

The education and training of artisans for the informal sector in  
Tanzania -  
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## 1. The Informal sector in Tanzania

The informal sector has a long and well charted history in developing countries. In 1972 the ILO first defined a socio-economic system that is now commonly known as the informal sector, i.e. "*all activities that operate largely outside the system of government benefit and regulation*" and subsequently they defined the characteristics of the informal sector as:

<b>Informal sector</b>	<b>Formal sector</b>
Ease of entry	Difficult entry
Reliance on indigenous resources	Frequent reliance on overseas resources
Family ownership of enterprise	Corporate ownership
Small scale operation	Large scale operation
Labour-intensive methods of production and adapted technology	Capital-intensive and often imported technology
Skills acquired outside the formal school system	Formally acquired skills, often expatriate
Unregulated and competitive markets	Protected markets (through tariffs, quotas and trade licenses)

Since then this taxonomy has been refined and also given a number of different names, what is important is that; they all describe economic transactions which are not captured and/or are under reported in official GDP statistics, they therefore operate outside the legal regulations of the state, and finally as a consequence have little opportunity to obtain credit or access to new technologies.

Governments of developing countries, regardless of political persuasion are currently adopting policies designed to encourage and promote the informal sector as it is considered to be, one of the principal mechanisms for the economic survival for ever greater numbers of people. The sector is characterised by individuals, families or small groups who produce/provide a range of goods and services (vehicle repair, metalworking and woodworking, clothing and shoe manufacture, construction and retail trade to cite but a few examples) principally for consumption by the poorer people, and represent a substitute for the output from the formal industrial sector.

Since the early 1970's Tanzania adopted a series of policies designed to eradicate such activities. However, in the mid 1980's due to severe economic difficulties and pressure from the international donor community, politicians were forced to acknowledge the socio-economic potential of the sector. This has led to a number of studies, policy documents and initiatives by both the government,

national and international agencies to stimulate and assist people to enter into production, and once established, to develop their businesses.

### **1.1 Ideological repression**

Until the mid 80's the government was hostile towards informal sector activities, especially in urban areas as it considered them to be dandestine, exploitive and subversive, as they challenged the socialist notion of an egalitarian and classless society and as they operated outside the legal system depriving the government of tax revenue, they must also be corrupt.

As a consequence the government mounted a number of concerted campaigns to eradicate informal sector activities; in 1973 the issuance of urban trading licences to self-employed traders was abolished, in 1976 there were attempts to resettle DSM's self-employed and unemployed in *Ujamaa* villages, in 1983 as part of its purge of so-called '*economic saboteurs*' the government enacted a Penal Code amendment which branded all self-employed as '*unproductive*' and '*idle disorderly persons*' who were to be banned from towns. The final attempt was in 1984 when the government passed the Human Resources Deployment Act that introduced official identification cards in an attempt to rid towns of '*idlers and loiterers*', i.e. the unlicensed self-employed. Anyone challenged and unable to produce an official identification card was rounded up and resettled in the countryside. The principal problem with government policies to eradicate informal sector activities, was that they failed to distinguish between *bona fide* operators with established businesses and those who were either, unemployed migrants or undertaking criminally illegal activities.

Despite government attempts to eradicate the urban informal sector in the early 1970's it encouraged some forms of rural self-employment. As part of the second FYDP, the government had established SIDO to facilitate its policy of industrialisation as discussed earlier in the report. Training was provided in a wide range of trades and skills which were designed in the main, to reinforce rural development. Alongside traditional skills such as metal work, carpentry, tinsmithing and weaving, were courses in pottery, oil extraction, fruit and vegetable preservation, lime manufacture, methane gas production and leather technology. Between 1974 and 1977 centres had been established in eight areas (the majority of which were in the urban industrial areas) and a total of 12 courses had trained a total of 361 people (249 men and 112 women), of these, 196 (54% and all male) were either metal/tinsmiths or carpenters (CCT 1979). In terms of numbers trained, the SIDO programme made little or no impact on rural life as many of those trained in metal/tinsmithery or carpentry subsequently plied their trade in the urban areas, either establishing formal businesses or operating in the informal sector. This conclusion is supported by official data for between 1973 and 1981 only 27% of the 120 million T/sh SIDO in contracted development loans arranged by SIDO was for rural industrial projects.

The failure of this policy, is attributed in part to structural difficulties in the public sector that resulted in a lack of co-ordination, identifying client groups and in providing effective support to those receiving assistance. This conclusion is given credence in the findings of a study by Kahama et al (1986) who found that '*60% of the total projected new plans and 15% of the proposed investment did not appear to be based on concrete data*'. The study also commented that in many instances the operating costs of small businesses were significantly higher than those for mass production and that the quality of goods tended to be lower. These comments were subsequently endorsed by SIDO following a survey of small-scale industries in 1977 - 1978. Since this time SIDO has progressively biased itself towards the formal sector and evolved into a parastatal consultancy.

The repression of *bona fide* operators presented something of an ideological paradox as the characteristics of informal sector activities in many ways represent the very essence of the concept of self-reliance. This axiom is further tested when the role of the state, considered in an earlier section is examined. The conclusion to be drawn is that ESR was a national concept that concerned the country's relations with other nations. Policies which promoted ESR represented a concerted attempt to assert Tanzania's national identity and reduce her dependency (and by implication influence and control) on colonial and other foreign powers.

In-country however, ever greater centralised control represented the antithesis of self-reliance. Socio-economic intervention by the government attempted to impose the will of the state on the people by eroding their freedom and promote dependency on the state. The resilience and growth of the informal sector was therefore testimony to the determination of the people to maintain a degree of autonomy, - the rural farmer adopting a strategy of day-to-day non-compliance with parastatal policies (Hyden 1980), or the urban operator deported and immediately returning to re-establish his/her business (Tripp 1988).

During the austerity years of the early 1980's the rapid growth in informal sector activities (rural and urban) ran contrary to the objectives of central government, by successfully circumventing the legislation passed to suppress it, not out of perversity but of necessity. Such activities to many people represented survival strategies to alleviate hunger and poverty, *'independent survival efforts...to sustain the livelihood of low income earners following the failure by the official economy to provide sufficient supplies of commodities'* Kahama et. al. (1986), Maliyamkono & Bagachwa (1990). This is further endorsed by studies of urban informal sector enterprises in Arusha and DSM by Bagachwa and Ndulu (1988) who found that 75% of those surveyed in Arusha and 80% in DSM had been established between 1980 and 1987, while Tripp's (1988) DSM survey found that 64% had begun within the last 5 years compared to only 15% in the previous 5 years. Tripp also found that a significant proportion of urban women (66%) were self-employed and that most of them (78%) had started their businesses in the past five years.

In recent years this momentum has been maintained due to a combination of growing youth unemployment, retrenchment and a steady decline in the value of formal sector wages - the ILO estimates that real wages had declined by 13,5% for rural incomes, while non-agricultural 65% between 1979 and 1984. This situation forced many formal sector employees to engage in informal sector activities to supplement their income. Omolo (1989) estimates that over 70% of public officers operate one or more *'mradi'* (project) ranging from *'poultry, raising, farming, baking, petty commerce, carpentry, automobile and bicycle repairs, tailoring, giving private tuition classes by school teachers etc'*.

This has led to a number of problems, one of the most prominent is a conflict of interests, as increasing numbers of employees are forgoing their contractual obligations to enable them to operate their businesses. A study by Maliyamkono & Bagachwa (1990) found that such practices were common place among *'civil servants and parastatal workers'* who deliberately worked shorter hours to enable them to utilise, *'the rest of the day on other productive or informal activities to supplement formal income'*. Although this practice cannot be condoned, one mitigating factor is that in many cases the income from the informal sector business is significantly higher than their salary *'sometimes at least 10 times more'* (Omolo 1989) and until this situation is reversed the effective operation of the public sector will continue to suffer. Another aspect to consider is that apart from retrenchment, increasing numbers of people have deserted the poorly rewarded formal sector to work full-time in the informal sector where enterprise and initiative can bring substantial rewards, as indicated in Tripp's (1988) survey where 70% of the people who had left formal employment had done so since 1980.

It has been noted previously, in their efforts to eradicate IS activities on purely ideological grounds, the government continually failed to distinguish between truly subversive activities and those which were potentially supportive to national economic development. In 1985 the ILO estimated that in Sub-Saharan countries informal sector output averaged about 20% of GDP. In comparison a study by Aboagye (1989), estimated that in Tanzania this figure was just over half that figure at 10.3%. The introduction of structural reforms in the mid 1980's (ERP 1986 & ESAP 1988) brought with it a more pragmatic political climate that was conducive to the development of the sector, mindful that such activities could support and develop aspects of socio-economic life that the state could no longer maintain.

## **1.2 The wind of change**

As early as 1984 the government were beginning to consider the merits and potential of the informal sector. According to Dandi (1989) as part of the Human Resource Deployment Programme the government had invited the ILO to assist in studying the potential of the informal sector for employment creation. Since then a number of other studies carried out by the ILO (1987) and the

University of DSM have all confirmed the socio-economic potential of the sector and highlighted the barriers (discriminatory economic, financial and legal measures) compared to the formal sector (favoured in terms of credit, access to markets and operational procedures).

There is a consensus of opinion among academics who have studied the informal sector in Tanzania, that four important factors relate to the structure and potential of this sector. (Bagachwa & Ndulu 1975, Bagachwa 1983, Aboagye 1985, Tripp 1989, Komba 1989, Omolo 1989, Wagao 1989, Katabaruki 1990. Maliyamkono & Bagachwa 1990, ILO 1991);

the sector consists of semi-organised and unregulated activities undertaken largely by the self-employed. This provides latitude and flexibility for a broad range of decisions in terms of personal initiative and innovation, the size of the enterprise, the choice of technique and the utilisation of income,

there are only minor barriers to entry in all of these activities thus creating a potential base for rapid expansion once the opportunities and incentives are present,

these studies consistently find that the sector is relatively more labour-intensive, more efficient, more profitable, saves more on skilled labour and foreign exchange, and can generate more jobs with smaller capital outlays than large scale formal sector activities. This reduces its vulnerability to external shocks compared with the levels faced by the formal sector,

there is also considerable evidence that IS entrepreneurs can mobilise their own savings.

Similarly there is general agreement about the constraints which have traditionally inhibited the development of the sector (Dandi 1989);

a lack of capital for financing informal sector enterprises either to start operating or to encourage growth,

a lack of infrastructure such as business premises/sites with the appropriate utilities (water and electricity) and marketing,

a scarcity of raw materials means that they are sometimes unavailable even when operators have the money to purchase them,

a lack of encouragement by local government which inhibits expansion and by implication the potential of the sector to absorb unproductive labour,

a lack of relevant knowledge and skills, the technical *know-how* as the majority of informal sector operators have only primary education,

limited access to formal Technical and Vocational Training make it difficult for most of the entrepreneurs to obtain the required skills, both technical and managerial, with which to operate enterprises successfully

However, whilst there was a consensus over the relative merits and constraints of informal sector activities and studies had yielded both qualitative and quantitative data, no major socio-economic study of the sector had been carried out. This represented a constraining factor as by the late 1980's both the government and international donors had expressed a desire to assist in the development of the sector, but were hesitant to commit resources. The outcome was, The 1991 National Informal Sector Survey which was the first comprehensive survey of the informal sector for Mainland Tanzania. The survey was carried out with the assistance of the UNDP/ILO through Project URT/85/011 (and its successor URT/91/028) on Developing Labour Market Information and SIDA through its on-going assistance to the Bureau of Statistics and to the Social Dimensions of Adjustments (SDA) Project.

In defining the informal sector the principal criteria employed were; Private enterprises with 5 or less paid employees, appropriate enterprises being undertaken at a market, in a temporary structure or on a footpath, in the street or in an open place.

The results of the survey profiled the sector as consisting of about 1.8 million enterprises, of which 1.2 million (60%) are in rural areas. Nearly three-quarters of enterprises 1.3m (72%) were started with an initial capital of less than 5,000 T/sh, while 41% began with less than 1,000 T/sh. Self-employment is prominent, as just under three-quarters (74%) were found to be operators, the remainder employees. In gender terms this pattern was repeated. Only 11% of the population are in urban areas yet they generate 60% of the total value added and host 35.9% of businesses.

The average age of workers is 34 and this represents a skewed distribution curve that clearly shows a young work-force. Comparing the rural and urban averages, the urban work-force is slightly younger 32 years of age compared with 36 years of age for rural workers. Just over half (51%) of those employed have completed primary school. By gender this equates to 56% of males and 43% of females. Only 4% have attended secondary school or higher.

At some time of the year about 22% of the total labour force is employed in the informal sector, of which 15% is in rural areas (where it is generally considered to be a secondary activity to agriculture). This constituted about 28% of employed males and 15% females. The principal occupations are trades, restaurants/hotels in urban areas and small scale manufacturing in the rural areas. In terms of occupational distribution over 75% of females were engaged in trade (buying and selling)/restaurants/hotels as against 38% male, while in three industries, mining, construction and transport the employment of females was almost negligible. Overall 40% of enterprises had operated for 5 or more years and 22% had traded for 10 or more years. In manufacturing and construction the data suggested that these enterprises were more established as over 50% had been trading for 5 or more years.

In terms of value added the sector was estimated to be 183.4 billion T/sh, about 32% of the country's total. The survey authors endorsed the value and potential of the sector by stating that far from being a marginalised sector it is highly profitable *'and a major source of income and employment opportunities'*.

The data presented so far was intended to present an overview of the sector, its size economic value and potential as a mechanism for providing subsistence income and the development of small-scale enterprises. However, subtle differences are embedded within these statistics that transcend the rural-urban dichotomy. Subsistence employment dominates the data and suggests that enterprises such as vending, shops/restaurants/hotels, transport etc represent transient activities frequently undertaken by young people. Manufacturing and construction on the other hand tend to represent more stable established forms of employment and income generation.

Changing from the macro perspective to an examination of data relevant to aspects of the study, a number of interesting trends emerge.

Less than 10,000 (0.4%) children under 10 years old work in the sector. This number increases significantly for 10-14 year olds where over 44,000 (2%) are employed, while youths aged between 15-19 years account for 9% of the labour force. Gender wise the overall picture is very similar, but when a comparison between urban and rural distribution is made, a significantly different picture emerges. Children and youths in urban areas (16%) are on average twice as likely to be employed in the informal sector, than their peers in rural areas (8%).

Electrical and mechanical trades accounted for only 2% of the estimated 1.8 million enterprises and employ a similar percentage of people. Males dominate these sectors as female participation accounts for less than 0.1% of the work-force. The survey suggests that women are discriminated against in both urban and rural areas and that it is most widespread in electrical trades and vehicle repair. No women were found to be employed in the electrical repair sector, while no female vehicle repairers were reported in rural areas.

Early in the study it became apparent that in addition to our original aim of focusing on electrical and mechanical trades that two others, carpentry and tailoring would also need to be considered. Manpower planning based on supply-side policies had resulted in these two trades (along with masonry) being taught in both formal training centres and informally in the workplace.

The survey, although not specifically classifying carpentry, noted that enterprises encompassing wood products accounted for 6% of enterprises, but workers identified as either carpenters or furniture makers comprised 4% of the total informal sector labour force. Again there is widespread discrimination against women. Only 405 female carpenters were noted (0.5% of the work-force) located only in urban areas other than DSM, while no women were reported to be employed as furniture makers. Clothing making enterprises accounted for 5% of businesses and employed 4% of the work-force. Women were more evident as they made up nearly 22% of all tailors, but in the rural areas participation was only 16%.

The majority of employees in the informal sector were unskilled (80%) or were trained on the job (10%), only 5% were skilled artisans. Apprentices were found to be concentrated in three industries, manufacturing, construction and service industries and out of the 50,000 apprentices identified, only 5% were female. The training was generally carried out in small-scale industries either as paid or unpaid employees

Since the survey, a number of papers and policy documents have been published which strengthen the commitment of the government to the sector. One of the most influential and comprehensive was the '*National Policy for Informal Sector Promotion*' (URT/UNDP/ILO 1994). The document outlines the principal constraints and suggests strategies to reform and facilitate the future development of the sector. Two groups were identified operating within the sector, '*micro-enterprise*' and '*subsistence*'. The former denotes those operations deemed capable of expansion and wealth creation, while the latter refers to those for whom participation represents '*survival strategies*' and encompasses most of the sector.

The authors draw attention to the need for structural changes in central and local government to enable enterprises to operate and expand. To implement and support change new Quangos were proposed, the National Council for Micro-enterprise and Informal Sector Promotion (NACISP), the Micro-enterprise and Informal Sector Promotion Agency (MISPA) and Centres for Informal Sector Promotion (CISP). The need for access to credit facilities, new technologies and specialist expertise such as marketing was also highlighted. Education and training, both initial and recurrent was also addressed, as well as the need to encourage an enterprise culture among primary school pupils and those in Vocational Training Centres (VTC's) by including aspects of selfemployment in the curriculum. The degree to which these proposals have been implemented, their influence on education, training and sector activities will be considered in detail in subsequent sections.

### **1.3 Informal sector enterprises**

#### **1.3.1 DSM the Gerezani area**

#### **1.3.2 Union of motor vehicle mechanics - Gerezani (UMAGE)**

#### **1.3.3 Mawenzi auto electric centre (Temeke)**

#### **1.3.4 Kisokwe metal workers (Mpwapwa)**

In the course of this study many informal sector enterprises were visited, located in both rural and urban areas. Some of these were subsistence activities, others represented co-operative and small-scale industries. As part of this study 8 different informal sector enterprises were profiled to provide examples of the ways in which different types of operators carry out their business. These ranged from licensed co-operative ventures sited in DSM, to Nguvu Kazi subsistence level activities operating in both rural and urban areas.

#### **1.3.1 DSM the Gerezani area**

### **1.3.1.1 Dar es Salaam small industries co-operative (DASICO)**

#### **1.3.1.2 Marketing**

#### **1.3.1.3 Working practices**

#### **1.3.1.4 Training policy and practices**

#### **1.3.1.5 Recurrent training**

#### **1.3.1.6 Observations**

Gerezani is a ward within the city of DSM where a plethora of industrial activity takes place in an area of about 2 km sq. Here, operating in an environment similar to the *Jua Kali* areas in Kenya are; vehicle mechanics, metal fabricators/welders, plumbers, makers of consumer goods and utensils, carpenters and enterprises that specialise in selling second-hand goods such as spare parts that service and support many of the businesses in the area. In addition a farther tier of people earn a living, not by direct labour but through, *'purchasing power... one owns a piece of land and hires this to fundis on a daily basis and these pay the owner by day of work, others hire their tools while some hire both the land and tools to fundis. The last group has working area, tools and some skill, but hires specialised fundis who come to Gerezani for this'* explained the chairman of DASICO the principal co-operative in the area.

The area was originally designated for informal sector industries by the government and was in many ways, until recently monitored by the ruling party CCM, through the operations of a cooperative officer, (e.g. to gain access to the area the researchers had to apply to the CCM office in Gerezani for permission). Many, but not all of the enterprises in the area are registered, again for political reasons, for until quite recently the city council would undertake purges that attempted to close down and expel any operator that was not registered with the co-operatives. *'We joined the co-operative to gain a working area, otherwise we were to be expelled'* (UMAGE chairman July 1994).

The businesses operating in the area range from subsistence activities carried out on the streets, to co-operatives, some of which operate in name only. A common factor in nearly all of the subsistence activity businesses, is a lack of book-keeping and a reliance on haggling to determine the price of a job or service. In addition, the agreed price is often influenced by factors such as family, friends, or the appearance of the client.

Slightly larger group activities were found to keep simple records mainly of sales, e.g. one group making exhaust pipes kept a record that enabled them to say, *'on average we sell about 40 in a month'*. However, one permeating problem repeatedly encountered, was that entrepreneurs had little or no idea of the true cost of their products or services and therefore quotations were based on arbitrary sums. Again, referring to the company as an example, exhaust pipes cost between 4,000 and 6,000 T/sh for a small car, yet the owners could not define how this figure was derived.

Where groups were found to be working, *'specialisation'* was practised and also a significant amount of sub-contracting when specialist skills were not available in-house. However, groups are often formed for co-operation and convenience rather than to operate as a corporate unit, as the members consider themselves to be self-employed individuals. An example of the system in action is illustrated by the following scenario recounted by the proprietor of a garage. A client brings their vehicle to be repaired and the proprietor after assessing the work, declares a price. This is sometimes accepted but more often or not, reduced after negotiation. The proprietor then asks specialist fundis to tender for aspects of the work and agrees a price with them. Finally, if spare parts are required these are purchased, the price again is negotiable. The important factor as far as the proprietor is concerned, is that at the end of this protracted process, a profit is made. Although this example is based on a garage, similar experiences were observed and recounted by operators throughout the area. It is obvious from this example which was observed and reiterated by many other operators in the area, that business



takes place in an environment not constrained by regulations, job cards, or any other administrative paperwork, a totally *laissez-faire* culture.

Within the co-operative, yet fiercely independent structure of the Gerezani, there exists a temptation by members to defraud the organisation. Artisans accept work outside of the area which they subsequently do not declare. *'They get jobs and they do not carry them inside their area and also they do not report this to the office so it is difficult to collect any money from them because when you ask them they say 'we have not got any job'* lamented the chairman of DASICO. Such fraud was considered to be widespread and the loss of revenue was according to the chairman, one of the principal reasons why the co-operative had been unable to reinvest in capital equipment.

In terms of training, the Gerezani has a reputation for producing large numbers of highly skilled artisans. However, one of the problems of this success, is that significant numbers of newly qualified artisans leave the area, lured by salaried employment in larger companies both formal and informal. *'When they qualify they get stolen... some customers bring their work here and when they get a competent trainee they go away with him... companies also prefer our products who train using a hands on approach, rather than those trained in books who need to refer to the book always'*. It is worth noting that regardless of location (rural or urban), one of the permeating complaints from informal sector operators was that VTC trained artisans lacked the capability to adapt to the working practices of the informal sector. In particular, the lack of problem-solving skills and ingenuity with a reliance on procedure were singled out for criticism.

In regard to gender, it is a male dominated environment where female operators are discriminated against. Of the very many operators interviewed, very few would either consider training or employing a girl and of those who had, without exception they regarded it as a mistake never to be repeated. Typical comments on the subject of girls were, *7 have trained in girls, one of them changed her behaviour after arriving here... she left what brought her here and engaged in other type of business... she was not serious and had no determination... sleeping in motor vehicles... girls fall victims of many drivers from upcountry'*, while another said, *'we have not taken in girls...we are prejudiced and have little expectations from girls'*.

Although during the study a number of visits were made to observe the activities carried out in the Gerezani area, only two are presented as case studies. The first, DASICO is a co-operative that is a microcosm of many of the subsistence manufacturing activities carried out in the Gerezani area. This organisation is also the *mother* to all the other co-operatives and groups that operate in the Gerezani area and monitors their activities. In addition, other groups (such as carpenters) can use DASICO's facilities provided that they pay the appropriate levy. The second study UIMAGE, is a typical co-operative that deals with vehicle maintenance, one of the principal activities carried out in the area.

#### **1.3.1.1 Dar es Salaam small industries co-operative (DASICO)**

In 1967, what is now called DASICO was started as a co-operative society with about 50 artisans in the Gerezani area/ward of DSM. Its original name was the National Self-Industries Corporation (NSIC). The NSIC represented a political solution to the problems of informal sector artisans practising illegally throughout the city. They were collected from the streets and given the Gerezani area by the government to establish their work-shops. In 1973 it aligned itself with SIDO who enabled them to purchase machines through a loan which they finished in 1992. Later, the co-operative renamed itself DASICO. Future plans include developing a new, larger site at Kidongo-chekundu which has been promised by the President.

DASICO is a registered company yet every member is, *'self-reliant and independent'* and therefore self employed. Each member pays a 7% fee to the administration of the co-operative that covers such items as utilities, maintenance of buildings and machines and marketing. The artisans affiliated to the co-operative produce a wide range of products, (carpentry, metalworking, fabrication, art and craft and paper bag making etc) manufactured from both recycled and new materials.

#### **1.3.1.2 Marketing**

In the early days products were sold through the marketing officer who deducted the 7% administrative levy from the sale price of the finished goods. However, by the early 1980's this system began to collapse, due to the fact that there were no markets for some of the products, while others took too long to sell. As the artisans operate at a subsistence level, the system of central marketing ceased and individual artisans were forced to seek their own markets. This system still operates, although in one of three ways. The first involves the marketing officer seeking tenders from individuals or companies, e.g. an order for fifty office tables and chairs. The second method involves buyers or clients visiting the premises and purchasing directly. The final method is that individual artisans find their own buyers. The second and third methods are currently the most favoured for selling goods as they enable the artisans to deceive the administration by either non-declaration of sales or, submitting a lower value receipt for the goods. Consequently the co-operatives' earnings have fallen drastically which has affected the payment of salaries and utility bills. The most serious consequence has been the lack of funds to maintain the existing machines or to purchase new machinery.

### **1.3.1.3 Working practices**

Co-operative members and their apprentices work as individual units or in small groups. The vast majority manufacture low value-added products by a process of batch production, based on copying from a master/sample artefact, e.g. cooking utensils, clas ps for doors or door bolts, animal feeders etc. that are sold directly to *middle-men* who then sell them at market. Some artisans produce one-off items based on a plan or template they have made. Asked how they derive a price for a job, no artisan could define a clear strategy, most merely said they got as much money as they could by haggling. The most important factor to note however is that they fail to realise that by actively competing against each other to sell their goods, they effectively reduce the price and the profit on each item to the benefit of the middle-man.

### **1.3.1.4 Training policy and practices**

The co-operative has expanded from the original 50 members to its current size of 305 artisans and trainees as a result of a *training and retaining* policy adopted by the organisation. This policy however has led to problems of overcrowding that was acknowledged by those interviewed to be a health hazard, and consequently plans to expand training have been delayed.

In the past training was generally given to the sons and relatives of artisans of the co-operative in preference to outsiders. The current chairman of the co-operative described how he began, *7 was brought in by my father when I completed Std VII in 1977. I had no skills when I joined my father's department in metalwork but I ended up making metal basins and buckets*. He considered that since the early days, the co-operative had trained over 4,000 apprentices. Apprentices pay a membership fee of 50 T/sh to the co-operative but there was no set rate for individual training fees. Similarly fees charged to cover the loss or breakage of tools is a matter settled between the artisan and his apprentice. The trainees are Std VII leavers and in a typical year up to 1992 about 395 trainees were employed. However, due to the success of their train and retain policy, current training is restricted to the sons of artisans, to replace members who have left or died.

Although there is no regulation which prevents girls from being admitted as an apprentice, since the organisation began there have been no girl trainees. In the past, girls were able to join the co-operative as typists and cleaners and had the opportunity to apply for artisan training. Two girls did attempt this route, but due to problems with their parents they did not progress. There was however, one woman who was involved with paper bag manufacture from 1979-1992.

Training takes between 1 and 2 years, but trainees are expected to contribute to the production process within 1 and 6 months depending on the skill required and the individual trainee's progress, e.g. 1-1 ½ months for light work, and 3-6 months for carpentry. Training is based on the principal of *saidia fundi* (watching/helping the artisan). During the visits to the co-operative, the interactions observed were

essentially, to watch, observe and respond to the artisans orders, '*give me this, come and hold here, bend this, cut that etc*'. The language of instruction was Kiswahili and the intonation varied depending on the attitude of the trainer and the type of activity. The emphasis was solely on assisting in the production process. There was no opportunity for the trainees to gain knowledge and skills that were not directly applicable to the manufacturing process. The trainees begin by using their parent's tools and equipment and are later expected to purchase their own. However, some trainees are too poor to do so and continue to use the tools loaned by their parents until they are fully trained and become self-employed artisans. Awareness of the need to use tools and equipment in a safe manner, was largely ignored.

A typical training programme would begin by, supplying tools, holding, cutting, using hand and power drills or chisels, but the trainee was prevented from measuring, taking orders from clients, designing and manufacturing any item on his own. Later, they would progress to making simple artefacts and the quality of this product was used to assess the trainees level of competence and his readiness to join a particular work group. Most of the experienced artisan trainers considered that most trainees took a minimum of 6 months before they were competent enough to perform independent tasks.

It is worth noting that those artisans who remained of the original 50, all related how they were trained during the German or British colonial period and had received on-the-job training in various companies. Some of them had completed 'O' level technical secondary education, or a formal vocational training programme.

#### **1.3.1.5 Recurrent training**

The principal officers of the co-operative were elected to their posts, but received no formal training in the roles and responsibilities of the office. Similarly, once an trainee/apprentice had completed his term, there was no little opportunity for him to acquire additional skills.

#### **1.3.1.6 Observations**

A permeating constraint was the inward looking nature of the enterprise. The ruling party CCM exerted a significant influence on the operational aspects of the co-operative and until recently, inhibited access to associations donors and agencies who in the past may have been able to provide both technical and financial assistance. (In 1994 a number of groups started to receive support from the ILO). Within the co-operative this insular culture has resulted in a lack of innovation on the part of the artisans, who continue to manufacture the same products regardless of consumer demand and changing tastes.

### **1.3.2 Union of motor vehicle mechanics - Gerezani (UMAGE)**

#### **1.3.2.1 Marketing**

#### **1.3.2.2 Working practices**

#### **1.3.2.3 Training policy and practices**

#### **1.3.2.4 Observations**

UMAGE was formed in 1976 with 10 members in response to the call from government for artisans to form co-operative ventures. The current membership is 72 of which 40 are trainees who are learning a variety of trades. The co-operative has a formal constitution and elected officers with defined roles and responsibilities.

Prosperity and development are currently measured in the number of clients using their facilities and services, and not in terms of the quality of tools and facilities. According to the Chairman the principal constraints to development were threefold, a lack of land and suitable premises (so that access and security could be improved) and the knowledge and skills to develop and maintain effective business plans.

### **1.3.2.1 Marketing**

There was no attempt or apparent need to actively market the services of the co-operative and clients were attracted by a number of means, personal recommendation and the extended family being the most prominent. Clients would contact the office and arrange to have their vehicle repaired.

### **1.3.2.2 Working practices**

Due to the nature of the work and the restrictions of space in the Gerezani area, a significant proportion of the repair work undertaken by the artisans and apprentices takes place at the homes of clients or in the case of a breakdown, out on the open road.

From observations and examination of the plant, equipment and working practices during visits, getting the job done was considered to be of greater importance than personal safety. There is a need to encourage more systematic methods of storing spare parts as those currently used in all probability contributed to the repeated failure of components which were not greased or maintained adequately.

### **1.3.2.3 Training policy and practices**

Since the organisation began the founder members considered that they had trained over 200 apprentices although most had left after their training to seek employment outside the Gerezani area. Some had sat and passed the trade test at Chang'ombe and gone on to gain employment in the formal sector.

There is no reference in the constitution of the co-operative about the nature of training or the numbers of trainees that they can employ, but entry is restricted to the children of existing members due to the constraints imposed by the site. *'We enrol relatives and family friends because UIMAGE has no property/tools. Every member comes in the morning with his tools and so to avoid loss of tools and ensure accountability we have to bring in relatives'*. The use of the family bond as a method of control was acknowledged by all members because, *'it is easier to deal with a relative'* the chairman remarked.

Constitutionally, entry is open to both gender but existing members held very firm views that vehicle maintenance was a *'man's affair'*. Only one girl had attempted to join the cooperative, but was discriminated against *'for her own good'*, as she may have been tempted by the lure of money, by long-distance lorry drivers, or the well-to-do drivers of DSM.

One aspect that appeared to concern the apprentices was that they were not formally registered and therefore had no proof of training once qualified. This was all the more disconcerting as within the area there are a number of youths who subsist by selling spare-parts but learn the trades through casual employment.

Apprentices do not pay fees, but they are only paid about 500 T/sh per day, a very small amount of money. The artisans did not consider this to be exploitation and defended their actions by referring to the risks incurred in allowing apprentices to use expensive machines. Leading on from this, the artisans said that if an apprentice caused serious damage (either wilful or accidentally), then the culprit would be dismissed. However, in subsequent discussions with the chairman of DASICO on the subject of exploitation, he admitted that this was sometimes the case and referred without prompting to UIMAGE as an example, *'sometimes the number of trainees is higher than that of the members... like the case with UIMAGE that I had to investigate... I found out that they did not report new trainees to the office'*.

The training takes about one year and during this time an apprentice becomes a specialist in one of the various trades (mechanic, electric's, body etc). The training programme is not specified, it is totally skills based and no provision is made to record the trainees' progress. Apprentices begin by observing the artisans at work, before progressing to assisting in small jobs. One motor mechanic described the process as *'they start with simple jobs like cleaning the area then learn to know the spanners by showing him as I open up an engine. For example, this is the... the trainees task is to listen and observe until he gets used to the job'*, as the trainee gains some experience, he is trusted to carry out minor jobs unsupervised like *'inspecting springs, propeller shaft... lorries arriving from long trips upcountry'*. In a similar way an auto

electrician commented, 'I start from the battery showing the positive terminal and follow the electric wire from there to ending to the chassis so that the trainee can get the idea of the path... then I teach how to connect and disconnect this ...' The process regardless of trade is one of *look-listen-and-try* until they are deemed confident enough to tackle jobs with the minimum of supervision. During the visits, no educational resources (such as sectional exhibits of engine components) were observed and when artisans were asked about the use of resources they all gave answers that implied that they did not need any as the vehicle they were currently working on was the most appropriate resource.

#### **1.3.2.4 Observations**

One difficulty alluded to, but not considered a problem, was that very few apprentices when they had completed their training, stayed either with the co-operative or in the Gerezani area. The reason for this according to the chairman were purely financial. The current structure of the co-operative did not offer sufficient incentives to retain the individuals. The UIMAGE system involves the client paying for the work and obtaining a receipt. The organisation, after deductions then pays the artisan. As those employed in the motor trade are in demand, then the newly qualified artisans can exercise a degree of choice in their future employment.

### **1.3.3 Mawenzi auto electric centre (Temeke)**

#### **1.3.3.1 Marketing**

#### **1.3.3.2 Working practices**

#### **1.3.3.3 Training policy and practices**

#### **1.3.3.4 Observations**

Temeke is another district of DSM noted for its high concentration of specialist vehicle mechanics (Datsun Toyota, Landrover etc) and is like an emporium where any service or component can be acquired. This area operates in a similar manner to the Gerezani and is therefore subject to the same city bye-laws that threaten eviction if operators are not registered.

Again, a number of businesses were observed but only one, the Mawenzi Auto Electric Centre was selected as a case study. The title sounds impressive and this is intentional so that when registering the business, it appears to be prosperous. In practice, the business started in 1987 and is conducted from a strip of land approximately 5 metres by 10 metres, there is no office, only a shed which serves as a store. This business and the others in the vicinity are using the land without legal title and therefore have no right of occupancy, although operators in the area have been trying since 1978 to obtain legal recognition.

An interview with the proprietor revealed that after leaving primary education (Std VII) he worked in the Temeke area as an apprentice beginning as a *spanner-boy*. Once he felt competent enough he began to work independently and decided to occupy the area by constructing a crude shed from which he now operates. He now has three apprentices and has trained several more in previous years including one girl from Chang'ombe (DSM) VTC.

The proprietor indicated that expansion was constrained, '*the area is owned by the city council and they do not want to give us a permanent site*', he went on to say that, '*we had promises to get a working site from the former Prime Minister,... since he left everything has remained silent... it seems promises die with change of leadership and we have no more hope*'.

Frustrated by an inability to expand this business the proprietor had used the profits to invest in other ventures such as *dala-dala's* (buses). Diversification, the researchers found was a common trait among those entrepreneurs whose businesses were profitable.

#### **1.3.3.1 Marketing**

For reasons similar to those already described in the UIMAGE study, the proprietor made no attempt to actively market the services of the company. Clients were attracted by a number of means, personal recommendation and the extended family being the most prominent. The supplier-client dialogue also followed the same format.

### **1.3.3.2 Working practices**

As the business specialises in automobile electrical work, (i.e. fitting wires, checking for faults lights etc) the store contained a collection of what the owner called spare parts, but to the researchers the contents appeared to consist of used car starter motors, meters and a range of unidentifiable wires and miscellaneous items. What was disconcerting was the almost total lack of store management as during the course of interviews workers repeatedly entered the store, walked on, picked-up, dropped and selected items for use. This suggested a total disregard for the value of the components and increased the likelihood of damage to them.

Observing work-in-progress indicated that this aspect of the company's operations were much more structured, as everyone appeared to understand what was expected of them. On one visit, the owner was found working alone on a vehicle while his three apprentices were using a meter to test an alternator on another vehicle.

### **1.3.3.3 Training policy and practices**

Applications to the owner for apprenticeships are generally made via contacts with family and friends. The principal requirement is a Std VII leavers certificate, as both boys and girls are considered on merit. No fee is charged and apprentices are provided with a lunch allowance and transport to and from work. Currently three youths are apprenticed to the owner, each at different stages in their training.

Training takes between 6 to 18 months depending on the progress an individual makes. The training programme is similar to UIMAGE in that apprentices begin by learning the technical vocabulary and jargon, while observing the artisan performing a task. Later after supervised practice s/he is allowed to perform the task unsupervised. This aspect of the training was considered by the owner to be crucial as it enabled him to leave the premises to source materials and spares, confident that the work would be satisfactory.

This business like the others studied had no facilities for off-the-job training, (i.e. classrooms chalk-boards etc) however, during the course of several visits the owner was observed drawing in the dust, *'at times the ground serves as our chalk-board and that is where I put my drawing when teaching'*, also an old *dala-dala* was used by apprentices to practice newly learnt skills prior to employing them on clients vehicles.

The training is solely concerned with developing the trade-skills, no records are kept recording an apprentice's progress and no provision is made to equip the apprentices with any business acumen, except by example.

### **1.3.3.4 Observations**

This example illustrates how apprentices/trainees are used to maximise the operators earning capacity. The apprentices, once they are considered competent to carry out tasks unsupervised are not being trained, but are carrying out the duties of an artisan. It is therefore advantageous for operators to engage apprentices at regular intervals to ensure that their earning potential is maintained. By staggering the date on which apprentices begin their training, the operator has to devote minimal time to training and during the times when he does, productive work is still being carried out by the more experienced apprentices, i.e. three trainees at different stages.

In this example a second factor was found of interest to the researchers, diversification of investments by operators was a common trait among those entrepreneurs whose businesses were profitable. Owners would not openly admit to it, but acknowledged privately that this type of activity

represented a concerted attempt to evade taxation. Operating on such a small-scale is advantageous as apprentices can be exploited to maximise the financial returns for the owner. Conversely if the enterprise grows too large, then it effectively ceases to be an informal sector activity and that would require it to conform to further statutory regulations.

A further argument relating to expansion was presented by a number of owners who were interviewed. Development generally requires a large capital investment to purchase land, plant and equipment, so taking into account the current rate of inflation, and the changing economic climate, owners are reticent about accumulating too much wealth in cash, as inflation reduces its value. It is therefore in their interests to invest in short-term, high-yield activities.

### **1.3.4 Kisokwe metal workers (Mpwapwa)**

#### **1.3.4.1 Marketing**

#### **1.3.4.2 Working practices**

#### **1.3.4.3 Training policy and practices**

#### **1.3.4.4 Observations**

This venue is situated in a remote rural town some 80 km from the town of Dodoma and began operating in the early 1970's as a family operation. Later they decided to invite other artisans to join them as a 'union' of 12 metalworkers. The group enterprise began by manufacturing a range of ironmongery to support local needs, (e.g. pangas, hoes, axes etc) using simple tools. However, although union implied common use of tools and facilities, each artisan continued to operate independently.

In 1975 the group gained funds from SIDO that enabled them to construct a workshop about 60m<sup>2</sup> and provide new plant and a range of hand tools. SIDO also arranged for the chairman to attend a training course in Tabora. However, the chairman recalled that the SIDO course was of little value, as about 80% of the programme deals with electric machines such as drills, lathes, and other wood-work machines, things which did not concern him as they do not have electricity. Since then, a further three members of the group had attended SIDO courses, one paid for by the group the other two by a British Charity, Tools for Self-Reliance (TFSR).

Members were very positive about these courses, especially the one on managing a business, '*in some way it helped me on how to run our project*' the participant enthused.

The group first attracted support from TFSR in 1983 who provided them with a consignment of scrap-metal. The original contact was made through SIDO. Since then the charity has maintained regular contact with the group, providing the funds to enable two members to attend SIDO courses at Tabora and most recently (1995), supplying a number of sewing machines to encourage their wives and daughters to engage in productive enterprises. They have also attracted the attention of Mwalimu Nyerere the former President who agreed to be their patron in 1994. In the same year, the Minister for Labour and Youth Development visited the group to see first-hand their activities and promised them additional financial support. They subsequently, '*received 100,000 T/sh from the Ministry of Labour and Youth... and the Minister warned us to be aware of people who give us advice because some are not good especially this time of election*' the chairman remarked.

Although the group do not have a formal business plan or a long term strategy, they have out of necessity begun to develop new products that have transformed their operations from being a producer of low value-added utility products, to a manufacturer of relatively high value-added components to supply new markets. This new work required the artisans to work to greater precision, as the incentive was their earnings were, the chairman conceded, greatly enhanced.

#### **1.3.4.1 Marketing**

During the visits made in 1994 the group sold their products to the local villages and complained that business was poor as, *'once they had supplied a panga or axe the customer would not require another for a long time'* complained the chairman. The group did not attempt to sell their goods outside the region as they said they could not compete in terms of price with what they termed *'industrially produced commodities'*.

However, on revisiting the group a year later, their attitudes had changed and they had successfully began to manufacture and sell blades for maize milling machines as well as chisels, hammer, carpentry G-clamps, local knives, buckets and charcoal stoves. A lack of local demand for their existing products had forced the group to source new ones. This was achieved by simply touring distant villages to find out what customers required. An order for milling blades was successfully completed and a sample of this work was used to promote the groups capability and helped them to gain further orders.

#### **1.3.4.2 Working practices**

The workshop is currently equipped to undertake blacksmithing type activities. Equipment such as bellows and drills are hand operated as there is no electricity. The shop is well laid-out, well ventilated with an attached large office and store. Workers were observed carrying out forging activities and they had adopted very safe working practices.

A family atmosphere best describes the social/professional interaction between the members, as team work was much in evidence, attributed by them to the training they had received at **SIDO**. This was in stark contrast to the working practises of other enterprises in the informal sector who tended to operate independently.

#### **1.3.4.3 Training policy and practices**

In 1980 they started to train apprentices and since then they have trained 6 boys but only 4 remain with the group. The chairman considered that reason why the 2 youths had left was, *'they were ambitious and imitated the corrupt youth, without caring for the future'*. Recently, under pressure from TFSR they began training girls. However, of 6 girls accepted, 3 became pregnant and left early in their training. The group does not currently charge a fee, *'as the first six were just a trial... but we have plans to start training in future'*. The reason for this change of attitude was purely financial as, *'we have no money'* admitted the chairman.

The method of training is very similar to those already described. Apprentices start as *saidia fundi* before being allowed to carry-out tasks unsupervised. During our visits, the young children of members were observed assisting in the shop mainly operating the bellows for the two forges.

#### **1.3.4.4 Observations**

The most important observation is, that knowledge rather than capital appears to be the decisive factor in the improving fortunes of this group. The SIDO courses provided the knowledge and skills and above all the cultural change necessary to enable group members to adapt to changing times and identify new products and markets. This was reinforced by the enhanced financial rewards for their efforts. However, this process is not without its difficulties, for success has brought its own problems. The group in August 1994, *'had made no plans... as we were mixing things'* however, in response to events when they were visited May 1995 they had clearly defined ideas for the future, which now included capital equipment. In this example, knowledge was the key that opened the door, but now what is needed is capital to furnish the room.

### **1.4 Nguvu Kazi groups**

#### **1.4.1 Arusha Nguvu Kazi groups**

#### **1.4.2 Pamoja Nguvu - Unga Ltd**

#### **1.4.3 Moshi municipal council**



The following examples are based on youth groups established as a result of the Human Resource Deployment Act 1983, which aimed to provide unemployed young people with the skills necessary to become self employed. *Nguvu kazi* represents the Party slogan that, *every able person should work*. The Act originally defined that the Ministry of Local Government should be responsible for the establishment and maintenance of these groups, but in practice regional administrators assumed responsibility.

With the transition towards multi-part democracy, responsibility which formally belonged to CCM the ruling party, is now under the jurisdiction of the Municipal Council. During this transitional period there is a degree of confusion as to the future of the *Nguvu kazi* programme as issues such as funding have yet to be resolved. Interviews with the Municipal Officers reflected this uncertainty as they were unclear as to their own particular roles and responsibilities.

What became clear from discussions with Municipal Officers and regional CCM Officials around the country, was that *Nguvu kazi* activities initially attracted youth, hopeful of gaining money and the opportunity of self-employment so many groups were formed. Visits by politicians to rural areas were considered one of the most influential ways of attracting youths to form groups, however, in the majority of cases these aspirations and expectations were not fulfilled and many groups within a relatively short time disperse, as disenchanted members seek more profitable activities, or struggle to continue as there is nothing else for them to do.

In every district visited, officers related stories of the privileged few who were prospering as a result of assistance they had received from the ILO or MLYD.

The normal practice was that youth who wished to form groups had to apply to the authorities for assistance. Only when groups were assisted by the ILO or MLYD was there any needs/market identification carried out. The village or town then allocated a plot of land and some, but not all included buildings. The youth were then left to fend for themselves, *'to prevent the youth from expecting too much from the government'* commented one official. When asked how many groups were operating in their jurisdictions, officers said they were unsure and could only estimate the numbers.

The reasons interviewees gave for disenchantment, ranged from a lack *of funds 'they are eager to get training but there is no money'*, poor administration, logistical problems, to the size of groups. Success was measured more in terms of longevity than productive capacity, and the consensus of opinion was that rural groups engaged in agricultural activities had been more successful than those attempting to operate in artisan trades. The major problem for these people was raising the capital to equip themselves with tools.

#### **1.4.1 Arusha *Nguvu kazi* groups**

##### **1.4.1.1 Vijana metal group (VIMERGO)**

##### **1.4.1.2 Marketing**

##### **1.4.1.3 Working practices**

##### **1.4.1.4 Training policy and practices**

##### **1.3.2.4 Observations**

#### **1.4.1 Arusha *Nguvu kazi* groups**

##### **1.4.1.1 Vijana metal group (VIMEGRO)**

##### **1.4.1.2 Marketing**

##### **1.4.1.3 Working practices**

#### **1.4.1.4 Training policy and practices**

##### **1.3.2.4 Observations**

Within the town of Arusha the Community Development Office had been delegated responsibility for informal sector activities and had instituted a Nguvu kazi committee of councillors to oversee developments.

Within the municipal district there are known to be at least 18 separate groups operating with several trades such as carpentry, mechanical and electrical engineering. At present only a small amount of money has been received from the MLYD which was in the form of a loan (no training), the repayment of which included a period of grace up to 12 months. The amount available to each group was a maximum of 80,000 T/sh at an interest rate of 15%. This may be interpreted as a *prima facie* case of political machination as the commercial rate of interest is nearly double this figure and deferring payment time would coincide with the first multi-party elections.

According to the municipal officer, no training has been made available to groups due to a shortage of funds. However after a thorough survey of needs a programme should be provided, but both the survey and subsequent training would depend on the allocation of funds from sponsors. In addition to the shortage of funds, groups suffer from problems of sustainability due to trading difficulties. Youths form groups in the hope that financial support will be forthcoming only to find that the only assistance they receive is a plot of land with no facilities. The first hurdle is therefore to establish their presence by obtaining tools and materials to begin trading.

Two groups have been selected for study, they were both started in the last five years but operate in two different ways. The Vijana Metal Group (VIMEGRO) began in 1991 and operates as a corporate group producing aluminium castings, while the other Pamoja Nguvu operates as a group in name only as the members of the group operate as individuals but share the same site.

##### **1.4.1.1 Vijana metal group (VIMEGRO)**

The site is a small shanty next to the railway on the outskirts of town. The group began in 1991 with 4 members who smelted Aluminium. Since then their number have grown to 15 and they are involved with casting charcoal filled pressing irons and other spare parts from scrap metal. *'Membership to the group is open to anyone who has Std VII education, who can pay the entry fee of 3,000 T/sh and is prepared to work hard'*, according to the chairman who went on to say that, *'the workshop is attracting many applications from Arusha residents of various tribes'*. The group does not have a formal constitution but does elect its principal officers and holds regular monthly meetings to discuss issues.

Since establishing the group, the members have received a loan of 60,000 T/sh from the MLYD. The group maintains close association with the regional and District Youth Officials who have given them encouragement and are trying to find additional sponsorship from donors, *'that is where donors land first and they connect us'*.

Their links with any other industry are limited as they rarely take their trainees to any other workshops. They obtain their raw materials by, collecting scrap themselves, or *'by buying from the street boys who collect beer cans etc and bring them to us'*. Sometimes they sell the scrap to other dealers to earn money.

The original members had learned how to cast metal by observing the process in foundry workshops owned by Asians. *'I went to train as a vehicle mechanic and in the area there was an enterprise dealing with smelting aluminium, so I just watched and later decided I should leave the motor mechanics and try to start my own work'* was how one of the founder members recalled. Not having been properly trained, the founder members considered that the most inhibiting factor for the group was a lack of specialist knowledge rather than capital equipment.

##### **1.4.1.2 Marketing**

The group do not go out in search of orders but wait for customers to approach them. They consider that people know where they are and their reputation and consider this to be sufficient. Sometimes people bring work that is too complicated for them to cope with. Here they identified the need for additional training to enable them to undertake work with a higher value added component.

When determining the price for the job they charged 2,500 T/sh for an iron, which was originally fixed by negotiation, *'we are just selling so that we can at least get a small profit to avoid becoming loiterers'*. This was the method adopted for every new job. As the group operated on a day-by-day basis, they therefore did not see the need to keep any records of their work, *'our capacity is very small... we do not have records of other things we have made'*.

#### **1.4.1.3 Working practices**

The site and facilities are extremely crude and there is no electricity or water connected to the premises. Inside the building the conditions are cramped and there is no extraction only a crude flue to remove the fumes when the furnace is lit. The actual casting tools, including the crucible were in good condition.

The members demonstrated the process by which they made the mould cavity which was correct, and later prepared the furnace and charged the crucible. The principal problem was the accumulation of fumes and heat in the building while the charge was being prepared.

The final product was of good quality and apart from the removal of the flashing, required little additional work.

#### **1.4.1.4 Training policy and practices**

The activities of the group are divided into those who collect scrap metal and the others who smelt and cast the saleable goods. Since the group began 6 members have been trained to smelt and cast, while the remainder have joined solely as collectors.

The method of training is essentially *observation, trial and error*, as the members considered that the casting process required little skill, *'the work is simple and because one has to do it everyday and by hand it does not require any leaching so it is simple to understand it'*.

#### **1.4.1.5 Observations**

The activities and attitudes of this group represented something of a paradox, as they identified a lack of knowledge and skills as a constraining factor, yet considered the process required little training. The overriding impression gained from observing and interviewing the 4 founder members was, that they were content and accepted the status quo. Their socio-economic needs were satisfied so they had no reason to seek additional work. The business was therefore orientated towards making a living, rather than the maximisation of profit. A further justification for the apparent lack of drive was an acknowledgement that without donor assistance they would be unable to develop and their chance of gaining assistance was very limited.

### **1.4.2 Pamoja Nguvu - Unga Ltd**

#### **1.4.2.1 Marketing**

#### **1.4.2.2 Working practices**

#### **1.4.2.3 Training policy and practices**

#### **1.3.2.4 Observations**

Unga Ltd., is an area on the very edge of the town and the Pamoja Nguvu group operates from a plot of land containing a number of shanties enclosed by corral type fences, but without legal connection to utilities.

The regional official commented that in 1993 a number of groups were established dealing in metal products and metal recycling, but this was the only one that had survived. The group started in 1993 with each member contributing some capital and the intention was to manufacture grilles for windows etc. It started with 10 members, grew to 56, but now only 26 remain. Currently they subsist by dealing in scrap metal, although some welding work is undertaken. According to the chairman there were 6 girls in the original group, *'but were never seen again'*.

In essence the group could be called a commune, as they operate as individuals or small groups (2-3) within the area. Within the group there are 5 trainees who contribute to the purchase of materials, some of which they import from Nairobi. Materials unfortunately, can be easily stolen so, bolts, bearings etc are stored in the shanties for security.

#### **1.4.2.1 Marketing**

The consensus of the group was that they had attempted to gain work, *'by going around places'* (other industries) and trying to sell their scrap metal, but had little success. Welding work was more in demand, but was only carried out by one of the sub-groups. Custom was gained by both personal recommendation and touting around the town. *'The things which are produced are sold on negotiations, and the scrap spares depend on their cost'* was the response to questions about how they derived a price for their work.

As they had started without any formal training, most members admitted that they were handicapped by an inability to identify possible products and markets other than the obvious. One member had successfully produced a grain mill from scrap material, but was unable to fix a price for the product. This was a one-off construction as all the components had been salvaged from scrap and it was unlikely that he could make another in the near future as *'it depends if I can find similar bits'*.

A lack of transport means that the price they receive for small quantities of scrap metal (25 T/sh per Kg) is far less than they could expect if they sold it by the lorry-load (50 T/sh per Kg).

#### **1.4.2.2 Working practices**

Little could be derived about their methods of operation as apart from the grain mill there was no manufacturing taking place. The area was however, covered with scrap metal some of which had been crudely sorted into automobile parts and other identifiable components which could be sold on.

#### **1.4.2.3 Training policy and practices**

The chairman of the group was a welder who had learned the skills from a friend who owned a garage. He had qualified after 1½ years, then worked in both the formal and informal sectors as a welder. He said he trained a number of apprentices including girls (although no trainees were in evidence) but his claim was supported by the Municipal Officer. He did not charge a fee, but expected trainees to do the same work as himself as soon as they were able, *'the members produce as they learn and they get paid'*.

Asked how he taught electric arc welding without an electricity supply, the chairman replied that they had applied to have electricity connected two years ago, but were still waiting and conceded that he had illegally connected to the nearest supply.

#### **1.4.2.4 Observations**

Although they have received little or no assistance from the state, other than the plot, the potential was there to develop a range of products from recycled materials. What is lacking, (apart from utility services) is knowledge, of materials, of markets, costing and possible method of gaining assistance.

The problems of this group are exacerbated by a lack of knowledge of the potential suitable outlets for their products/materials. This is in part due to their preference for individual/small group working, i.e. if the group agreed to co-operate in selling their collective output then they would be able to hire

the transport and secure the higher price. This is an example of subsistence existence, where the daily need to obtain money, overrides the co-operative accumulation of future corporate prosperity.

A further consideration is gender, girls do play an active role in the formation of groups, but appear to be the first to become disillusioned and leave. Comments relating to the problems of sustaining girls participation permeated discussions with operators and officials throughout the field study. Suggestions for this generally focused on girls, lured by the possibility of gaining money who participate in the formation of a group, but faced with the reality of no external funding, only hard work, they become disillusioned and seek easier ways of making money.

#### **5.4.3 Moshi municipal council**

##### **1.4.2.1 Marketing**

##### **1.4.2.2 Working practices**

##### **1.4.2.3 Training policy and practices**

##### **1.3.2.4 Observations**

The Moshi activities began in 1987 with the grant of a piece of land to assist loiterers after the intervention of the town's MP. The area called Bomambuzi, is more locally known as the *bus stop* and is populated with a variety of motor vehicle trades, mechanics, welders, panel beaters etc. Over 20 enterprises in all are situated here, some are registered but a significant number are not and large garages and Jua Kali subsistence operators exist side-by-side.

There is no co-operative policy or structure and people work, as individuals, specialists in their field, e.g. radiator repairs, or in small groups. A significant feature of these groups is an affinity with the extended family.

In response to questions about raising capital to start operating, the consensus of opinion was that most money was forthcoming from family and close friends, or from selling assets, *'I started in the streets as a saidia fundi, Nguvu kazi gave me this working area only because fundis were told not to operate dispersed in the streets... capital, that is your challenge to sort out as an individual, whether you sell your cow, or goat'*. They have not received any external funding, *'there were some people who passed around sometime in the past... but we have never seen them again and since then we have never communicated with the government nor any donor'*. However, further discussions revealed that some operators had considered applying to SIDO but gave up, blaming the bureaucracy, *'I had to write a letter and fulfil other conditions which I found hard and so I just abandoned the idea'*. However, personal illiteracy was later admitted to be the real reason. Another group talked of registering specifically to obtain a loan to erect a security fence, but when they received the terms, they abandoned the idea.

Numerous Std VII leavers are trained in the area and most are the children of existing operators or their extended families. This preference is not without its problems, for many, based on past experience, viewed these trainees with suspicion for reasons aptly illustrated by the following quote. *'Some come there with high expectations and boast in front of their friends thinking they will get prosperous fast, but when they arrive they find that the job makes them very dirty (greasy) and the allowances they get are meagre. They are tempted to steal, and when there is no cash... they steal spare parts which they sell and get money. Worse still, when the owner tries to warn them and care for their character, since they are relatives or children of friends, the learners rush to their parents and complain that they are being mistreated. This is bad because it often leads to enmity and mistrust between relatives or friends'*.

##### **1.4.3.1 Marketing**

The area is well established and as a consequence operators see no need to seek work. Trade is obtained through the long-distance bus and lorry companies as well as local residents. In general, the costing of work is an arbitrary, rule-of-thumb affair based on negotiation and little or no records are kept.

#### **1.4.3.2 Working practices**

During our visits, a diverse number of activities were observed. Personal safety was one facet of the working environment that was overlooked, when viewed from the perspective of the developed world. Operators carried out their tasks appearing totally unaware that there was a blow-torch only millimetres away from their leg or they were gas welding without goggles. In some respects their actions appeared to be bravado or part of the male ethos of the workplace.

However, adaptability and the ability to innovate and utilise a diverse array of apparently scrap materials made these artisans indispensable to those who patronise the community. A specific example was an almost complete rebuild of an awkwardly shaped exhaust box from a single piece of sheet metal, progressively shaped and welded until the job was completed.

Competencies such as these the artisans considered, were only learned in the informal sector and almost all the individuals interviewed considered that VTC trained artisans were unsuited to working in the informal sector. *'The college students concentrate on theory, and not on practicals, as a result, they're hopeless compared to our learners who do mainly practicals... street mechanics are very good and not as lazy as those who come from colleges who are very proud, talk of their certificates and think they know much while in actual fact they know nothing'*. These beliefs were so vehemently held, that none of the operators would consider employing VTC trainees.

#### **1.4.3.3 Training policy and practices**

Only boys apply for training after completing Std VII, there was no evidence or mention of girls applying. The trainees take about 6 months to acquire the skills necessary to work with the minimum of supervision, but the time depends on the particular trade and the individual trainee. *'Some students are very bright and understand very fast'* said one operator and went on to relate that he had, *'one student who after only 4 days was already familiar with things like radiators etc'*.

The training is free and learners receive a small allowance but are not paid a wage, *'because they still live with their parents or relatives and so do not have to cater for their own food, shelter or clothing'*.

The training process is the same as previously described in the UIMAGE and Mawenzi studies. Of note however is a number of people join as *journeymen (machinga)*, i.e. they have gained some skills but apprentice themselves to learn more advanced ones. There was evidence to suggest that some artisans consider recurrent training is important, *'one cannot say he has qualified because there are new skills entering the market everyday'* commented one 54 year old artisan adding, *'7 am old, but there are many new things to learn yet'*.

#### **1.4.3.4 Recurrent training**

The above quotation succinctly draws attention to the need within the sector for regular upgrading of skills to enable them to adapt to the changing needs of the market-place. To cite the motor car as an example, older models are predominantly mechanically orientated in terms of servicing and repair, but as vehicles become more sophisticated, traditional methods of diagnosing faults and rectifying them will become obsolete as new techniques emerge. The corollary is that mechanics must gain these new skills or they will increasingly become marginalised only able to undertake the skilled, lower paid work.

Similarly as the materials employed in the construction of vehicles and other consumer products becomes ever more sophisticated, through the application of composite materials and alloying, artisans (welders, fitters mechanics panel beaters etc) require the knowledge and skills necessary to work these effectively.

Situated in the town, the Centre for Informal Sector Promotion (CISP) began in 1990 is a joint project between URT/UNDP/ILO. The centre deals with 3 major areas, training, personnel and equipment

with an emphasis on technical and managerial training. Admission is open to both genders but applicants must be qualified in a particular trade and centre offers assistance in metalworking, building materials, carpentry and food processing. However, the majority of participants to date have been male.

When the Centre started no fees were charged, but to sustain the project participants now pay 5,000 T/sh (10% of the total cost). The courses are taught part-time, with 30 hours contact time for a full session, normally in 2 hour sessions to enable participants to continue their full-time operations.

Current estimates are that in the last 12 months about 500 people have completed the training, the target is 1,000 before the Centre is re-designated as an NGO. In terms of access to credit, about 15 entrepreneurs have so far gained assistance through the ILO directed, RYTE programme.

#### **1.4.3.5 Observations**

This group illustrates the high degree of skills many informal sector operators have developed of necessity and which represent the foundation for future growth. However, there is also a recognition that to adapt to change, recurrent training is necessary and the CISP offers only a partial solution to this problem. The other main concern highlighted in this study was the perceptions artisans held on VTC training and their very negative opinions about the capabilities and expectations of VTC trainees.

#### **1.1 Other Nguvu kazi areas visited**

In addition to the case studies presented a number of other interesting observations were made in and around Morogoro and Iringa where youth groups were engaged in a wide range of activities. However, only a very small number had gained assistance through the ILO or MLYD and consequently started operating by raising their own capital by borrowing from family, friends or selling their assets. Asked why they began or continued most responded that forming groups offered the possibility of subsistence activity, working for themselves, or that they had little choice. Most wanted training and funds to establish themselves, and nearly all had decided on their particular activity because it seemed to offer potential.

#### **5.6 General conclusions and issues raised by the case studies**

The studies were chosen to reflect the diversity of artisan activities within the informal sector, but whether rural or urban, large or small, all were faced with a number of similar problems and each study has attempted to focus on one or more of these.

Discrimination against women was a permeating feature and in some areas they were constitutionally barred, while in others the actions and prejudices of operators served as a barrier. Pregnancy, or the fear of it, was also frequently quoted as the justification for preventing entry as operators considered that the time invested in the unfortunate girl would be wasted.

Another permeating feature was that many artisans are prejudiced against the VTC system, and therefore discrimination towards trade test graduates takes place. Artisans are critical of what they perceive as, cook-book theory orientated artisans ill-prepared for the working practices of the informal sector.

The formulation of legally constituted co-operatives and groups with democratically elected officers was part of the original Nguvu kazi programme and the evidence suggests that although groups still adhere to this in principle, in practice many individuals prefer to operate individually or in family groups for three reasons. The most prominent is the need to support the extended family, concerns about corruption and embezzlement by elected officials, (e.g. marketing/sales officers) and finally, there are the problems associated with ad hoc working practices, irregular hours and different socio-economic needs. The demands of the extended family in terms of money, influence and expectations are not easily met in the context of the corporate establishment. The fear of corruption is a direct result of a lack of communication, checks and balances in the system creating a distrust of 'middle men' and non family members. In addition the cultural ethic is such, that short term prosperity is matched by

absenteeism. This is a feature which permeates subsistence activities, as planning for the future is a concept largely missing from the work ethic of vast majority of the operators. This is one of the distinguishing characteristics which identifies the subsistence operator in comparison to the small scale operators who evince a different working ethic.

The transition from subsistence to small-scale operators appears to correspond to three factors, first a revised work ethic, characterised by a more formal approach to work, i.e. regularity of attendance etc, the second is the type of the work, (the demand for goods or services) and finally, the accumulation of profit to create capital. In practice this discounts many of the Nguvu kazi activities as they fail to fulfil the second factor which is an essential precursor to the third. Operators involved in activities where trade is expanding, i.e. motor vehicles and the manufacture of consumer goods, appear to have the most opportunity, but this in itself will not guarantee the necessary accumulation of profit. A key factor in maximising profit is to enlist a number of unpaid apprentices and by staggering this process, an operator can increase his profit, whilst spending the minimum time instructing the trainees. However, the operator frequently has little intention of reinvesting his capital in the business from which it was derived, the common practice is to diversify into other ventures that support short term high-yields. In part this is to ensure his long term survival in an uncertain economic climate, but also it represents a concerted effort to evade the problems of formal sector legislation and taxation if the company grows too large.

In providing plots under the Nguvu kazi programme the government/regional/local authorities were seen to be acting in the interests of the people. However, many of the locations that were visited were isolated from possible markets and lacked any amenities. Without assistance to establish themselves many groups perish, but in the current economic climate like the sharks teeth, as one group folds another is eager to take its place and try its luck.

The following diagram illustrates the Nguvu kazi process from the formation of groups to trading, and the mechanisms that exist to encourage growth through access to capital and specialised training as the enterprise develops.

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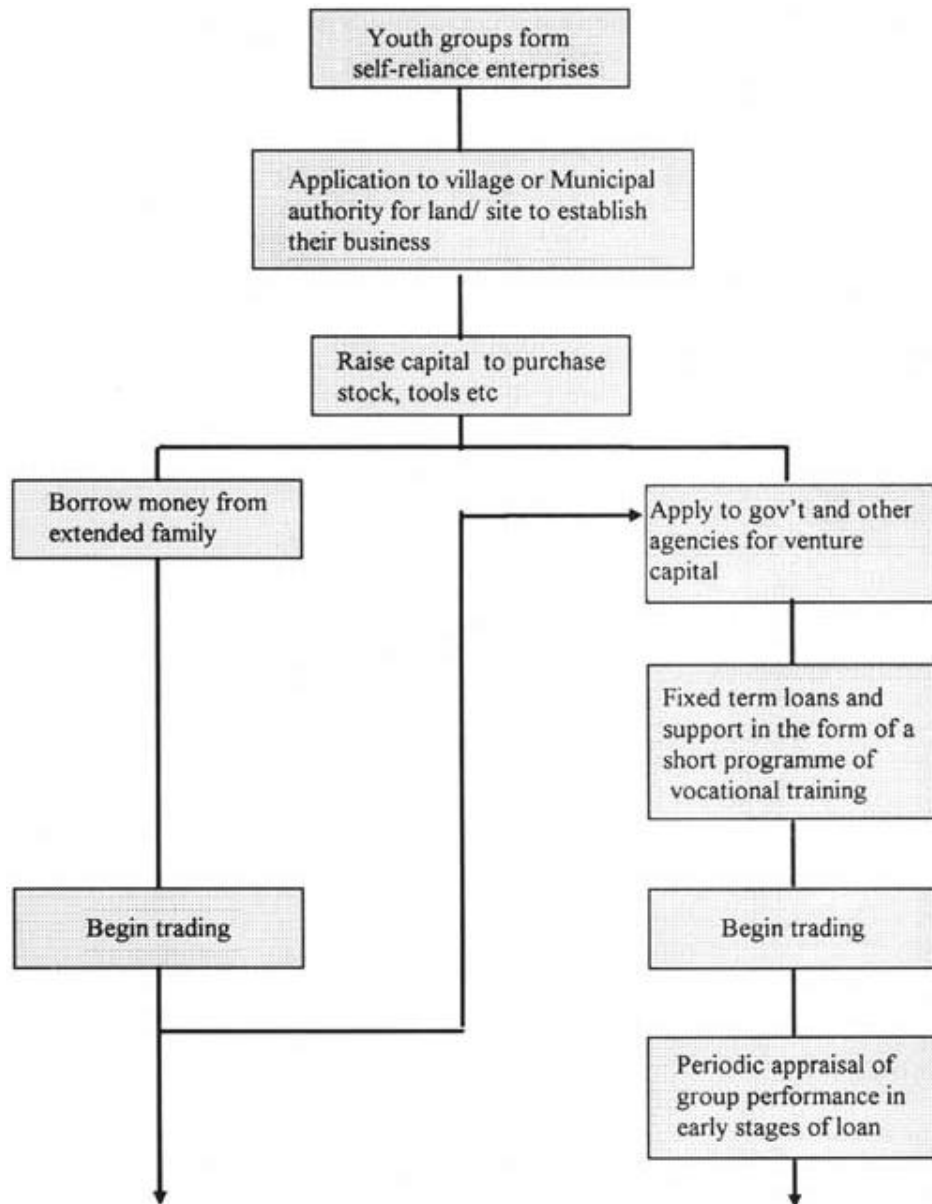


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The following diagram illustrates the Nguvu kazi process from the formation of groups to trading, and the mechanisms that exist to encourage growth through access to capital and specialised training as the enterprise develops.



It is worth reiterating that only a very small number of groups gain financial and technical assistance, e.g. RYTE supports 508 groups in 16 districts and the MLYD, 1717 groups in 20 districts, although not all receive financial assistance. Regardless of the sponsor, groups who are judged to have misappropriated funds are automatically excluded from further participation in the programme and the assets of the group are seized.

When examining the composition of informal sector enterprises, there appears to be two distinct models, the first operates a policy of *'ring-fencing'* where entry is restricted to the extended family and close friends, the other which was mainly observed in Nguvu kazi groups, represents more of an *'open-door'* policy as the only barrier to entry is the joining fee.

Many of those interviewed made reference to the assistance given or promised by CCM or individual politicians, but in practice these amounted to little more than tokens to gain support. Examples cited were, visits to inaugurate a Nguvu kazi site or the allocation of land and in one instance the availability of short term loans. However disillusionment was apparent as for most, funding and promised capital equipment had not been forthcoming.

The majority of those Nguvu kazi operators interviewed started without any clear notion of how to operate a business, nor had they the capability to undertake a feasibility study to see if their intended activity would be viable, e.g. if they intended to rear and sell poultry, was there any other local suppliers and if so, what would be the effect on trade. One could not expect people (mainly educated to Std VII) to have the capability to envisage the need for such activities, but it exposes the inherent weaknesses in the system. Groups that have prospered as a result of assistance from the ILO, MLYD or SIDO are testimony that meaningful SR activities can only be achieved by providing a combination of physical resources, capital and the knowledge to effectively manage the enterprise.

A lack of marketing skills, especially in methods of promoting their goods and services inhibits many Nguvu kazi groups. The experience of how Kisokwe developed through promoting their products is an good example of economic benefits that such training can bestow. However, even here there is scope for expansion as they have yet to contact shops in towns, advertise in newspapers, or approach formal sector companies with their products.

Overall, levels of skill are very high but the artisans knowledge of materials and processes is in many instances virtually non existent. VIMEGRO operatives cast 'aluminium' but had only a vague notion that the composition of aluminium varied from product to product, depending on the application. Similarly blacksmiths and welders have very little knowledge of metallurgy and the importance of working metals at certain temperatures, or of selecting the correct welding rod, or the appropriate flame. Although it is acknowledged that many jobs do not require such knowledge, e.g. the fabrication of window grills, but when forging a piece of steel or welding a leaf-spring such knowledge is important for it directly effects the quality of the finished product, reliability and in some instances the safety of those who operate or use the product or service.

Some operators identified the need for recurrent training to expand their knowledge and skills. The problem is that little or no provision is available to support these people. The Kisokwe artisans went to the SIDO college at Tabora and there is the CISP in Moshi, but for most, there is no provision. FDC's were originally designated to undertake this kind of activity but, due to a shortage of funds and logistical problems many are unable to fulfil this function. For those in urban areas, VTC's operate Trade Test evening-schools and the MVTTC also runs courses. The problem is that VTC's are viewed with suspicion and therefore suffer from the artisans reticence to attend, while artisans in rural areas due to their relative isolation, are dependent on donor support to send them on residential courses.

The prejudices of artisans towards VTC's also prevents many trainees from attending evening-school to study for national Trade Tests. This constrains the opportunity for trainees or journeymen (*machinga*) to gain the theoretical knowledge that would enable them to improve the quality of the products or service they provided.

Under the heading of training, a number of issues were raised, the nature of the training, exploitation, the absence of a theoretical base and the lack of formal recognition were all noted. Although training was necessary to ensure the future supply of skilled labour, the overriding concern was with production and trainees depending on the stage of their training were unpaid/underpaid artisans. Claims of exploitation were countered by the need to cover the cost of damage or possible loss of earnings due to the activities of trainees, yet during many observations there appeared little that trainees could damage that would cost a lot of money to repair or replace.

Some trainees expressed a concern that after completing their training no formal recognition was given to them in the form of certification. This caused concern as many intended to move around the country seeking work. This also raises the fundamental issue about what constitutes trade training and the need to define formal criteria. Currently, an alternative method of gaining trade skills is adopted by street boys who learn by observing and casually assisting the artisan. This is how the VIMEGRO enterprise began.

With the exception of SIDO no other agency appears to provided technical assistance nation wide. In general, the University and Technical Colleges are conspicuous by their absence, (although within the UDSM the Institute of Production and Innovation IPI do provide some assistance) yet have the

potential in terms of knowledge and skills to promote enterprise and innovation among informal sector enterprises. These institutions could provide assistance, for example in designing new products or improving existing ones, i.e. brick making machines, charcoal stoves or agricultural implements, or identify potential markets.

These observations and the comments made by artisans and operators throughout this study have reinforced the belief that within the sector there exists the raw materials, i.e. skilled artisans who if properly assisted could play a significant role in the future socio-economic development of the country. Many of the artisans have demonstrated their potential as innovators, trainers and entrepreneurs, but by their own admission, they are constrained by a lack of knowledge.