they could well have an agenda that does not primarily aim at self-help.

11.2 Conditions under which self-organisation does not take place .

In reverse, we came to conclude that

- scattered businesses find it difficult to get organised or, once organised, to maintain strength.

- operators who rent premises or do not own their stocks or their means of production are usually not members of self-help organisations. they may be included only if they operate in a location where the vast majority of members are owners, almost by mistake.'
- licensed single-owner businesses or partnerships, through their license, have the basic protection that self-help organisations struggle to provide to their members. Also licensed businesses require complex individual arrangements to satisfy tax collectors and health or factory inspectors. This particularly applies to manufacturing and repair enterprises in permanent premises.
-
- businesses that are not licensed but require large areas of land also have their individual arrangements and do not join in collective efforts.'
- unlicensed business operators whose direct licensed competitors at the same level are organised in some trade-based association (such as the taxi or mini-bus owners), for obvious reason, do not have their own organisations (the owners, however, may run both types of businesses and be a member of the respective trade-based association).

11.3 Conditions that produce organisational strength

As to measuring the strength of self-help organisations, evidence suggests that quantitative data do not provide a reliable yardstick. In terms of cohesion, the strongest organisations under the prevailing conditions appear to be those in which:

- members have been forged together by constant outside pressure and political ostracism, and the membership has undergone a continuous selection and elimination process.'
- there is little or no stratification, a high degree of communal care, and a minimum of formalisation,
- the members stick to the knitting, let the organisation do what it can do best (e.g. defend the original invasion), and otherwise provide mutual assistance in an ad hoc fashion at sub-organisational level.'
- members take turns in providing certain services rather than hire people to do the job.,
- members are selective in accepting new members;
- charges to members are restricted to what is absolutely necessary to provide the one or two vital services they have been formed for.'
- the level of illegal arrangements with the outside is kept to an absolute minimum.

11.4 In other words: the more a self-help organisation reflects the informality of its member businesses and of its members' lifestyles and the more it retains elasticity in its outside relations and communality in its internal working, the better it is geared to the members' organisational abilities and social competence. If an ordinary member feels equipped to take charge of the affairs of the organisation, it is normally as cohesive as it can get.

Case Study 19

In 1989 women who had been engaged individually in different businesses before started excavating and crushing corral stones in small quarry closed after all excavation had been banned within the City boundaries. The area is surrounded by a shopping centre, high-income housing schemes, a school, and faces the main north-south artery through town. The women fill the niches between the various plots and kiosks with a display of their production but do not take up any privately owned land. They are, however, very conspicuous. From the beginning, the sight of women crushing stones on the roadside with the most primitive tools caused curiosity and attracted the attention of both benign and hostile forces. Apart from foreign and local students taking an interest in them, television crews have visited them and support agencies promised, but never delivered assistance and loans to them. The City administration served them several times with eviction notices on grounds that quarrying was banned in town. The City police left every time without succeeding in their removal. The owner of newly developed plot inside the former quarry also tried to get them evicted from along his wall and failed. Nobody wanted to become an enemy and the women offered passive resistance but may have thrown their stones if the attempts at removing them had become physical. When representatives of the group went to a conference in Morogoro, the local branch officials of the ruling party branded them publicly as traitors who sided with the opposition (one of the conference organisers happened to be a member of an opposition party). This almost cost them the tacit support of the Councillor for this constituency. These and other incidents lead to internal conflicts and to a number of the women leaving the group and seeking business opportunities elsewhere. The remaining 31 are more determined than ever to resist any attempt at driving them off. They have in the past year imposed a price cartel in their area, established a welfare fund and re-organised their individual locations and displays in such a way that every member is easily accessible by customers.

11.5 We have seen that this is sometimes the case with groups of women. Because of the general indulgence they enjoy and the less conspicuous niches they normally occupy, they are not as prone to striking political deals. The political and institutional culture in Tanzania is a peculiar blend of village lore and Northern concepts. Where a self-help organisation, in its efforts to face its environment squarely, strikes too close a relation with representatives of this culture, it fosters processes and conditions that escape the ordinary member's understanding and control. It is the largely benign and all-embracing attitude of the lower political and administrative levels that tend to trigger off these developments in self-help organisations. Even if they did it in good faith, their infiltration of self-help organisations is doing an effective job in rendering them politically and socially impotent. Their internal cohesion erodes. External affairs become a secretive affair between a few selected individuals. The border line between private political and monetary gains and common benefits for the broad membership becomes blurred.

11.6 Conditions that would produce political strength

A self-help organisation could become a political and social force to reckon with and could take on advocacy functions only if

it was democratically constituted.

- its operations and financial transactions were transparent to the members.

- the members received services according to their contributions, or contributed according to their use of services.'
- its public conduct and politico-administrative alliances could stand the test of scrutiny.'
- members, through their daily involvement, gave it an unalienable sense of integrity and independence.'
- apart from its understandably narrow and local goals, it had a wider political agenda and more universal vision.

11.7 The case presented below show that, under the prevailing conditions, this is possible only in parts or to degrees, and under exceptional circumstances.

Case Study 20

The organisation came into existence in the mid-1980s after the local government had continuously harassed goat sellers roaming town with their herds in search for customers. At the time, the general public despised traders as profiteering middlemen and many politicians called the goat sellers hooligans and tramps. Courts often fined them or put them in prison. A group of them eventually decided to look for a piece of land where they could establish a central goat market. The place found is conveniently located on the route on which goats are brought into town. The local branch of the ruling party took the goat sellers under their patronage and allowed them to use the space. In return, they paid a commission on every head sold to the party branch. They adopted a standard constitution for a co-operative society but failed to get registered as such for the same reasons the local government had, harassed them. Instead, they submitted the same constitution to the Registrar of Societies who granted them official status, without bothering to advise them on changes necessary to comply with the Societies Ordinance. Over the years, the group grew to now 385 members. It invested heavily in developing the market and managed to first reduce and then completely cut its obligations to the ruling party. It also obtained long-term leases on the land and a nearby plot where they want to build a guest house for the transporters and breeders of goats. Eventually, they had to realise that their current position is untenable. The authorities may declare the long-term leases invalid and the bank may not grant the required loan for the guest house, once a hostile outsider realises the irregularities. By law, a society cannot own and manage property as if it was a co-operative. It cannot enter obligations such as a loan, as the law does not provide for the case of a society having major liabilities. The group now prepares for the establishment of a trust fund that will manage their common property. A trust fund cannot be controlled as tightly and effectively by the membership, but it appears that the success in shedding off political control, in managing their affairs equitably and with democratic procedures and in improving both collective and individual business performance over the years has instilled such confidence in the members that they do not see any problem with a few trustees managing their common property.

11.8 The ILO asked us to assess

- "the role of interest organisations to defend members' interest in policy processes at the level of the Dar es Salaam municipality (advocacy);"

We have shown that existing self-help organisations do not and cannot, at present, engage in publicly presenting and defending their members' interests.

- **"their capacity to provide services to members and to facilitate access to training, locations/business sites, credit, sources of technology, raw material/equipment supplies and to sales markets (business and social services)";**

We have proven that existing self-help organizations in Dar-es-Salaam do produce and deliver a wide range of services from their own resources. These are those services than an individual member cannot produce or that the environment does not provide or that the individual member has no access to. They rarely, however, provide the services listed in the Terms of Reference. In addition, self-help organizations can only, in exceptional cases, mobilise externally provided services and thus cannot immediately act as conduits for such services as they lack the experience to do so. The current institutional environment does not offer what these organizations mostly want, i.e. security of land tenure, credit, licensing, reliable and affordable taxation, appropriate commercial and technical training, lawful registration as an association. Where existing institutions offer these services their representatives make access to them condition to extra-legal claims for money and privileges in kind. After painful experiences of that sort, self-help organizations avoid exposure to institutions so as not to increase costs to their members.

- **"The extent of degree of self-organization in Dar-es-Salaam"**

Our estimate is that around 20% of informal sector operators are organised in some form of group that at least has the potential to become a genuine self-help organisation. We have presented in the previous chapters ample clues as to where to find them and, once found, what organisational characteristics to look for in determining whether or not a group is a self-help organisation.

- **"major factors that inhibit the development of effective interest and service organisations;"**

Self-help organisations in the informal sector represent appropriate responses to the current conditions. Their potential to further develop their current functions and to make them more effective, however, is severely limited. The major inhibiting factors, according to our experience and analysis, derive from the need of self-help organisations to strike illegal deals with their environment and are thus external to them. The other set of factors is internal in nature and can be summarised as lack of managerial ability, political foresight, and democratic traditions.

- **"the need for institutional reform (legal, fiscal, political, financial) to ensure wider participation of organisations in local policy-making and implementation;"**

There is certainly a need to for major institutional reform. However, what exactly needs to be changed should be the result of wider participation of self-help organisations in local policy-making and implementation. We argue that both sides are not ready yet for such co-operation. The policy makers lack the will to allow wider participation. The members of self-help organisations are wary of the State in general and particularly suspicious of local politicians and administrators. The need, after the recent major on-slaught on the informal sector, is not so much for institutional reform as for facilitating a national dialogue about the informal sector, supported by exemplary procedures as well as measures, that would eventually define the kind of institutional reform required and build up the support for it in the process. Self-help organisations would have to play the crucial role in this dialogue. If such a dialogue would take place it would be a major institutional reform in itself.

- "scope for participatory support programmes to strengthen managerial and service capacity of self-help organisations."

The scope exists but to fill it with meaningful and sustainable measures requires a careful approach that is demand-driven, process-oriented and incremental in nature. We describe these and other elements in more detail in chapter 13, below.

12. Conclusions for Policy Formulation and Institutional Reform

12.1 The case for actively tolerating or even promoting the informal sector, and to do that with the support and guidance of self-help organisations, is strong in countries such as Tanzania, almost no matter what ideological inclination one follows. What is more decisive than the mere wish "to do something" about the sector: there is no way to suppress it or to control its growth. It is here to stay and to grow, not by the force of any political agenda or of the degree of self-organisation in the sector but due to economic, social, demographic and migratory processes too powerful to be stemmed or otherwise directed by political or administrative means. As in other countries where the informal sector has reached similar proportions, the problems rather appear to be concerns about bureaucratic expediency, economic rationale and almost hygienic dimensions. There is not so much a need for specific institutional reforms at this juncture, but for a wide and intensive public debate on the informal sector in which self-help organisations would have to play a major part. The sector concerns the life and economic well-being of almost every urban family in the country and is of such size and vital importance to the overall economy that it should range at the top of the national agenda. Whatever reforms may be necessary must result from a hard-won national consensus rather than a policy paper or a technocratic treatise such as this study. The political will and the commitment to accommodate, let alone support, the informal sector is restricted to a few and not the most influential corners of the administration. Local politicians do little more than politicising isolated issues for obvious and short term gains. Legislators, since the inception of the Human Resources Deployment Act in 1983, seem to believe that all the instruments necessary are there.

12.2 The features and subjects of the proposed public debate can be summarized as follows:

wide-spread recognition for the importance of the informal sector, the constructive role of self-help organisations as well as its current need for extra-legal arrangements.	through high-level round table discussions moderated by an informal sector champion", involving the Ministries responsible for local government, cooperative development, industries and trade, finance, labour, and home affairs as well as the City Council;
the creation of space for a wider public debate in which members of selfhelp organisations would feel comfortable to take part,	major and repeated symbolic acts of good will by the Central Government and the City Council that would address the issue of street-based businesses
"a deeper sense of civic pride on the part of self-help organisations for their achievements;	on-the-spot guidance and support to the broad membership of self-help organisations in documenting and publishing their history with major achievements and their current state.'

<p>a higher degree of political competence on the part of representatives of self-help organisations, and of neighbourhood chairmen, councillors, and representatives of all political parties active at local government level,</p>	<p>civic education workshops at ward level that would focus on the representative role of ward chairmen and councillors, the serving role of the local government administration, the need for dialogue and the techniques of establishing consultative mechanisms in formulating local policies</p>
<p>greater organizational competence in leaders and members of self-help organizations.</p>	<p>demand-oriented and hands-on training in organisational and financial management, appropriate to the educational levels and the time constraints of informal sector operators;</p>
<p>the provision of experimental grounds for both self-help organisations and political representatives in the local government system to identify opportunities and problems and seek responses to them at neighbourhood and ward level;</p>	<p>inviting and supporting neighbourhoods and wards to hold round table discussions to plan and implement measures that would further the local small and micro-business development and improve management of public and waste land. These round table should include the neighbourhood chairmen, representatives from both informal sector self-help organisations and neighbourhood development associations and chaired by the respective councillors after their civic education has been completed;</p>

<p>the creation of a clear signal that the City Council and Central Government are keen to see the informal sector grow and self-help organisations in it to take an active lead in the process.</p>	<p>the training of City planning, cooperative development and trade officers in developing a greater sense of service to the public and in moderating public hearings and planning sessions with members and leaders of self-help organisations"</p> <p>the allocation of at least four additional locations of not less than two hectares each in the City Centre (condemned residential plots, open spaces, etc.) for site and service commercial complexes to which minimum building standards will apply; the City Council inviting existing selfhelp organisations from particularly congested areas in City Centre, with a proven record of managing and defending an invasion for not less than three years, to develop the minimum standards to be applied, to agree on a time frame, to set the stand and service fees and to start occupying portions in the complexes.</p>
<p>consolidated recognition of the contributions by self-help organisations in the informal sector to the economic development of the country and to solutions to problems caused by the unchecked growth of the sector in the past few years.</p>	<p>inviting round tables in the neighbourhoods and wards to take part in a city-wide competition to improve existing areas of business concentration (cleanliness, waste disposal, layout, design of stands and kiosks, control of water consumption, accommodating traffic and pedestrians, etc.);</p> <p>giving the right of occupancy for not less than 5 years to the best scorers, using achievements of best scorers as Models for the development of future standards to apply to areas of business concentration that wish to obtain the right of occupancy;</p>
<p>a greater contribution by the informal sector to internal government revenue.'</p>	<p>fixing appropriate rates and setting up mechanisms for the collection, of levies, fees, taxes, etc., in collaboration with self-help organisations through round table discussions from the ward upwards;</p>
<p>a reform of administrative practises as applied by the Co-operative Development Department and the Registrar of Societies in the registration process and of support mechanisms provided subsequently, to replace current extra-legal arrangements"</p>	<p>consultations between the Department, registered co-operatives, and groups aspiring co-operative status in which the Co-operative Societies Act (1991) and particularly its guidelines on by-laws are thoroughly reviewed.'</p>

<p>the gradual improvement of the legal framework for small and microenterprises as well as for their representational bodies;</p>	<p>the compilation and publication of all relevant acts, ordinances, laws, and bylaws relevant to the establishment and running of a business, consultations between the legal adviser of City, the town planners, the trade officers, councillors and self-help organisations from all trades to identify obsolete and inappropriate legislation, 'scrapping all legal obstacles to entry into the economy and growth found to be inappropriate and/or obsolete</p>
<p>the democratisation of existing selfhelp organisations in line with basic principles of member-based organisations</p>	<p>throughout the process, offering to participate in efforts of self-help organisations to strengthen their operations on condition that the broad membership is involved in the planning and execution of such efforts and that the respective self-help organisation changes its current mode of operation if this was not in line with democratic principles and the leadership had no democratic legitimacy.</p>

These interdependent processes take their own time to gain momentum and produce results. We estimate that even with intensive efforts in each of the eleven areas and perfect phasing, it could take five years for the current situation to evolve into a more permanent arrangement that would be open to most organised informal sector operators and has the support of the major parties involved. The approach cannot be divided either. This means that it requires the commitment and means to see it through. As the process will address conflictual issues and produce its own conflicts, it also requires the will to face these squarely and to take sides.

12.3 It is further suggested that the Prime Minister's Office - Local Government - should become the focal point, for two reasons. First, the various wings of the local government administration are in daily touch with the informal sector. They are responsible for the ways land is used 'in the towns. They collect fees. They license and inspect businesses. They get involved in physical confrontations with informal business operators. They are also directly responsible to the elected representatives of the people, the Councillors and the neighbourhood chairmen. Secondly, the Prime Minister's Office is responsible for any inter-ministerial undertakings such as this clearly is. It is well-placed to ensure that the different line ministries involved begin to see the informal sector not as a social and technical problem but as an economic as well as a political challenge. The Prime Minister's Office is further the interface between the administration and the body politic and thus instrumental to the proposed broadening of the public debate on the matter. It is from here that the required moratorium and amnesty can be masterminded.

12.4 In facilitating such a national dialogue, from the smallest constituency level up and outwards, the ILO could be requested to contribute to finding a consensus on how to best deal with the inevitable growth of the informal sector. Through this process of public discussions an example would be set as to what the general political culture in Tanzania could look like and how matters of equal national import could be dealt with in future. It would certainly provide the lower administrative levels and the self-help organisations with the opportunity to substitute dialogue for extortion, transparency for secret deals, and mutual respect for dislike.

13. Conclusions for Co-operating With Self-help Organisations

13.0.1 In these conclusions, the authors draw heavily from their experience in their daily project work. Self-help organisations in the informal sector, even where they have assumed a formal legal status, do not lend themselves easily to co-operation with formal agencies. They certainly find it extremely difficult to put to gainful use standard service packages, be it credit or training. They would most probably have even greater difficulties in acting as partners for a formal agency in the provision of additional services to their members. None of them could off-hand satisfy the accounting and reporting requirements this would entail.

13.0.2 Self-help organisations left to themselves serve their members, and their leaders are accountable to them. Loyalties, attention, energy flows and legitimacy change when outside agents get involved. The spirit of self-help subsides, initiative and energy is directed towards attaining help from others. Members lose control over the organisation and their sense of integrity erodes. Elected leaders tend to turn into representatives of the system vis-A-vis their members. Distrust and apathy set in. They do, however, respond positively to outsiders who show respect and patience to them and are open to their ideas and their ways of going about things. The approach in cooperating with self-help organisations is of greater importance than the content of cooperation.

13.1. The issue, therefore, is not so much to assess "the scope for participatory support programmes". The task is rather how could one can inspire a national agency to participate in, and support, the planning and execution of measures, services, etc. that the members of a self-help organisation find vital to their business or welfare and for which they can mobilise the bulk of resources from within. To overcome the structural obstacles to co-operation and to avoid the social and psychological damage coming with ill-conceived co-operation, such support of selfhelp organisations would have to be carefully designed and satisfy the following formal requirements:

the current services that an existing self-help organisations actually provides to its members are the best indicator as to what is most vital to its members. Cooperation therefore should aim at stabilising what a self-help organisation does before embarking on additional services',

- co-operation with self-help organisations cannot rely on the application of a standard range of methods and tools or a standard advisory package.' rather it has to develop tailor-made solutions with each of them.

- the volume and value of outside resources, particularly manpower, must be incremental, i.e. considerably smaller than what the members will have mobilised as their contribution to the co-operation, also the scope and content of the measures a self-help organisation wishes to undertake need to be an incremental addition only to what they are doing already. Where members, for example, for the past years just managed to provide over-night security services to each other, they may not be able to immediately add a welfare and savings and credit scheme.

- co-operation must be contractual, i.e. based on a written agreement that specifies the purpose, the various activities to achieve it, who contributes what, who is responsible for what, and by what date the co-operation ceases.

- planning and execution is done by the broad membership, with the participation of their elected leaders. The outside contribution is to be time-bound and restricted to moderating the process and providing the appropriate tools and techniques, where required..

- assistance must not become a substitute but offer the little gear missing and the instruction manual for it so that a self-help organisation grows in independence, integrity and self-determination;

- a contractual relation with a organisation has to be preceded by a tentative and confidence-building phase of assisting members to carefully and patiently explore their expectations and establish the financial and managerial capacity of their businesses and that of their organisation.'

co-operation itself as well as planning and execution must be based on a democratic process of opinion formation and decision making that involves the broad membership throughout and analyses expressed needs for services realistically, carefully and comprehensively, in terms of financial and managerial sustainability with the respective groups resources.'

- whether co-operation aims at internally strengthening a self-help organisation or at improving its relations with the outside, it cannot approach these matters in a purely technocratic manner. Problems facing self-help organisations in the informal sector do not exist because of absence of communication or the lack of a technical solution. Co-operation will have to touch upon and thoroughly explore with the members its wider political ramifications, the patterns of dominance, and the need to challenge them, inside the organisation and in its environment, and has to aim at political solutions using political means and anticipate the countervailing powers these will mobilise,

- co-operation thus has to aim at empowering the members to gain more control not only over the immediate issue at hand but also to win other causes in future.'

- while action will certainly have to be direct and localised so as to involve the maximum number of members in the achievement, it has continuously to be put into a wider context and perspective.

- all this needs careful and extended preparation and almost daily contact between the outside agent and the members of the self-help organisation

- the mobilisation of member resources, particularly if in cash, require a transparent financial system that all members can understand and audit at any time any of them wishes to do so.,

- members also need to be able to independently assess their achievements in such co-operation and therefore to agree in the planning process on measurable indicators for the impact of the co-operation on their business and their household, prior to resuming execution of activities;

- as the measures have to be in the hands and control of the ordinary members all dealings and documents have to be in the vernacular and use communication and documentation methods manageable by groups in literate;

- finally, the benefits from the co-operation have to be equitable: where there is stratification in a self-help organisation, or otherwise the members' businesses or personal circumstances differ substantially from each other, it may be necessary to design measures at sub-organisational level and address each sub-group's needs separately.

These principles should apply throughout the policy dialogue and the experimental or exemplary measures suggested at neighbourhood and ward level