

Making the informal labour market work for the poor: Insights from the *daladalas* in Dar es Salaam

# The bigger picture: economic growth, poverty reduction and the informal economy

- Tanzania's strong rate of economic growth AND disappointing performance with poverty reduction
- The informal economy as a key employer of the poor
- Why is growth not translating into poverty reduction?
- Focus on the informal economy is an important source of answers

#### The case of the *daladalas*

Focus on the realities of working in the daladalas as an entry point

- 1. to understand how one segment of the informal economy works
- 2. to critically engage with policy makers' understanding of economic informality
  - Informality as self-employment and family businesses
  - Policy priorities to support (would-be) informal entrepreneurs:
    Micro-credit, formalising property rights (MKURABITA) and micro-enterprise development

#### **Introduction:**

- Tanzania ILFS 2006: 84% of people in the informal sector are selfemployed
- The informal sector as "household enterprises"
- Labour relations/Poor people working for other people suggested as an insignificant aspect of economic informality

## The context: deregulation and privatisation of the Dar es Salaam transport system 1983 to present

- DSM: over 3m people
- 12 public buses and over 7,000 private buses
- Economic liberalization and its shortcomings
  - Congestion of buses
  - Fares not cheaper
  - Speeding
  - Tensions between students and private operators
  - High number of lethal accidents

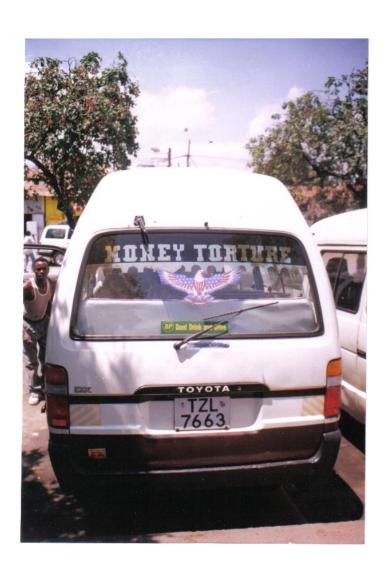


### Who owns what in the informal economy? Who does what?



- The case of DSM passenger transport
- Ca 30,000 people work in the sector
- Employer/employee relationship is key to understand the outcome of deregulation
- Less than 10 % of workforce in "family" employment
- Nearly 90 % sells their labour power
- What is unskilled labour's bargaining power in an unregulated labour market?
  - Labour oversupply
  - Kazi mbaya; Ukiwa nayo (Bad job; if you have one)

### Informal workers in the context of labour oversupply



- Casual piece-workers without contracts
  - Hesabu as a mechanism to transfer risks to the workforce
  - Remuneration: 67 % "it depends"33 % (ca \$3.90 p.d.)
  - Rising food prices
  - Average length of employment relation: 8 months
  - Working hours and week: ca 15 hrs per day; 6.67 days per week
  - "Maisha ni Kuhangaika" (Life is about suffering), "Kula Tutakula Lakina Tutachelewa" (To eat is not the problem but we'll eat late")
- Is this harsh but "developmental" for

# The lack of regulation of employment relationships as cause of urban transport warfare

- Workers' agency & the inefficiency of the private sector
  - Speeding
  - Tensions between students and private operators
  - High number of lethal accidents



### **Bad governance: The state and the criminalization of the workforce**

- State's systematic focus on treating the symptoms rather than the cause of urban problems
  - The poor as the problem
  - Criminalization at different levels
    - Discursive
    - In more or less authoritarian practice

## 1998: Why do 30,000 transport workers accept this state of affairs?



- Labour oversupply
- The spacial unit in which they operate
- The heterogeneity of transport workers
  - Daladalaman maisha
  - day waka-watu wa benchi
- United they stand, divided they fall
- Petty-exploitation amongst workers (longitudinal study of one association of workers 1998-2005)

### **Concluding remarks**

Focus on the realities of working in the daladalas as an entry point

- 1. to understand how one segment of the informal economy works
- Who owns what in the informal economy?
  - Unskilled workers as informal, precarious and vulnerable wage workers
  - Labour oversupply as the key sourse of vulnerability for unskilled workers
  - Lack of regulation as survival of the fittest
- to critically engage with policy makers' understanding of economic informality
  - Informality as self-employment and family businesses
  - •Policy priorities to support (would-be) informal entrepreneurs: Micro-credit, formalising property rights and micro-enterprise development

The current (and future) centrality of the informal labour market to the livelihoods of the poorest

### What are the options to make the informal labour market work for the poor?

- Move away from the "employment dementia" (Amsden) that currently drives policy making
  - The limit of promoting self-employment
- At aggregate level: prioritise policies to step up labour demand
  - Do we have data on labour-intensity across the Tanzanian economy?
  - Do we have date on labour productiivity/profit margins in the informal economy?
- The political nature (changes in balance of power) of improving the functioning of the labour market
  - At micro level (*daladala*) informal workers are actively demanding labour rights (with substiantial advances in achieving them)