



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

*Matteo Rizzo*

# 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 self-employed
- 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 workforce?

# 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 source of vulnerability for unskilled workers
    - Lack of regulation as survival of the fittest
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 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 data on labour productivity/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 substantial advances in achieving them)