

The informal sector and structural adjustment – strengthening collective coping mechanisms in Tanzania

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Structural adjustment programmes have affected Tanzania more than most countries, and although the informal sector has grown in numbers of businesses, swelled by those who have lost their public sector jobs, the position of most urban small traders has become more precarious as public services crumble and frantic land-grabbing threatens their right to trade in a particular locality. As the centralized government has withdrawn from many activities, together with the protection it afforded the urban poor, small self-help organizations have come together spontaneously to provide their members with the very basics of health insurance, representation or land rights. This article describes some of these indigenous organizations, as well as the project which is providing advice and training to meet some of their limited objectives.

The informal sector thrives on poverty – and structural adjustment policies

THE INFORMAL SECTOR in Tanzania is growing rapidly in response to the sharp fall in incomes and jobs in the official economy, which has followed the introduction of structural adjustment policies. In 1991, the Ministry of Labour counted more than 210 000 businesses with an average of 1.5 jobs per enterprise in Dar es Salaam alone. This means that almost every other household receives at least part of its income from the informal sector. These and the following figures taken from the same report are probably gross underestimates of the real situation. They also do not include prostitutes, petty thieves, beggars or the vast army of daily labourers, domestic servants, gardeners and watchmen who mostly escape official employment statistics and constitute the core market for the informal sector. Nonetheless they indicate the sector's relative size and importance.

The ILO has classified the vast majority (95 per cent) of these informal sector businesses as survival activities with limited growth potential. Combined, however, they produce a value added that is equal to 32 per cent of the officially recorded Gross Domestic Product. Individually they provide average earnings per worker that are 2.6 times higher than minimum wages in the urban formal sector and realize an average return on investment of 330 per cent, indicating the minimal levels of investment, rather than general profitability.

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

- a high concentration in certain trades with the effect of self-destructive competition:

The informal sector is weak

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- businesses operate in premises or locations not legally recognized (86 per cent);
- highly localized markets (only 2 per cent of the products cross a district border);
- supply (75 per cent), production, sales (93 per cent) and consumption form a closed circle at the bottom of the economy;
- industrial relations, safety and environmental regulations and social security systems do not apply;
- the exploitation of family labour prevails.

Structural weaknesses are compounded by the individual shortcomings of operators who have: low levels of education (22 per cent with no schooling, 22 per cent not completed primary and 51 per cent completed primary school only); limited technical and hardly any commercial skills; no confidence in either their environment or their business.

The informal sector is a continuous topic of political controversy

The informal sector absorbs and maintains a fast growing urban labour reserve. The ruling class in Tanzania generally appreciates both the buffer function of the informal sector and the political weight of its size. It has so far avoided an all-out confrontation. At the same time, it sees the informal sector as a threat and a nuisance, as it escapes its control, occupies large pieces of valuable urban land and defies the official vision of development. This irritation leads to contradictory public statements and incoherent measures mostly by the local government authorities against small pockets of informal sector operators. Government announcements and actions heighten the prevailing climate of insecurity.

This climate of insecurity, 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. Businesses withdraw into further obscurity. Innovation cannot take place. Thresholds of entry, such as capital or skills base, drop and the capacity of the sector to absorb ever less-qualified and equipped operators increases. Self-destructive competition enters a downward spiral and continues at ever-lower levels.

The current changes widen the gap between poor and rich, powerless and powerful

Without offering equivalent substitutes, the current changes brought about by structural adjustment programmes remove all economic, social and political protection that the urban poor enjoyed before, under the centrally administered economy and the one-party state. Economic power rests in a few hands. The entrenched state economy is unable to compete with imports. The state machinery struggles to keep jobs, and its servants tap ever new sources of illicit income. The tax authorities collect only a fraction of what is due to the state. Public services crumble. Massive defaulters on service fees go with impunity. The once-single party, as much as the newly formed opposition parties, try to placate both rich and poor, and are thus unable to provide credible guidance. The old social fabric fades away. While providing opportunities for the informal sector to penetrate society and economy thoroughly, the current changes also threaten to destroy the very foundation on which the sector could thrive. Within the wider city boundaries, public space, unclaimed or under-utilized land, and previously hazardous areas become precious commodities for speculation as well as development. The frantic land grabbing currently taking place leaves informal sector operators in highly insecure niches. In many places they can only protect themselves by a higher concentration than is good for their business.

Self-help organizations cater to the most vital needs of their members

Acts of defiance need a critical mass of people, and a leader

Co-operatives still enjoy considerable privileges

Trade-based pressure groups are still rare

The self-help organizations

There is little reason to assume that this situation will improve in future or that the state will recover its moderating and redistributing functions. The SIDO/GTZ crafts and small-scale enterprise promotion project therefore builds upon internal mechanisms in the informal sector to cope with the consequences. These, of course, exist at household level, but also in the form of self-help organizations catering to the needs of their member enterprises. In Dar es Salaam alone there are more than 300 such organizations. They all have in common that they came about as the result of a genuine act of self-help or defiance of authority and that they continue to provide vital services both to their members and to the public. However, they are also beset with the peculiar blend of paternalistic attitudes that the pre-colonial past, colonial domination and the one-party state have produced in Tanzania. These are not very effective in keeping out the polarizing forces of the new economic and political order.

Not all mutual assistance that exists among petty entrepreneurs takes an organizational shape. The sharing of implements and tools, collections for funerals and other intermittent forms of assistance occur in most places where there is a concentration of businesses. Genuine self-help organizations in the urban informal sector have often begun as groups invading a piece of, mostly public, land. These invasions require a critical mass of people as well as leadership and organization. Such groups, in the past 30 years, have built 63 recognized neighbourhood food markets in Dar es Salaam with approximately 6000 stands. Without them Dar es Salaam would neither have a fish market nor a cattle market, neither would there be provision of food and beverages in working places. These groups also offer second-hand clothing in more than 20 specialized markets. Construction crews, repair services, push-cart operators, porters and others, through their organizations, have created central service markets at neighbourhood level. They have invented and put into place an impressive range of creative arrangements to protect their livelihood, as the case studies given further on demonstrate. They are loose defence groups whose overall impact, however, is rather restricted and localized.

Other groups were formed in times when co-operative status provided protection from the anti-business bias of the old regime. They hold together around some common property or a privilege granted in the past (often grants disguised as loans or land use rights without a title deed). Very few of them are genuine workers' co-operatives. Their membership on paper includes workers and helpers, but those who regard themselves as the real owners would never recognize them as shareholders. This pretence is a legacy of the past, and it has created in the members a set of particularly resilient myths and habits. This has, for the moment, a favourable aspect. No matter what co-operative type a group chooses (service, marketing, savings and credit, supply or even housing), it invariably provides a common licence and preferential tax cover for all members and all their business operations.

Since 1991, big business has been getting organized in chambers, confederations and other forms of pressure groups. This trend has begun to trickle down to smaller businesses as well, although on a minute scale. In these pressure groups, the more established enterprises and more educated operators struggle to find a common response to often-incoherent government measures. The measures aim at reconciling the economic effects of market forces with the political need to placate particularly the emerging indigenous entrepreneurial class. These associations often accept employees of their respective trades within their rank and file, sometimes elect

them into office and almost invariably aim at both professional and business-specific aspects of their trade. Thus their focus is not very clear. They still reflect to a large degree the old regime's denial of conflicts between social groups in Tanzania. Many of the smaller trade-based associations have been formed in anticipation of wholesale foreign subsidies for vehicles, the equipment and recurrent costs of offices, allowances for elected representatives and the salaries of their employees. Their attention is not on broadening their membership base. How more informally based self-help organizations have started to deal with the basic needs of their member businesses is best illustrated with a number of cases.

Case one: the factory canteen

A group of 29 women and 6 men provide breakfast and lunch to workers in a factory. Individually and over the years, each of them has bought the right to establish her or his canteen along the factory wall from a certain employee in the factory and has built her or his canteen from own funds. As a group they realized their need to protect their property over night and began to collect daily fees to pay watchmen. They also ensure that members keep their canteen and surroundings clean. From their collections the group also contributes a certain amount in case a member falls ill or otherwise faces a crisis. In addition, individual members help each other out with utensils, personal and business advice, additional collections of money in times of crisis and lending working capital to those who happen to fall out of their business cycle. Without any written rules and regulations they elected three office bearers who deal with the finances and outside relations.

Since security is a common good from which they cannot exclude any owner of a canteen along this factory wall, and the group has not agreed on any punitive measures against non-payers, an average of only 15 members pay their dues regularly. This in itself has forced them to charge disproportionately high fees. It also encourages further members to become free riders. Despite growing pressure by the health authorities to do so and although they have the money required, the group has been reluctant to invest in pit latrines. An eviction could cost them the investment. The free riders would be enjoying another service without contribution. The fragile land-use arrangements thus hinder closer ties and further development.

Case two: the new group

Another group of 32 women originated from the split of a larger group mainly engaged in embroidering. During an anti-malaria campaign, an agency gave this larger group an in-kind donation of mosquito-nets for sale. Part of the group expropriated these after which the losers moved to a new location and diversified their businesses. Some now weave mats, others sell vegetables and fruits and yet others provide meals in the evenings. To that purpose the group rents a canteen and sub-lets it to interested members against a fee which on average is almost three times higher than the rent. In addition, each member is supposed to pay a monthly fee to meet the costs of welfare contributions to individual members in crisis. Probably because some members feel that the canteen is raising sufficient money, the collection of fees normally falls short by 30 per cent. Despite that, there has been sufficient surplus to pay rent for a common garden one year in advance and to buy seeds and fertilizer. The surplus, however, is not sufficient to realize their other plan of buying their own canteen. Although only four months have passed since they re-organized in the new location, there should have been a substantial amount of money in the custody of the chairperson. As it is, the actual

Organizational and service delivery problems cannot be separated

Resilience and imagination are often undermined by a lack of organizational structure and direction

Short-term
organizational forms
create long-term
problems, particularly
relating to collective
property

amount is much lower and members are increasingly weary about the conduct of their elected office bearers. Again this group has no written rules and regulations, no code of conduct and no penalties for non-fulfilment of obligations.

Case three: the wood-workers and metal-workers

A co-operative of wood- and metal-working enterprises has been operating for years from a now valuable industrial plot in the town centre. To inflate its importance it had over the years co-opted each person working on the premises as a member. At last, they claimed to have 652 members. After paying back their debts to SIDO, who had originally put in the sheds and basic machinery, the co-operative was able recently to acquire a long-term lease on the property. Now those few members who regard themselves as the real owners have realized the value of the plot and wish to sell it and share the profits among themselves only. They may have great difficulty to convince a court that they and not all 652 are the owners. After all, each member has a nominal share in the co-operative as is required by the law.

Another group of tinsmiths started off as a partnership of seven. Over the years the group grew to 68, mostly because apprentices chose to stay on. Since all had contributed at least their labour to acquiring the long-term lease on the land and to paying back a loan, the original owners agreed to transfer all property to a co-operative specifically formed for that purpose. With the sudden appreciation of land under the new economic and legal order, the original owners had second thoughts when removed from office in a recent election of the co-operative leadership. The title deed still bears the name of the extinct partnership. When one of them died recently, they talked the family into obtaining a court order against the co-operative in order to auction the land and share the proceeds among the original partners.

Case four: the kiosk owners

An association of kiosk owners has never clearly defined who is a member as it does 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 any such demolition. The association gave the impression of an effective interest and pressure group. When a little later the local government prepared for another campaign against street-based businesses, such as hawkers, pedlars, second-hand clothing sellers, 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 the 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 actually to absorb the new members as its constitution provided for direct member representation only. The indiscriminate acceptance of new members without charging membership fees created a constitutional crisis, which the

Local government
uses divide-and-rule
tactics against self-
help organizations

elected office bearers failed to solve. The chairman retired from business into salaried employment and lost his position.

Two years later the association re-adopted its old name and now claims to represent 48 members only. The local government approached the new leadership to reduce drastically the number of kiosks in the city. Satisfied that their own kiosks would not be affected they agreed to establish the number and location of those of their members that operated a kiosk without licence. Using the names in this list, the local government issued demolition orders. Obviously, the local government has learnt from earlier failures in all-out confrontations. It now selects pockets and, in a divide-and-rule manner, seeks active collaboration from those concerned. The leaders of the organization, who once claimed to represent all street-based businesses, lost tens of thousands of potential members because of their high-handed but helpless response to a political opportunity that may never occur again. Now they have turned against their own members and will certainly lose the few who are left.

The project

The Crafts and Small-scale Enterprise Promotion Project is a joint undertaking between the Small Industries Development Organisation of Tanzania (SIDO) and the GTZ, the official German agency for technical co-operation. SIDO is an institution attached to the Ministry of Industries and Trade. The project does not provide assistance at enterprise level; its clientele are self-help organizations of enterprises in the crafts and small-scale enterprise sector. It co-operates with all trades and sub-sectors except agriculture and covers the whole range of existing forms of association. The project follows a demand-oriented and complementary self-help approach. It wishes to strengthen the ability of self-help organizations to offer to their members relevant services and to represent their interests. The project supports self-help organizations, at their request, in the production of such services to their members in which the organization itself has identified a need and demand for support. The project does not act on behalf or in place of the self-help organization but supports, with the instruments available, its activities.

The project response

The Crafts and small-scale enterprise promotion project responds to requests from self-help organizations. Every self-help organization is unique in its history, its composition, its structure, its services, and its problems as much as in the way it defends its members, and has struck arrangements with its environment. No uniform package of project services would satisfy their needs. Also strengthening self-help organizations means to strengthen their independence and integrity as well as the spirit of self-help in the members. The project, therefore:

- participates in the planning and implementation of a limited set of activities (which is referred to as a sub-project) for which the self-help organization has identified the need and bears the responsibility;
- agrees to such participation only if it seems likely that the client can meet all direct costs of the planning and implementation of these activities;
- insists on involving the broad membership in all stages of a sub-project;
- charges a nominal fee for its participation;

The project serves
self-help
organizations of
enterprises

The project operates
like a consultancy
firm

- enters contractual relations with a client organization for not longer than five months at a time;
- ceases co-operation immediately if the client does not act in good faith or does not fulfil the above conditions. In reverse, a client may withdraw from co-operation at any time.

The project does not subsidize, or otherwise contribute financially to, the day-to-day running of self-help organizations, neither does it engage in the formation of new organizations.

For optimum impact efforts are concentrated in one region

The project works with as many self-help organizations as it possibly can manage at a time with its given resources. It concentrates efforts in one region, Dar es Salaam, and requires that a partner organization has more than 25 member enterprises. It links local self-help organizations with each other in one sub-project, particularly where they have identified a common concern and may wish to learn from each other.

Not many of the 200 or so self-help organizations the project has met so far have enjoyed the mixed blessing of outside assistance. Yet all of them are aware that there are agencies who claim to be at their service. Many have had rather unpleasant, mostly one-off, encounters with some of their representatives, often promising loans or grants, demanding dubious registration or other fees and never returning with anything. Quite rightly, therefore, they tend to receive the project with a blend of suspicion as to its reliability and, if faint, hopes that despite its clearly stated policy they somehow can expect financial contributions eventually. Similarly, they expect the project to act very much as their numerous so-called patrons, and do things for them. The project requires that self-help organizations meet their own costs and insists that it will do things *with* them but not *for* them.

The project requires that self-help organizations meet their own costs

Initial requests from self-help organizations often reflect the vested interests of the more influential members or are far too ambitious. Before entering full contractual relations with a group, the project insists on analysing the present situation together with as many members as possible. Members discuss the initial request in the light of a thorough analysis of what they expect from each other, from their elected office bearers and as services from their organization, and to what degree they are satisfied with these. The field team then helps the members to put together all the basic financial data of their organization and to assess its financial position as well as its capacity to safeguard and manage the member contributions. In almost all cases, members modify and re-rank their initial requests after these time-consuming exercises.

The project provides a large part of its services prior to entering contractual relations with a self-help organization

A sub-project as such may last for two or three weeks only. The overall process of reaching and carrying out a contractual agreement with a group, however, takes far longer and involves not less than 15 meetings in their location. With a new client the pre-contractual dealings can take up to two or three months. With an organization that has already completed a previous sub-project cycle it may still take two or even four weeks. The field teams together with the members to establish member expectations and rank member satisfaction, as well as analyse the financial position of their organization with a range of instruments specifically adapted to the educational level of the members, and with the help of group moderation techniques that give the rank and file members the opportunity to share their views and feelings openly. This not only brings underlying conflicts to the surface that need to be dealt with as they arise, it also makes members curious about the instruments and their application. Often they wish to learn their independent use. The same applies to the subsequently

introduced planning tools and techniques that the project team has derived from a modified logical framework. It may happen that the members feel they should not discuss some of the conflicts in the presence of outsiders. In such a case, they often ask the field teams not to come back for some time. On resuming relations later, the members may want to repeat some of the previous exercises. Full contractual relations begin only when not fewer than 30 per cent of the members have completed and documented the membership satisfaction analysis, the financial assessment and the planning process, and the majority of the members have authorized their leaders to sign an agreement with the project. The following paragraphs describe the salient points of some of the current sub-projects, and illustrate how the sub-project request may change its initial request.

Case five: the goat sellers' loan request

A group of more than 350 goat sellers requested from the project assistance in outlining a more appropriate constitution that would help them improve their internal organization. It soon became clear that this was not sufficient. The more worrying aspect of the matter was that the legal status of the group as a society was in conflict with its real purpose. The organization came into existence in the mid-1980s after the local government had continuously harassed goat sellers roaming town with their herds in search of 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 was 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 Act.

Over the years, the group 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 now want to build a guest house for the transporters and breeders of goats. As much as the founding members detest the co-operative movement for its hypocritical stand on their registration in the past, they have come to realize in discussions with the project 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 realizes the irregularities.

By law, a society cannot own and manage property as if it was a co-operative. It cannot enter into obligations such as a loan, as the law does not provide for the case of a society having major liabilities. The group changed the original request. The sub-project aims at assisting the group in looking closely at all aspects involved and to determine the most appropriate legal status. This is most probably that of a service co-operative. The new Co-operative Act of 1991 specifically states that there are no restrictions on the kind of business undertaken by a group who wishes to register as a co-operative. If all goes well, a subsequent sub-

The legal status of the group as a society was in conflict with its real purpose

Groups were assisted in determining the most appropriate legal status

project may address the design, financing and management of the guest house.

The co-operative
needed to put its
house in order before
embarking on new
plans

Case six: the tinsmiths' co-operative

A co-operative of 68 tinsmiths requested the project for advice in establishing a savings and credit scheme. They jointly own a long-term lease for an industrial plot with a small office block, some machinery and hand tools. These assets are of considerable value, due to the appreciation of the land, and probably represent two years of the members' accumulated incomes. The investments in machines and hand tools have deteriorated over the years in which the group acquired them through a loan by SIDO. The more valuable machines are in disuse. Members own an equal nominal share of Tshs 1000 only. Instead of fixed regular contributions, the members contribute 10 per cent of their individual sales to the running of the co-operative. Its services to the members, apart from offering common premises and a common licence, include security, marketing and welfare assistance. In addition, the group discusses any business problem of a member at their monthly meetings to find a solution. For a number of years, the co-operative lent surplus income to certain members, but the rules were vague, records incomplete and they never fully recovered the money. When establishing the financial position with the members, it soon became clear that the 10 per cent commission due to the co-operative was unnecessarily high, that members probably sold goods without paying the commission, and that nobody could fully account for the still substantial surplus of the co-operative. Apart from the embarrassment this created for the elected officials, it also demonstrated that the system in place was not safe for members to trust it with their savings. The sub-project now looks at the overall financial management and ways to make the system more transparent and reliable.

Self-help services are
reviewed in response
to ongoing reductions
in public services

Case seven: the porters' health-care scheme

Near bigger food markets, storage depots and the railway stations, porters have organized themselves in co-operatives, after years of in-fighting among themselves over jobs and individual harassment by the authorities. They set out to ensure fairer access to loading and off-loading jobs, to provide welfare assistance in times of crisis, to contribute to burials, to bail fellow members out of prison and to meet medical expenses. They function very much as the teamster unions in the USA, and the project has agonized for some time over whether to co-operate with them or not. As with service market groups in other parts of the city, their members' occupation ranks somewhere between self-employment and piece work. The porters do not even bring their own tools or implements to work, only their calloused hands and broad backs.

In the event, the project entered negotiations with two co-operatives. Both felt they were facing problems that threatened the integrity of their organization. The smaller one of the two, with only 65 members, had requested that the project assist them in re-organizing their health scheme. They had never structured this very well. Yet with the introduction of 'cost-sharing' for treatment and drugs even in government hospitals, the scheme threatened to drain all the organization's resources and created cash-flow problems. Members started accusing each other of misuse of the facility. Their hard-won unity seemed to be at stake. The project offered to review their services and work out various options they could pursue.

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. The health scheme, therefore, is certainly of utmost importance to them, but probably they cannot sustain it anymore. If we were to confirm this during the current sub-project with them, a subsequent sub-project may look into developing another plan of action. This would aim at reducing the number of porters through mechanizing or otherwise relieving their job and at exploring new self-employment prospects, perhaps for the elder or weaker or the more aspiring members, using simplified entrepreneurship training modules.

Creating sustainability

Recently, the project team carried out a self-assessment that covered 26 sub-projects with 20 different self-help organizations. The project approach and concept goes against two beliefs generally shared and mutually reinforced by the clientele, the donor community and government agencies. They contend that financial aid is essential in strengthening self-help organizations. They also take pride in allowing clients to participate nominally in the planning and implementation of projects that otherwise reflect the needs and concerns of the donors. This project does not offer financial aid. It also reverses the roles in the so-called participatory approach. This project participates only incrementally in undertakings planned and executed by the clientele itself. For every man-day the project staff contributed to a sub-project, the members of a self-help organization contributed on average 10 man-days. The project team regards it as the outstanding achievement that despite such contrary expectations neither party to the sub-projects terminated an operation prematurely once the project had received and authorized the processing of a request. The sub-projects increased the number of services available to members on average from 3 to 7, or from 58 to 139 in total. The achievement here is that those services are self-financed from the start and that self-help organizations did not have to make use of the project's credit line. Where they realized that their common funds were not sufficient, members had agreed to contribute more to their organization.

The production and delivery of services by self-help organizations comprise mainly 11 different types. To eight of these the project team would never consider contributing financially. The management of land use by a self-help organization, maintaining peace and order in its location, organizing the cleanliness of surroundings, providing security of tenure and property, assisting members through a welfare fund, offering a mutual insurance scheme, obtaining and renewing a common licence and extending a common tax cover incur recurrent costs to which an external financial contribution would hardly make any sense. Such contributions to recurrent costs only provide breathing space for the organization and undermine the members' willingness, ability and obligation to pay their dues. Where self-help organizations provide services these are absolutely essential for their members. No measure should remove the daily pressure and reminder that such services need to be paid for. These services need to be self-financed from the start, either from general member contributions, specific service fees, profits from selling these services also to non-members or from profits generated in a common enterprise. The project may consider, however, to provide modest but expensive credit facilities to a self-help organization to accelerate the turn-over or broaden member

All sub-project achievements are self-financed

Most services of self-help organizations are so vital that members cannot afford subsidies

Members need a simple and transparent financial system for their organization

Self-help organizations are an insurance against the possible long-term failure of structural adjustment programmes

access to their own credit and savings funds or to improve a common enterprise or facility. In such cases the project regards credit as a form of delayed self-financing. The project also offers modest grants-in-kind to self-help organizations that wish to improve training services for their members, mostly in the form of training materials.

Once members of self-help organizations remove the hopes or illusions of external financing from their calculations and take into account their own resources only, they immediately become realistic in their plans. Within such a realistic frame of mind, they only require the tools and techniques to identify problems, to weigh solutions, to rank priorities, to manage the execution of measures and a financial system to sustain achievements. The major element of sustainability is for ordinary members to be able to control their common finances effectively and instantly. Members need to be able to trust that their contributions are well managed. Where the project, in a first round, assisted in adding new services, members realized in almost all cases the need for a simple and transparent financial system. Where the project, in a first round, assisted in putting such a system into place, members gained confidence in adding services. Without the field teams' resilience and humble approach and the project management's tough stand on subsidies, this would have been impossible.

To insist on such a narrow concept of sustainability implies a judgement on the long-term effects of the structural adjustment programme. The urban subsistence economy lends itself even less to idealization than the rural one. The informal sector is no form of 'corrective capitalism' with cosy niches and hope for a better future to-morrow. Self-help organizations in the Tanzanian informal sector do not breed civic leaders. And the practice of self-reliance under those conditions does not instil the kind of pride that could make up for the daily toil or become the spiritual source of self empowerment. Self-help organizations in their present form are a plain necessity. They do not prepare for the unlikely case that the current changes will lead to a unified economy, a juster society and a democratic state. If structural adjustment programmes succeed in that sense, the present form of self-help organizations would become redundant; as would the project. It does not do 'development' in the emphatic sense of the '60s and '70s. The project follows its clientele in the direction and through the warps of the current global regression and serves it on the way.