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## Sectoral activities in the ILO

The Sectoral Activities Department is part of the Social Dialogue Sector of the ILO. Its objective is to promote social dialogue at the sectoral level and to facilitate the exchange of information among the ILO's constituents on labour and social developments concerning particular economic sectors. One of its means of action is practically oriented research on topical sectoral issues. This publication is an outcome of that research.

The particular characteristics of the various primary, manufacturing and service sectors account for the different form taken in them by issues such as globalization, flexible work organization, industrial relations, the implications of structural and technological change, trends in the number and nature of jobs, and the situation of special groups such as children and women workers. The Sectoral Activities Department is the ILO's interface with its constituents at the sectoral level.

Continuing attention is given to 22 industries or sectors dealing with:

- **Industrial activities** (extractive, rural, manufacturing, construction);
- **Maritime industries** (shipping, fishing, ports, inland water);
- **Services** (commerce; financial and professional services; media, culture, graphical industries; post and telecommunications; education; health; public service; utilities; rail, road and air transport; hotels, catering and tourism).

These sectors are vital in virtually all national economies. Issues concerning other sectors or sub-sectors are addressed on an ad hoc basis.

The principal activities of the Sectoral Activities Department are a mix of the development and undertaking of constituent-driven practical action programmes in various sectors in a number of countries, and the holding of international sectoral meetings that provide a forum for discussion and an exchange of views on current issues in the sector concerned. These activities are generally tripartite, with equal participation by governments, employers and workers. Where the government is the predominant employer, however, participation reflects this. From time to time, specialized meetings of experts are held. An outcome of most meetings is agreed conclusions that serve as guidelines for policies and measures for dealing with the issues and problems – at the national level and by the ILO.

The Department undertakes follow-up activities to these meetings and provides various forms of technical assistance, including the promotion of tripartite sectoral dialogue on priority labour issues at national level, and the provision of advisory services on sectoral labour issues. It also collects, analyses and disseminates technical sectoral information and carries out studies, such as this one, on issues of concern to particular sectors or groups of sectors.

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**SECTORAL ACTIVITIES PROGRAMME**

**Working Paper**

**INFORMAL CONSTRUCTION WORKERS  
IN DAR ES SALAAM, TANZANIA**

**Arthur Jason**

Working papers are preliminary documents circulated  
to stimulate discussion and obtain comments

**International Labour Office  
Geneva**

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ISBN: 92-2-117051-9 (print)

ISBN: 92-2-117052-7 (web pdf)

*First published 2007*

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Printed by the International Labour Office, Geneva, Switzerland



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## Preface

This report presents some of the findings from a Participatory Action Research (PAR) project in Dar es Salaam, the United Republic of Tanzania. The project, support to informal construction workers, ran from October 2002 to September 2004. It was implemented by United Nations Volunteers (UNV) with administrative back-up from United Nations Development Programme (UNDP). The International Labour Organization (ILO) and the Bureau for Industrial Cooperation (BICO) of the University of Dar es Salaam (UDSM) provided technical support. The National Construction Council (NCC) of The United Republic of Tanzania was the host agency. Funding came from the Government of Japan.

The report was written by Arthur Jason and edited by Jill Wells. However, the research and other activities reported here are the result of a team effort. The team comprised 12 Tanzanian volunteers (three specialists and nine fieldworkers) who worked full time on the project from October 2002 to September 2004. The work of the team was coordinated by an international volunteer from Nepal, Mr. Navin Rana. The Tanzanian volunteers were as follows:

Mr. Jonas Mushi	Construction industry specialist
Mr. Albert Jimwaga	Participatory planning specialist
Mr. Arthur Jason	Social science specialist
Mrs. Grace Bingileki	Fieldworker
Mr. Patrick Fisima	"
Mrs. Prisca Henjewe	"
Mr. Ben Kayoby	"
Mr. Yohana Makala	"
Mr. John Mapunda	"
Ms. Yolanda Mbatiya	"
Mr. Emile Nibirantiza	"
Mr. Cosmas Olomi	"

The author would like to thank the project coordinator and all of the above-named team members for the excellent work that they did, often in very difficult circumstances.

He would also like to acknowledge the contribution of other people who provided technical or administrative support. At UNV, Mr. Robert Palmer and Ms. Annet Mpabulungi were in charge of the administrative support for the project at headquarters and in Dar Es Salaam, respectively, and Dr. Edmundo Werna was responsible for technical supervision. Dr. Jill Wells (construction specialist at the ILO) was the technical advisor on behalf of the ILO. The consultants from BICO who provided technical support in the field were Professor Ninatubu Lema and Dr. Ramadan Mlinga.

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Thanks are also due to the following: Mrs. Anne Ngondo (TAMICO): Dr. Yusuf Fundi and Ms. Hyacintha Makileo (NCC).

The most heartfelt thanks are also extended to the informal construction workers who gave a lot of their time to work with the team, sometimes with very uncertain benefits.

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## Introduction

### Origins of the project

The project, *support to informal construction workers* was conceived in discussions between the urban projects specialist at UNV headquarters in Bonn and the construction specialist in the Sectoral Activities Department of the ILO in Geneva.

UNV aims to support human development around the globe. Its projects have traditionally been in the areas of community development, humanitarian relief, human rights, electoral support etc. Involvement of UNV in urban projects and in industrial sectors is relatively new. The ILO, on the other hand, has specialized knowledge of particular sectors of the economy, many of which (like construction) are located primarily in urban areas. It also has a long-standing interest in activities in the urban informal economy and a brief to promote “decent work” for all. The idea of a project that uses a participatory approach to investigate activities and relationships amongst workers in the *informal construction sector* took root.

### Definitions

The *informal construction sector* has been defined as comprising “unregistered and unprotected individuals and small enterprises that supply labour and contribute in other ways to the output of the construction sector”.<sup>1</sup> These small enterprises and individuals are mostly engaged in housing and building construction activity in the *informal construction system*. In this system, contractors are not involved: building owners (or foremen appointed by them) buy materials and hire workers directly to construct or repair the whole or part of the building.

However, it is now recognized that informal construction enterprises and workers also supply labour and materials to contractors engaged in larger projects in other sectors of the industry.<sup>2</sup> Thus, the definition of informal construction workers adopted by the project includes all those working in the construction sector who are not on the regular payroll of contractors or other employers. After considerable debate among the project team it was decided to also include producers of building materials in the definition of “informal construction workers” and hence in the project.

### Study location: Dar es Salaam

Dar Es Salaam was selected for the project because the city is the largest in the United Republic of Tanzania and one of the major cities in Africa. The population is estimated at 3 million and is growing rapidly, due to both a high rate of natural growth and

<sup>1</sup> This definition was adopted at the first meeting of the CIB Task Group 29, “Construction in developing countries”, which took place in Arusha, the United Republic of Tanzania from 21-23 September 1998. The meeting also recognised and defined the informal construction system.

<sup>2</sup> For evidence of this in the United Republic of Tanzania, see Mlinga, R.S. and Jill Wells: “Collaboration between formal and informal enterprises in the construction sector in Tanzania”, Habitat International 26, 2002, pp. 269-280.

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rural-urban migration. The city also has densely populated pockets within itself with extensive informal economic activities going on.

Dar es Salaam has been the focus of many ILO studies, partly because of the reasons mentioned above. This provided the UNV, as the executing agency, with an excellent opportunity to use the recommendations of previous work as a guideline for designing and implementing the project.

International attention has also focused on the construction industry in the United Republic of Tanzania. A number of construction sector institutions were created with Swedish, Norwegian or Finnish assistance, for example, the Building Research Unit and the National Construction Council. A thorough evaluation conducted by SIDA of their assistance to the sector over the years concluded that the biggest mistake was to ignore the 80 per cent of the construction industry that is informal. The project is an attempt to redress this imbalance.

## **Aim and objectives of the project**

The activities of informal construction workers in African towns are not well understood and their interests are seldom articulated. The aim of the project is to strengthen these workers as a group by helping them to understand the problems that they face and enabling them to identify, plan and implement possible solutions. The specific objectives were to:

- help informal construction workers to work together to identify and address key problems that they face in their working lives;
- build the capacity of the local actors to carry on after the end of the project;
- document the experiences at different locations; and
- disseminate the results in order to enable the scaling up/replication of the project.

## **General approach**

The project focuses on workers at the grass roots and aims to mobilize them through a participatory approach. This is consistent with the idea of community involvement, which has a long history in the United Republic of Tanzania. It is also in line with the former Tanzanian policy of *Ujamaa*, which is now beginning to be seen again in a positive light.

Since the aim of the project was to help the informal construction workers to find ways of improving their working conditions and exercising their rights, the approach had to be genuinely participatory. The informal construction workers had to be involved from the start of the project in its planning, implementation, monitoring and evaluation. The priorities of the construction workers themselves determined how the project would subsequently evolve. Hence, at the beginning the approach could only be suggested and how it would proceed in the initial stages, with some less clear idea of what might follow.

The project can be divided into two phases, each with a different focus. In phase one the focus was on research. Before it could begin supporting the informal construction workers the project had to understand the sector. The first six months was therefore devoted to getting to know the construction workers and understanding their ways of working and their problems. The main objectives of the research were to:

- 
- develop an understanding of the dynamics of the labour market in the informal construction sector and the characteristics and working patterns of those working in the sector;
  - build a database of the population of informal construction workers by trade categories;
  - ascertain the informal construction workers perceptions of the problems and possible solutions.

The first step in the research involved identifying the “population” of construction workers in Dar es Salaam and engaging in dialogue with the workers. Information was generated in the process of dialogue and entered into the project database. Later, a sample of construction workers was selected for more systematic study. Data were collected on the workers, their working patterns and behaviour and the problems that they face. Representatives of the sample of workers were then brought together in a workshop where problems were identified and discussed with other stakeholders. The suggestions that emerged from these discussions provided the basis for the subsequent activities in phase two.

In the second phase of the project the focus was on action. Although research continued to be important it was integrated into the action programme. Hence, research and action went hand in hand in phase two. The approach used by the project in the action phase of the research was to facilitate a process of dialogue, through informal discussions and workshops, followed by experimentation with different solutions and follow-ups. The objective was to identify problems, work together with construction workers to find solutions and eventually implement the solution.

## **Outline of the report**

Following this introduction the report is presented in two parts. Part one covers the research phase of the project. It describes the research methodology and reports the findings of the research. It also contains some conclusions and suggestions for actions to be taken to address the problems encountered.

Part II of the report covers the second phase of the project when the focus was on action. It describes and explains the actions that were taken to address the problems identified by the informal construction workers in the city. Although the focus in this phase was on action, further research was often necessary in order to clarify the possibilities for action and/or to select the preferred course. Hence, in reality there was no clear division between the research and action phases of the project. Both were on-going throughout. Research suggested action and action necessitated further research. An account of these “mini research” activities is included in Part II.

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## Part I. The research phase

### 1.1. Methodology

#### ***Identification of the informal construction workers***

The first priority of the project was to identify the “population” of informal construction workers and select a sample to work with. This entailed an extensive mapping exercise. The fieldworkers worked in three teams, each targeting one of the three municipalities of the city, Kinondoni, Ilala and Temeke.<sup>1</sup>

The biggest challenge was to engage with construction workers and gain their trust. This took more than a month. The emphasis in this initial stage was not on gathering information – at least not in any systematic way. Rather the focus was on getting to know the situation on the construction sites, pick-up points (*vijiwe*) and material production sites by observation.

Entry points were identified with the assistance of the local government, the ward executive officers. It was assumed that the ward executive officers were well familiar with their localities and thus in a better position to know where *vijiwes* are located, where construction is in progress and where material suppliers could be met. The ward executive officers were very helpful at this stage of the project.

On construction sites the person in charge at the time of the visit would be approached first. This could be a main contractor, subcontractor, labour contractor, gang leader, owner or foreman. The fieldworkers introduced the project to the person in charge. This was the first step in the field for getting to know the circumstances in which construction activities are undertaken. Fieldworkers tried to develop good relationships with the site management, site owners (clients), workers and others involved in informal construction activities, such as hardware and construction material suppliers.

The objectives at this stage were to:

- identify active construction sites, *vijiwe*, hardware suppliers, construction material suppliers;
- familiarize the team with the entry points mentioned above;
- categorize the various trades working on construction sites;
- assess how the sites are organized (whether formally contracted, with a sign board and main contractor, or informally contracted);
- describe the activities in progress at that particular moment (e.g. concreting, finishes, etc.);
- get a rough idea how many workers were on the site and in which trades;

<sup>1</sup> The city of Dar es Salaam is a region comprising three districts: Temeke, Ilala and Kinondoni. Temeke district, which is on the south side of the city, is the poorest of the three districts. Ilala is the central area where many businesses are located, while Kinondoni is a more affluent mainly residential area on the north side.

- assess the organization of workers on site (how many different gangs, subcontractors, etc.).

During this initial phase of research the project was able to identify a total of 26,383 informal construction workers in Dar es Salaam. The enumeration of construction workers went hand in hand with classification of workers according to their trades. The breakdown of the population of construction workers by district and by trade is shown in table 1.

**Table 1. Population of informal construction workers by trade and location**

	Ilala	Kinondoni	Temeke	Total	%
Carpenters	1 085	462	618	2 165	8.21
Masons	1 875	1 174	1 728	4 777	18.11
Steel fixers	404	80	39	523	1.98
Painters	229	242	65	536	2.03
Electricians	282	169	131	582	2.21
Plumbers	497	176	59	732	2.77
Unskilled *	3 412	7 799	4 454	15 665	59.38
Special skills **	106	0	0	106	0.40
Mechanics	206	123	95	424	1.61
Administrators	274	133	32	439	1.66
Divers/machine operators	276	152	6	434	1.64
<b>TOTAL</b>	<b>8 646</b>	<b>10 510</b>	<b>7 227</b>	<b>26 383</b>	<b>100.00</b>

\* Includes material producers such as sand diggers, stone crushers and helpers. \*\* Includes workers with skills such as glass and aluminium fixing.

### **Selection of a sample of workers**

In the initial phase of research it was found that many informal construction workers are associated in groups. A total of 43 groups of informal construction workers were identified in the whole of Dar es Salaam. The groups comprised a total number of 1,339 workers of different trades. This is 5 per cent of the total population of informal construction workers in the city as identified by the project.

It was decided to take the 43 groups comprising 1,339 workers (6 per cent of them women) as a sample of the total population for purposes of data collection. It was also agreed that the members of these groups would form the “target beneficiaries” of the project and that the project would work with them throughout its life. One other group of stone crushers joined the project after the research phase, after realizing the benefits their fellow groups were getting from the project, bringing the total number involved with the project to 44. However, for various reasons, only 38 of the groups could be interviewed. This part of the report therefore covers the research findings from the 38 groups.

### **Data collection**

The main tool for collecting data was informal interview with a checklist of questions. Interviews were conducted with the leaders of the 38 groups. The objective of the group interview was to develop an understanding of the dynamics of the groups, their mode of operation, objectives, level of organization, achievements and problems.

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Informal interviews were also conducted with individual members of the groups. A total of 176 individuals were interviewed. These interviews with individual workers enabled the research team to verify the information provided by the group leaders, as well as to understand the dynamics and problems as seen by individuals. Information was collected on the individual's education level, skill acquisition, method of entry into the industry, reasons for choosing construction, mobility (geographical and between trades), modes of payments, earnings, advantages of working in groups and problems.

## **Data analysis**

The data collected were mainly qualitative, but quantification was applied whenever appropriate. In analyzing the content of the reports from the field a series of tables was developed. Each column carried an issue as per the interview checklist. The groups or individuals were listed in the rows of the table. Aspects that were analyzed in this way for individual workers were entry into the construction industry, skill acquisition, employment relationship, workers' organization, workers mobility, workers problems and possible solutions. Issues analyzed for the groups included group activity, year of formation, work pattern, method of distributing work, source and amount of group income, use of group funds, and various indicators of the level of organization and cohesion of the group.

This method of working greatly facilitated the analysis of the data. It also made it possible to classify the groups according to various characteristics. The most useful classification, that was used in subsequent analysis, is by the economic activity in which the group is engaged. There are three main types of activity:

- supplying labour;
- supplying materials; and
- supplying both labour and materials.

Hence, the groups were divided into labour supply groups (LSGs), material supply groups (MSGs) and those supplying both (LSG/MSGs). Material supply groups were further divided into those supplying crushed stones (aggregates) and those supplying other materials (metal, timber, etc.)

## **First workshop**

After completing the main part of the data collection and while the data were being analyzed, the project held its first workshop with the informal construction workers. The purpose of the workshop was to bring the workers together to identify their problems and possible solutions.

Not all of the groups could be accommodated at the workshop. Out of the sample (target beneficiaries) 20 groups were selected as "leading beneficiaries" to represent the target beneficiaries at the workshop and subsequently to engage in dialogue with construction industry stakeholders regarding their problems and possible solutions.

## **Criteria for selecting leading beneficiaries**

A number of factors were taken into consideration in the selection of "leading beneficiaries". These included such things as skills and experience (how long has the group existed, how long has it been involved in the particular trade), the extent of participation in grass-roots organizations, the degree of dependence on the construction industry (the sample had to include those groups whose workers depend mainly on income

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emanating from construction activities), enthusiasm to participate in the project, and capability to represent the workers in discussions with other stakeholders.

Typically, project participants were people whose main source of income is derived from construction or related activities and whose principal source of labour is themselves. It was important to include only those who have little or no access to inputs, credit, training or other services and with little power to negotiate.

Representatives from the 20 groups that were selected attended the first workshop where problems were identified. The same groups attended the second workshop where workers engaged in dialogue with the Government and other stakeholders in the construction industry. Details of the second and subsequent workshops are reported in detail in Part II of this report.

### ***Justification of the approach***

Development has to work within local dynamics. Development fully based on imported ideas has proved futile in most cases or at least is not sustainable. This meant that study and analysis of the existing dynamics in the informal construction sector was needed. The already existing groups of informal construction workers provided an opportunity for understanding in this respect.

Development intervention also has to start on a modest scale and only expand gradually. To understand local systems and dynamics we had to allow sufficient time to work and dialogue with people, which meant limiting the number of individuals or groups. Working with existing groups was the most economical in terms of the number of workers reached in a limited period of time. It was also assumed that the groups would lead the way and other informal construction workers would emulate the positive achievements of the groups.

The value of a participatory approach is that the target population knows itself better than the outsiders and can give a clear analysis of their problems. In the project this meant involving beneficiaries (and other stakeholders) in problem identification, situation analysis and implementing solutions to the problems identified. Participation of beneficiaries in problem identification and assessment was critical for better understanding of the problem by the project staff.

The beneficiaries (the informal construction workers) participated in the process by representation through a sample of groups of informal construction workers that was drawn from the population established in Dar es Salaam. The sample participated from the start in generating, analyzing, and implementing the action plan. This helped the beneficiaries to develop vision, capacity, self-confidence and commitment that in turn would, hopefully, ensure a continued and responsible beneficiary effort in the activity and beyond.

### ***Limitations***

The project inevitably suffered from some limitations. First, the focus on the groups of construction workers meant that those who work individually were largely excluded from the analysis. However, they were included in some of the mini research projects in phase two.

A second limitation is that the project covered only the city of Dar es Salaam. Thus, the findings of the project should not be regarded as representative of the situation in the country as a whole.

A further limitation is that most of the workers interviewed were found to work almost entirely in the informal system. Very few were found to work for contractors or subcontractors on formally contracted building sites. Yet it is well known that the formal construction industry in Dar es Salaam (and other towns) does draw heavily upon the pool of informal workers for its labour supply. It may be that the focus on groups and the method of finding them (through the local community) prevented incorporation in the study of those who work predominately on large construction sites.

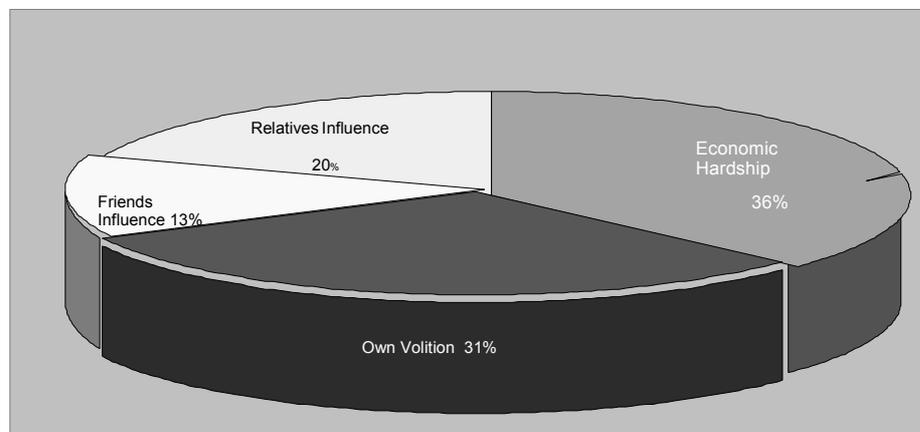
## 1.2. Findings on individual workers

### *Entry into construction*

There are many ways of getting into the informal construction sector. Some are introduced into the sector through friends. Some are recruited by parents or other relatives as apprentices. Others enter into the industry through their own volition.

About a third of respondents misunderstood the question and gave the reason for entering the sector, as opposed to the means. Economic hardship was mentioned by around a third of respondents. It can be generalized that economic hardships that prevails in the country is a major motive behind entry into the construction industry on the part of most of the unskilled school leavers. They join the construction sector for income generation and subsistence. Some engage in construction activities alongside other activities, mainly petty trades like street hawking. Many respondents who sell labour to the construction sector said they joined the business because they believe it needs no capital apart from one's own physical capability.

Chart 1



As in many other developing countries the construction workforce consists largely of migrants from the rural areas. Of the 176 individual workers interviewed, 141(80 per cent) had their education in other regions of the United Republic of Tanzania while 35 (20 per cent) had their education in Dar es Salaam.

Informal construction workers move to the city at ages between 15 years and 25 years. Most would have finished their primary education at around 14 to 15 years of age and have had some informal training from their fathers or other relatives for another five to

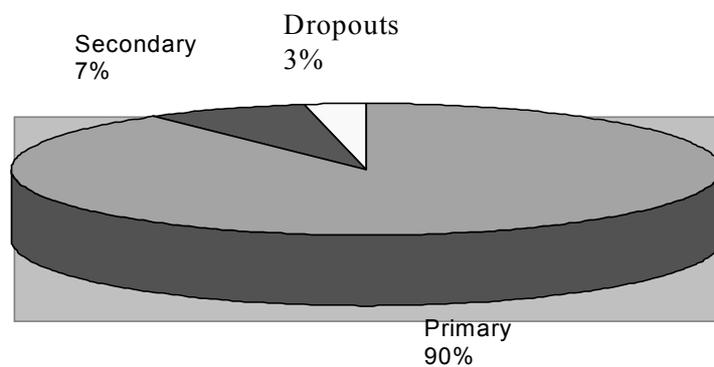
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six years before moving to Dar es Salaam to look for work. Once in town, their relatives or peers accommodate these young men.

## **Education**

The sector absorbs a lot of unskilled school leavers who could not have a chance to go further on the education ladder. Out of the total of 176 workers interviewed, 158 (90 per cent) joined the industry after completion of primary education, 13 (7 per cent) had secondary education certificates, and 5 (3 per cent) were drop-outs from primary education (see Chart 2.) Many school leavers, especially those leaving primary school, join the construction sector because of lack of employment opportunities in other sectors.

**Chart 2**



## **Skill acquisition**

Only 37 of the 176 respondents (21 per cent) attended post-school training, which means vocational training. Most of the informal construction workers acquire their skills informally. However, the research found that most of those who acquired their skills informally would like to further their skills by getting formal training both at college (theoretically) and on sites (practically). The few who got their skills formally were divided on this issue. But overall most workers said they would like to improve their skills by going to college for further training. Very few (six respondents out of 176) seemed to be comfortable with the skills they have so far.

However, this was in response to a question as to whether they were willing to undergo some formal training. It is interesting that the workers did not mention limited skills as a problem or barrier to be overcome in order to improve their working lives. Their major concern was how to go about marketing the services they offer and secure more jobs to increase their incomes.

## **Technology**

The technology level used by the informal construction workers is very low. Their knowledge on issues pertaining to their trades and tools used in executing their works are very crude. Having acquired skills informally, the informal construction workers back away from competition in the market due to lack of confidence in the quality of their work as a result of low technology and informal training. Most of the respondents admitted their

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limited technical know-how and would like to get some training in their fields of specialization, legal matters like labour regulations and in simple business management.

## **Gender balance**

The study found that the informal construction sector in Dar es Salaam is male-dominated. The initial survey found only 979 women working in the sector. This is only 4 per cent of the total population of informal construction workers in Dar es Salaam. The sample included 22 women which is 6 per cent of the total.

Women's role in the industry was found to be mainly in stone crushing. Women also sell food to workers on construction sites. Also some work in offices as storekeepers and cleaners. Very few are engaged in direct construction activities like masonry, carpentry, electricity, etc.

During one of the project workshops the following reasons were given for few women in the sector:

- women are less likely than men to have contacts among the existing workforce, therefore it is more difficult for them to get into the industry;
- women prefer light work and in construction there are few such jobs;
- there are few women with construction skills or qualifications: this is perhaps why they are found in stone crushing and food vending where qualifications are not required;
- less willingness by women to work in the sector because they are busy doing housework;
- traditions and customs: it is perceived that work that needs muscular efforts is for men: also some men do not allow their wives to go for outdoor jobs;
- religion: one participant cited some religious sects which do not allow women to do this kind of work.

Additional research into gender issues was undertaken during the action phase of the project and is reported in Part II.

## **Mobility**

The market for all of the groups is mainly in Dar es Salaam. Most individual members of these groups work across the city and a few would go up country to work as well. Opportunities for working upcountry are secured through people who know them or clients for whom they have worked before. This applies to individual members and not the groups as a whole.

Multiple occupations were found to be the norm. This may be due to seasonal variations in demand, insufficient income, competition, etc. Construction activity slows down during the rainy season and many construction workers switch to other activities such as farming, fishing or petty trading during this time. For example, the group leader of Kidimuni stone crushers explained that nearly every member of the group has a subsidiary income-generating activity, due to seasonality of the aggregates business.

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There is also mobility between trades, especially when a worker has no job in his/her trade. A total of 81 respondents (46 per cent) said they work as helpers in other trades while waiting for another job in their own trade. Mobility between informal and formal sectors also occurs, as explained in the following section.

## **Employment relationships**

There are many variations in the employment relationships experienced by informal construction workers selling their labour within the construction industry in Dar es Salaam. The three main variables that determine the nature of the relationship are: (1) who is buying the labour; (2) the basis of payment; and (3) whether the workers are hired individually or as a group. Each of these will be examined in turn.

### **(1) The customers or buyers of labour**

The informal construction workers interviewed are mostly selling their labour to private building owners (clients). The building owners buy the materials needed for the particular stage of construction and hire the workers as they are needed. Sometimes owners hire a skilled person (*fundi*) to act as a foreman and the foreman hires the workers.

However, informal construction workers also sell their labour to the formal construction industry. In this case the buyer of the worker's labour is a contractor or subcontractor. However, the relationship is often not direct. It is common for the contractor to contract others, normally a multi-skilled person, to be responsible for recruiting workers and paying them.

Whether contractors or building owners hire the workers, there are no written contracts. The agreements between the parties are typically verbal and not enforced by law.

### **(2) Payment**

The payment methods are also informal. The basis of payment may be time, task or piecework, depending on the preference of the contractor or building owner and the type of work being carried out.

Most workers interviewed said they are paid on the basis of a completed task. They often have to wait until the work is finished before payment is made. However, in some cases a down payment is made at the beginning of the work and the balance paid at the end of the task.

Workers paid on a time basis are usually paid daily. No respondent from any group said he was paid monthly.

### **(3) Individual or group hiring**

Workers may be hired individually or as a group. When hired as a group the person who gets the contract becomes the "gang leader" for the duration of the project. The gang leader is not necessarily the leader of the group. Any member of a group may obtain an offer from a customer and bring others from the group to work with him.

When a group of workers are recruited and payment is by task, the normal arrangement is for the gang leader to take the payment and share it among the group according to their contribution. The gang leader may get an additional payment. But we found very few instances of a group or gang leader acting as an "employer" of the other workers.

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## Income

There is big variation in the earnings of workers in the informal construction sector. Earnings differ according to the activity and qualifications of the workers. Table 2 gives an indication of the range of incomes for a number of trades.

**Table 2. Earnings in various trades**

	Low	High	Unit	Remarks
Carpenters	2 000	5 000	Per day	
Masons	1 500	2 000	Per day	
Plumbers	250 000	600 000	Per house	Paid in phases
Electricians	80 000	200 000	Per job	Paid in phases
Painters	2 500	8 500	Per day	
Steel fixers		100 000	Per job	
Stone crushers	30 000	80 000	Per lorry	Calculated at around Tsh 1,000 per day

The rates shown in table 2 appear to be reasonable, when compared with the national minimum wage of around Tsh. 1,800 per day. However, these are daily wages and paid only when work is available, which is often not the case. The informal construction workers can stay without work for long periods of time. Carpenters and masons said they can stay for two to three weeks without work. Painters and steel fixers said it takes them a month to two months to get another job when one job is finished. Two-thirds of those interviewed said they have no alternative source of income when construction work is not available. Hence, the actual earnings of construction workers fluctuate widely according to the availability of work.

During the period of waiting for another job the workers survive through informally developed mutual help schemes at community level or in the work groups.

For workers producing construction materials there are a number of factors that affect the price and hence their income. Therefore it is difficult to establish figures that would give a true picture of earnings. All in all, it is very difficult to generalize daily or monthly incomes of the informal construction workers because of the uneven availability of jobs.

## Health and safety

The informal construction workers mentioned various job-related health problems. The problems vary from one trade to another. For example, carpenters and stone crushers think they are at high risk of contracting tuberculosis and other lung diseases due to exposure to dust as they lack protective gear.

On safety matter all trades are at very high risk, as safety is not keenly observed in their working places either by the employers or by the workers themselves. In most cases there is no employer to provide the workers with safety gear and they cannot afford to buy it themselves. Hence, the workers are exposed to risk of injury, long-term health problems and even fatal accidents. Also workers have very low awareness of the safety regulations at work.

As the “employers” of informal construction workers are generally ordinary house owners, rather than contractors or subcontractors, they cannot be held responsible for the health and safety of the workers. However, workers sometimes work for contractors or

subcontractors. Even so, health and safety matters on construction sites in most cases comprise only advising caution as opposed to attempting to eliminate hazards or provide the workers with protective gear.

Generally, both the employers and the workers ignore health and safety issues. This is due to negligence on the part of employers and ignorance on the part of the workers.

### 1.3. Findings on the groups

#### ***Economic activities***

In-depth interviews were carried out with a total of 38 groups. Table 3 shows the distribution of the 38 groups, by district and type of activity. It can be seen that the majority of groups included in the sample (58 per cent) are supplying only labour. Eleven groups are supplying materials and labour (29 per cent) and five (13 per cent) are supplying only materials. Further details of the 38 groups can be found in Appendix A.

**Table 3. Distribution of groups by type**

District	Labour suppliers	Material suppliers	Labour and materials suppliers	Total groups
Ilala	8	1	3	12
Kinondoni	6		2	8
Temeke	8	4	6	18
Total	22	5	11	38

The majority of the groups supplying only labour are comprised of mixed trades. But specialized groups also exist in plumbing, carpentry, aluminium and glass fitting. One concrete gang was also included in the sample. Very few of the groups offer all of the labour needed to complete a building or civil engineering project. Tujikomboe and Kikundi cha wajenzi Kipunguni B (formerly known as Gaben group) are exceptions in this respect.

Three of the material-supplying groups (all of them in Temeke) are crushing stones to make aggregates. Other material supply groups sell metal scrap (*Mkwajuni metal scraps*) or window frames and steel bars (*Bondeni*). Materials sold by groups selling both materials and labour include: timber, wooden windows, doors and frames (*four groups*); timber, wooden windows, door frames and steel bars (*three groups*); concrete blocks (*two groups*). Two of the groups selling materials and labour also engage in food vending.

#### ***Group premises***

Most groups do not have permanent premises (either plots or structures). They meet under a tree, along the roadside or at one of the members house. Some just stand on the street in groups waiting for customers. By doing so it becomes difficult for clients to distinguish them from other street vagabonds. This also leads to police harassment.

The project was able to identify four categories of working premises of the target groups.

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1. *Temporary structure with temporary legal ownership*

Two material-supplying groups occupy premises of this type. The groups have leased the premises and pay rent therefore having temporary legal ownership. The premises consist of a larger structure with office and storeroom or workshop.

2. *Simple temporary structure with no legal ownership*

This includes small wooden sheds constructed on the roadsides. Mostly used as an office by material-supplying groups and material- and labour-supplying groups. They have no legal ownership and at any given time the municipal authority can remove them. A total of 15 groups out of the 43 target groups occupy this type of premise.

3. *Foot path, pavement or road side*

Three of the labour-supplying groups fall into this category. The groups are found in the city centre or densely populated areas. They are being harassed most of the time by the police or the municipal officials asking for their registration or identification.

4. *Vijiwe (pick-up points) under a tree or shop veranda*

Most of the labour-supplying groups (LSGs) fall into this category. They are found mostly at road junctions, on open fields and outside hardware shops. They, too, are being harassed by the municipal officials.

**Table 4. Distribution of the groups by type of premises**

Municipality	Temporary structure with temporary legal ownership	Simple temporary structure with no legal ownership	Foot path, pavement or road side	Kijiwe (pick-up points), under a tree or shop verandahs
ILALA	0	5	3	5
KINONDONI	1	3	0	6
TEMEKE	1	8	0	11
TOTAL	2	16	3	22

### ***Rationale for forming groups***

The motivation behind the formation of the groups was largely to serve as a social insurance. The vast majority (more than 80 per cent) of the responses indicated that the groups were formed for social security purposes and not for their work or business development.

In the case of labour suppliers, almost all of the advantages given for being in a group relate to social security. The groups accumulate funds which are then used to make payments to members when hit by adverse circumstances (sickness, death, etc.). However one or two groups supplying labour said they came together as a way of seeking “identity”, meaning recognition by clients.

For material suppliers and stone crushers being in a group also has work-related advantages, as illustrated in case studies 1.1 and 1.2. The following advantages were noted by respondents from material supply groups.

- *Collective bargaining power:* working as a group makes them more influential during negotiating for payments with customers.

- *Easy job availability and accomplishment:* for material suppliers like stone crushers, working in a group eases the acquisition of land (quarry plots) from the responsible ministry: also it is easier to produce large amounts of material to fill a lorry, which is important in attracting big customers.
- *Sharing various government dues:* working in the group enables them to pay various government dues, such as a business license that is enjoyed by all members.
- *Sharing experience:* the relatively new members of the group in a particular trade learn a lot from the experienced ones (sometimes as apprentices): experience is also shared among workers from different trades.
- *Loans:* a few groups can provide a loan to members.

#### **Case study 1.1. KIDIMUNI group**

Mwaridhiki Sufiani is a stone crusher with Kidimuni group. She is a divorcee with several children. She has been in stone-crushing business for 23 years. She joined stone crushing business because she thought it does not need capital apart from one's physical capability.

She began the business in 1979 but it was not until 2002 that she and her fellows decided to form a group. An impetus behind coming together was to have a united voice to safeguard their interests.

Mwaridhiki says she thought working in as a group was better for finishing jobs sooner; for example, now they can fill a lorry in a day a business that would take two weeks for an individual to finish.

To supplement her income she sells fruits to villagers and porridge to pupils at the neighboring school.

She says their objectives for forming a group have been partly achieved. "With combined efforts we can fill the units (tins and lorries) in shorter time. Also, we are now assured of social security."

#### **Case study 1.2. LIMPOPO group**

Members of the Limpopo group (material, labour and food suppliers) see many benefits from being in the group.

- Soft loans from the group account. The loan is provided to members who want to purchase material whose buying price is beyond their working capital on condition that the loan is refunded with 5 per cent interest, which is affordable by all members.
- Financial assistance from the group account if a member is facing some social problems like illness or bereavement. In this case assistance is extended to the member on approval of the executive committee of the group as a loan or grant depending on the severity of the problem.
- Marketing: The group has a system of searching for customers for the group members. This includes looking for customers for both materials or labour or food vendors. Food is mostly sold to the group members which market. Food vendors mostly sell within the group. However, some customers come from other factories in the area, as the group is located in an industrial area.
- Another benefit of working in the group is that it minimizes government duties. This was the major reason for the formation of the group. All 29 members share one business license that costs 40,000 and they pay tax for the one license. All these costs would otherwise be met by each member.

In addition to the work-related benefits, some of the material supply groups have quite advanced types of insurance benefits. For example, if a member of Ipo Siku stone crushers gets sick, he/she still gets paid for that day provided he/she reported the absenteeism and that the grounds were well stated and accepted by the fellow members.

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## **Disadvantages of being in a group**

Although most group members said they see no disadvantages of working in a group some workers were of a different view. In groups sometimes quarrels are inevitable. Some workers complained of others not being serious about their work. This is annoying when they are working in a group and when income is distributed equally among members irrespective of the effort they put in. There were also complaints that some members of the group do not go the field to search for jobs. They just wait for others to find work and come back and help them out with some money for survival.

Another disadvantage advanced by a *mama lishe* (a lady food vendor) was that the group regulations allow members to take food on credit and it can be very difficult to recover the money outstanding. Sometimes they give up trying to chase the money and resign themselves to suffering the loss.

## **Contributions to group funds**

There are various ways of making contributions to group funds. When working as a group, selling either labour or materials, the usual arrangement is for deductions to be made from the money obtained from the sales. A certain percentage of the proceeds is retained for the group account and the remainder is distributed to members.

When members work on an individual basis, they are expected to contribute to the group fund from their earnings. The amount of the contribution to the group varies from one group to another, but most groups have adopted a 10 per cent system. Of the 38 researched groups 21 groups were collecting contributions in this way.

### **Case study 1.3. KETULA group**

Ketula group is a group of 30 members. The core business of the group is carpentry. They sell both labour and products. They normally work in groups. The money they get is divided in the ratio of 2:1; two-thirds is divided equally among the members and 1/3 is taken to the group's bank account. In case the work was done individually the members are required to contribute 10 per cent of the income to the group fund.

In other labour-supply groups members are expected to make a fixed contribution to the group's fund each day, whether or not he/she had a job on that particular day. If there is no work the amount owing will accumulate accordingly.

Membership fees are another way through which the informal construction workers' groups fatten their funds. Some groups have set amounts that every group member has to pay to the group. This is collected either monthly or weekly. In some groups, those joining late have to make back payments.

Stone crushers at Mjimwema have their own way of making contributions to their groups' funds. Instead of contributing in cash they contribute materials. Each member makes a contribution in kind to the group fund, as seen in see case study 1.4.

### **Case study 1.4. MAWENI stone crushers**

This is a group of stone crushers (eight males and seven females) with a plot around Mjimwema quarry. Sometimes members work individually and sometimes they work in and for the group. Members work for the group for six hours, one day per week, after which they are free to work on their own. When working individually, it is a middleman who distributes orders, receives money from the clients and disburses the money to the group members. The unit of measure is a tin of 20 litres that sells at Tsh 400.

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## **Use of group funds**

The use of the group funds differs according to the objective of the groups. Most groups, especially, the labour suppliers use their funds for social insurance. In case one of the members faces any social problem like illness or death of a family member he/she may be given money from the group's fund.

In addition to social insurance, some groups have other uses of their funds. For example, one labour-supplying group (Walindila) utilizes the group account to purchase construction tools, which are later hired by the group's members. This increases the income in the group account and at the same time the member is able to utilize new and effective tools. Other groups distribute surpluses to members at the end of the year.

Some well-established and well-organized groups producing materials, for example Bondeni and Limpopo groups, are able to accumulate profits. At the end of the year they use their profits to make loans to members with interest of 5 per cent. Bondeni group of material suppliers has even loaned money to members to acquire plots for building houses, as shown in case study 1.5.

### **Case study 1.5. BONDENI group**

This is a relatively organized group producing window frames and steel bars. It was established in 1993 and the project found the group already holding a bank account and a business license.

Bondeni is envied by other groups for its ability to accumulate capital. At the end of the year the group members do divide among themselves the profit generated during that particular year. But members also benefit from the group's fund by borrowing money for their personal use at a very low interest rate. Some members have managed to buy plots and developed their residences through this finance scheme.

The major problem facing the group is the limited space for carrying out their businesses.

Group funds are also used for paying rents for those groups that have hired rooms for their operations. For example, the group Mnyongea has hired a room along Kilwa road for which they have to pay Tsh 10,000 per month. The amount is deducted from the total amount obtained each month. Another example is Jitihada group, as shown in case study 1.6.

### **Case study 1.6. JITIHADDA group**

Jitihada group supplies labour. When doing a group work the group leader receives the money from the customer and keeps 10 per cent of the total income. The rest is distributed to members who took part in carrying out the task.

The money kept is used for paying rent for the premises they have hired. At the end of the year the remaining funds after paying the rent are distributed to the members.

The leader keeps the money in his personal account, as the group does not have a bank account.

## **Role of leaders**

In none of the groups do the leaders get extra benefits for being leaders. Some accept the positions for prestige while others emerge as leaders because of the help they can give to the group and the influence they have outside the group.

In most cases the more experienced elders influenced the organization of the informal construction workers and eventually formation of the groups. A number of them had previously some experience in private sector companies or public organizations that in one way or another are involved in the construction industry. These became group leaders automatically.

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Group leaders have a task of settling disputes. In many groups they also search for jobs. And in the more organized groups they distribute the available jobs and tasks. However the leaders are generally still part of the group's work force. They are not exempted from duties just because they are leaders nor do they get any fringe benefits.

We found few instances of group leaders acting as "entrepreneurs" in the sense of taking risk and making profits (for example by agreeing the price for a task, paying the other workers on a daily basis and keeping the surplus). Such entrepreneurs, or businessmen, do exist in the construction industry in Dar es Salaam but few of the groups involved in the project appeared to be acting in this way.

## **Organization and cohesion**

The degree of organization of a group was judged by a number of criteria: (i) the way they appoint their leaders; (ii) the way they get jobs; (iii) the way in which jobs and income are distributed among the group members; and (iv) whether they have a constitution, rules and regulations.

Case study 1.7 portrays a group with a high level of organization and cohesion. Overall, organization was found to be high in 29 groups (76 per cent) of the 38 groups. The study found that 23 (60 per cent) of the groups have elected leadership. The majority have regulations but they are not written down. Very few groups had written documents (such as a constitution) that guide their daily operations. But almost all groups have some unwritten rules.

### **Case study 1.7. Kasole Ubwele carpentry**

The group has been working together since 1974. They are labour suppliers. When doing group work the members discharge their efforts equally. They sometimes work up to 20 hours per day if they secure a complicated job. However, for some time now the members have been working individually.

Even so, there is still high cohesion among the members and the group is well organized. There is a system of job distribution whereby new jobs are assigned to members who have stayed for some time without work

However, despite the fact that group membership is voluntary, there is often a high degree of mistrust among members. A number of groups have failed to maintain some of their achievements because of mistrust among themselves. For example, the members of Umoja wa Wajenzi (UWAWA), a typical concrete gang, decided to withdraw their contributions from the group's account because they developed a mistrust in their leaders. The group's bank account had to close because of this. It is concluded that organization in informal construction is very fragile.

Fragile organization in the sector is also demonstrated by the way the group members distribute their incomes among themselves. Due to lack of trust, they are afraid to let group funds grow before dividing among themselves. This means that little is left for the group for such uses as paying rental fees and government dues. It is also unable to accumulate capital for investment.

Lack of democracy is another common feature of the informal construction groups. There is a dominance of certain people in the top positions of the groups who leave the members with an impression that they (dominating leaders) are the owners of the groups. In many cases the founding members themselves feel that they "own" the groups. In a few cases this may have some basis in fact, with the leaders having invested some of their personal capital in the group. Yusango and Fele groups are good examples.

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## Markets

Although there are some well-established groups that do work together much of the time, the majority of informal construction workers work individually and not as a group. Being a member of a group does not mean working as a group.

Most workers selling their labour do not have a reliable market. Neither do they bother to market the services they offer. They sit at “pick-up points” (*vijiwe*) waiting for customers who come to ask for services they are in need of. Most customers of the informal construction workers in Dar es Salaam are individuals who are constructing residential houses.

In some cases jobs are obtained through the informal construction workers moving around ongoing construction sites searching for jobs where most of them are hired on a daily basis. However, only a minority of the informal construction workers in the project do get, or have ever got, jobs from contractors or subcontractors. Just over a quarter (28 per cent) of the respondents said they have worked with contractors or on a contracted site. They said it was very difficult to get jobs from contractors because of the competition. The underrepresentation in the sample of those who are working for contractors may be attributed to the methodology adopted for initial identification of the workers, rather than being a conscious part of the project design.

The responses of those who have worked with contractors, or as labour contractors themselves, also revealed the existence of bribery in getting jobs on formally contracted sites, as shown in case study 1.8.

### Case study 1.8

The respondents from *Bangward Ceramic group* said they once had a job from a contractor last year but they had to bribe the site foreman to get the job as technicians. Otherwise, they could be recruited as mere laborers, a position that does not pay well. They also said that sometimes qualified *fundis* work as unskilled or semi-skilled labourers because of shortage of jobs.

*Umoja wa Mafundi India group* said they have never secured a job with contractors but ministers, permanent secretaries and many government big shots frequently hire them for repair works at their homes. The respondents said this type of customer pays fairly well. The group has a geographical advantage to attract this type of customer, as it is situated at the heart of the city where most government offices and some government official residences are located.

*Mbagala Kuu Wajenzi group* said they got a contracted job last year, the first for five years. They got a job in one of the TASAF's projects to build three classrooms. They got the job by bribing the village tender committee.

*YUSANGO* is a material- and labour-supplying group. They said they have never got jobs from either contractors or subcontractors. But they can get big orders but from the individuals who are building residential houses.

The activities of the informal construction workers in Dar es Salaam are highly localized as most of them do rarely work/sell beyond borders of their localities, due to competition from other local workers. The informal construction market is so competitive that sometimes the workers have to accept payments below average. The situation is attributed to influx into the sector by unskilled school leavers who are always prepared to work for less.

The market for material suppliers is also largely in the informal sector. Suppliers of aggregates (the stone crushers) sometimes sell with the aid of mobile phones, but they mostly use middlemen. They adopted this approach as it simplifies marketing.

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## 1.4. Identification of problems

The following were the problems identified by the informal construction workers in the individual and group interviews and during the first workshop:

- irregular job availability which in turn creates uncertain and fluctuating income;
- lack of permanent premises for their businesses;
- poor working tools;
- lack of insurance (social security);
- lack of protective gear leading to unsafe work;
- lack of formal training;
- lack of recognition;
- low payments;
- delayed payments;
- lack of business knowledge;
- little knowledge of their labour rights;
- lack of access to credit facilities.

At the first workshop of the project a “problem tree” was developed to illustrate the relationships among the problems encountered by the informal construction workers.

After much discussion, it was concluded that the core problem facing the informal construction workers is scarcity of jobs/market. The market is very competitive, with the potential supply far outstripping demand for the services and products of the informal construction sector.

However, the shortage of work was in part seen as resulting from constraints on the supply side, namely lack of working tools, lack of capital, low level of skills, etc. The failure of the Government to recognize the informal construction workers was also perceived to be hampering their ability to gain access to technical assistance, credit and other inputs, as well as to gain access to public sector contracts.

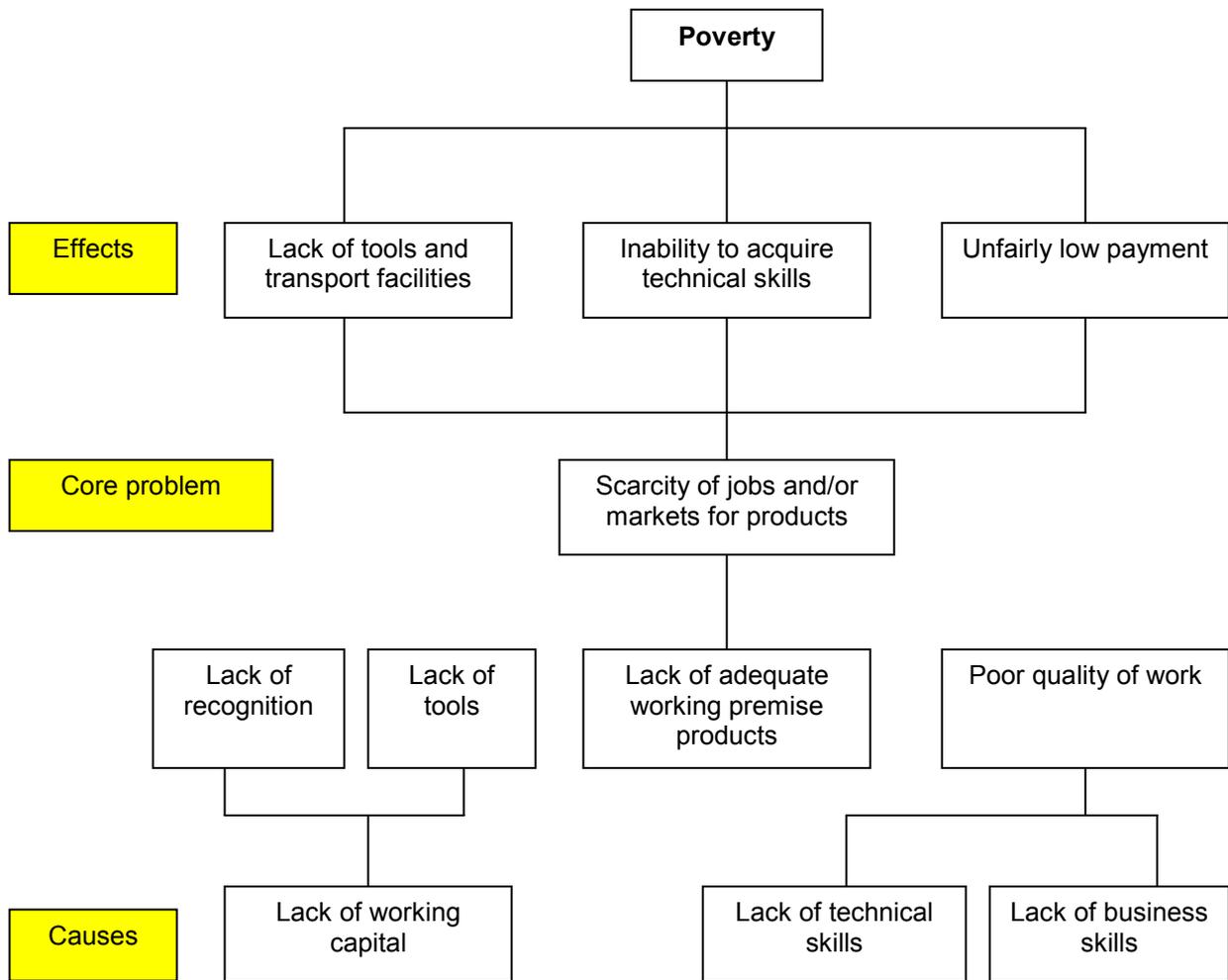
It also became apparent during the workshop that the existing legal and regulatory frameworks are unknown to informal construction workers and not readily applied to this part of the industry.

The solutions that were proposed included the following:

- helping informal construction workers to gain recognition by registering with an appropriate body;
- training for informal construction workers, both on site and at college;
- the provision of business education;

- ensuring that the workers have access to a Swahili version of the labour regulations that cover informal workers;
- providing access to credit facilities.

Problem tree



### 1.5. Conclusions and implications for the capacity-building phase

The research among groups of construction workers in Dar es Salaam found them to be regarded as “informal” because they are not registered with any government body. Neither are their activities recorded in any official statistics. Informality is also demonstrated by the way the agreements are made between the workers and their clients. They make verbal agreements without any legal enforcement. Their customers and clients are mostly private house builders.

The sector’s players are basically men who have been unable to go beyond primary education and could not get employment in any other sectors. They are in the construction industry because they have few other options. It is relatively easy to enter this business, especially if one has friends or relatives already working in it. This is because the work can

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be done alone and requires few resources to start (time and physical fitness) making it a major means of survival for school leavers.

Work in construction is the natural choice for those who have acquired some skills. In the United Republic of Tanzania construction skills are mainly acquired informally from relatives and friends. Despite the mushrooming of vocational training centres the informal construction workers do not use fully these centres because they cannot afford the fees for training or the time away from work. A combination of lack of formal training and poor working tools results in poor-quality workmanship

Work in the sector is insecure. Economic insecurity stems from the fact that opportunities to work are very limited and even when the workers get jobs they are paid very little. Piece work and task work are the commonest methods of payment for labour services. Informal construction workers also lack social security as their clientele is mainly composed of individuals building houses, to whom they are providing a service, rather than working as employees. However, the workers belonging to groups are able to benefit from mutual social insurance schemes, although these are very informal and the benefits quite limited.

Construction work is also unsafe. Accidents on construction sites are very common and the informal construction workers have to bear responsibility themselves to nurse the aftermaths of the accidents. The high rate of accidents is attributed to lack of serious “employers” who can be held responsible for the health and safety of the workers. Lack of understanding of the importance of safety gear, as well as inability to afford it, increase the vulnerability of the workers to injuries and ill health arising from their work.

Informal construction workers in practice have few rights. Trade unions have not made any inroads into the sector. The trade union that covers construction workers, Tanzania Mining and Construction Workers Union (TAMICO), has not done so because of difficulties that arise from the nature of work in the sector. The biggest difficulty is that there are no employers for informal construction workers so no possibility for collective bargaining.

A further problem arises from the fact that the sector’s workers receive very irregular incomes which means that the collection of subscriptions on a monthly basis is impossible. The unions in the United Republic of Tanzania have traditionally collected dues by automatic deductions from salaries at source.

Despite all of the problems outlined above, the single major difficulty that the construction workers perceive is the inadequate market for their services and/or products. They attribute this to the poor quality of their work, which is due to the fact that they have only limited skills and lack proper tools and equipment. This suggests that training to enhance skills and personal abilities would be beneficial not only in producing better-quality products, but also workers with a more positive outlook. Ways need to be found to enhance the skills of the informal construction workers and build their capacity to solve their problems and also their confidence.

Capacity building in this context means enabling the beneficiaries, the informal construction workers, to gain control over both external and internal factors that hinder or enhance their development. It means helping them to gain the confidence to tackle various problems on their own, or by asking assistance from other institutions. It also means establishing a conducive environment that would offer opportunities for them to gain legal recognition, acquire skills, purchase tools and accumulate capital for investing in economic activities.

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## Part II

### 2.1. Introduction

#### ***Objectives of the action phase***

The action phase of this project is in response to the findings of the research phase during which the population of informal construction workers was established and problems facing the workers were identified.

The key problem of the informal construction sector, as identified by the informal construction workers themselves, is the limited market. But this is the most difficult problem to attempt to solve. However, the groups identified a number of things that they believed would enable them to get better access to markets. These include recognition, access to credit, and access to training. The objectives of this phase were mainly focused on assisting the groups to tackle these “supply side” problems.

The objectives of the action phase of the project may be summarized as to:

- support networking among the informal construction workers’ groups;
- provide a forum for discussion between the workers and other stakeholders;
- assist informal construction workers in problem analysis;
- help the construction workers to find a way of gaining recognition;
- provide training in organizational and management skills;
- facilitate access to credit facilities;
- facilitate upgrading of the informal construction workers’ skills;
- build the capacity of the groups to carry the process forward after the termination of the project.

#### ***General approach/methods***

The approach used by the project in the action phase of the research was to facilitate a process of dialogue through informal discussions and workshops, followed by experimentation with different solutions and follow-ups. The objective was to identify problems, work together to find solutions and eventually implement the solution.

The focus of activity was the group. The research team worked in the following ways:

- working with individual groups in the field;
- researching the kind of support that might be available from public and private agencies;
- organizing a series of workshops to provide the opportunity for networking among the groups and for introducing them to government agencies and other possible support services.

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During the initial stage, the project concentrated on the existing organizational structures rather than trying to create new organizations or groups. In circumstances where there was no existing organization the project mobilized the target population to organize themselves into groups. The mobilization was done through the Ward Office (a part of the local government structure). In this case the project conducted meetings with the informal construction workers as organized by the Ward Office.

The vision of the project is that organization among informal construction workers should be autonomous. This means the informal construction workers themselves initiate and promote such organizations and the role of the project is to facilitate or catalyse the process.

The rationale for focusing on groups is the development value of interventions that start on a modest scale and only expand gradually to suit local systems and dynamics. Substantial informal spreading of knowledge (diffusion) is a good indicator of the appropriateness of the technology/knowledge. Thus, the assumption was that other informal construction workers would emulate the positive achievements of the groups. In addition, it was assumed that if construction workers were organized in groups they would have collective bargaining power and more easily attain recognition. Working with groups was also recognized as an economical way of reaching as many construction workers as possible in a minimum time.

However, the groups should not be seen as an end-stage of development, rather as stepping-stones in a dynamic process to come to a better-structured movement. Through these community-based groups informal construction workers could build their organizational skills, which would facilitate the formation of higher level structures, such as an umbrella organization for informal construction workers in Dar es Salaam.

The specific activities undertaken in this phase of the project are described in the following sections.

## **2.2. Assistance in gaining recognition**

### ***Development of group constitutions***

Many of the proposed solutions to the informal construction workers' problems require the intervention of the Government, donors, financial or other institutions. Having a constitution was considered as the first step in a process of obtaining legal status for the groups, through registration, which could give them access to assistance such as grants, training and secure jobs from the public sector. A group constitution is also a prerequisite to opening a bank account that could in turn provide access to loans.

A constitution is a guide set by the members themselves. It helps the group to be organized. It creates transparency and accountability in the group's activities and eventually creates confidence among the group members. The informal construction workers suggested the information to be included in the constitution. The fieldworkers just facilitated the process by developing a format and typing the constitutions.

After developing their constitutions a number of groups conducted elections according to the rules they had set out. When asked to comment on the advantages of having a constitution, one group said they were now enjoying recognition, at least at the ward level. Having a constitution would also help them to obtain a bank account.

However, the facilitation process was not entirely smooth. Some groups were not very cooperative for no apparent reason, whereas other groups were frank enough to tell

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the field workers that such a thing could not be embraced because it was not of immediate help to them. Having a constitution would not solve their main problem which was lack of jobs.

### **Registration of group names**

Research revealed that most groups of informal construction workers wanted to have bank accounts for depositing the groups' income which they have been collecting from members for their mutual benefit. But to open a bank account the groups were first required to have some sort of legal status.

It was suggested that the groups should make a start by registering their names with the Business Registration and Licensing Authority (BRELA) of the Ministry of Trade and Industry. This seemed to be the best approach because the registration of group names took little time and cost only Tsh 6,000, which was relatively affordable. The alternative of registering with the Ministry of Home Affairs as a Community Based Organization would cost Tsh 140,000 and take a minimum of two months. To register as a cooperative would take a minimum of three months and involve a lot of bureaucratic procedures.

A constitution is a prerequisite to registering the group's name. But even with a constitution the registration process took some time. The major hurdle was the inability of most informal construction workers to fill in the application forms which are in English. In the beginning there were a lot of mistakes in filling the forms. This played a part in delaying accomplishment of the registration exercise. A single mistake would cost both the groups and the fieldworkers. The fieldworkers had to intervene and facilitate the exercise.

The fieldworkers accompanied the group's representatives to the Ministry of Trade and Industry. Choosing a name that already existed in the registrar's list further delayed the accomplishment of the activity as the group representative and the fieldworkers had to go back to the group members to consult them on a new name. They then had to retype the constitutions. There were further delays at the registrar's office due to unwillingness of the project to make unofficial payments to the officers in charge in order to expedite the process (known locally as the "come tomorrow syndrome").

Name registration goes with the issue of a certificate by the Ministry of Trade and Industry. The certificate served such purposes as opening bank account and partially identifying the group as a legal entity. Registration of the name, although it afforded the groups only partial legal status, helped some informal construction workers to get jobs from the public sector. For example, the group Kikundi cha wajenzi Kipunguni B (formerly known as Gaben group) would have lost a job with the Ministry of Works had it not been for the certificate of registration by name. The group has been subcontracted to construct the government staff quarters in Dodoma. Registration by name gave them the edge over other informal construction workers who were competing for the same job.

### **Registration of groups**

Informal construction workers complained of lack of recognition. Legal recognition requires registration with a government authority. Two possibilities were identified:

- registering the groups as business entities;
- registering as non-government non-profit societies.

A critical analysis was undertaken to find out which category would best suit the informal construction workers' groups.

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The groups can be divided into two categories, those who sell labour and those who sell construction materials. It was suggested initially that material suppliers should register under the Ministry of Trade and Industry as business entities and that labour suppliers should register as income-generating societies under the Ministry of Home Affairs. However, after an in-depth analysis of the groups supplying labour it was realized that they are not simply voluntary groups for mutual assistance and income generation but they are more like cooperative associations at very raw stage. Therefore, an investigation was undertaken into the relative advantages of registering the groups as income-generating societies (under the Ministry of Home Affairs) or as primary cooperative societies (under the Ministry of Cooperatives).

It was found that registering the groups as cooperative societies seemed to offer the following advantages:

- the registration fee is very low;
- registration would give them a legal status and government recognition;
- as non-profit organizations they can qualify for grants or soft loans;
- they can also get a business licence as business entities;
- initially, they are registered as primary societies but they can come together later to form a secondary society, a union of informal construction workers cooperative societies.

However, at the time of the research the new Cooperative Bill was still being discussed in the Parliament and registration of cooperatives was suspended. This situation continued until the end of the project, hence no groups could be registered as primary cooperative societies.

### ***Registration as contractors***

To access the public contracting market the informal construction workers have to be registered with the relevant authority, the Contractors Registration Board (CRB). Currently, registration as a business entity by the Registrar of Companies in the Ministry of Trade is a prerequisite to registration with the CRB.

However, through the efforts of the project, the CRB is proposing to relax this requirement for labour supply groups (small contractors) currently operating informally. At the time of writing, the board is in its final stage of preparing policies for registering these groups as “community-based contractors”. It is planned that the Board will register any group that has a status of community-based organization, cooperative society, or any other legally recognized registration by a government authority. Also the registration fee will be proportional to the capacity of the groups.

However, there are still quite stringent requirements for a group to be registered by the CRB. In addition to legal status, it should have the following:

- safety gear;
- an office and office tools;
- specific technical skills for which the group seeks registration.

It should also be able to demonstrate a level of accountability.

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Clearly, not all of the labour supply group will be able to register as contractors, or be interested in registering as such. But for those who are able to benefit, registration with CRB should afford both access to public sector contracts and opportunities to advance their skills.

## **2.3. Financial issues**

### ***Opening bank accounts***

Before the project began, almost all the target groups were keeping their money with one trusted group member. Many groups expressed a desire to open a bank account as this would help to ensure proper management of group funds. It was also a prerequisite to obtaining loans or credit.

A survey was undertaken to identify which of the many banks operating in Dar es Salaam has the most favourable terms and conditions. The full results of the survey can be found in Appendix B .

The Akiba Commercial Bank (ACB) was found to have reasonable conditions compared to other financial institutions, as well as a clear policy of support to the informal sector. The bank has already extended billions of shillings in soft loans to a number of informal sector workers, including “*mama lishes*” (women food vendors), taxi drivers and used clothes (*mitumba*) sellers. It was therefore chosen to be banker to the informal construction workers’ groups.

However, it was agreed that the three groups who already had accounts with banks other than the Akiba Commercial Bank (the Postal Bank and National Microfinance Bank) should continue with their current bankers so that the project could gain from their experience in obtaining loans.

More than 50 per cent of the target groups were assisted to open a bank account. One immediate result was a rapid increase in their group savings, indicating an increase in the level of trust among the members.

### ***Access to credit and loans***

Experience with securing loans was less satisfactory. Attempts to facilitate the groups’ access to loans/credits was in response to the expressed need of the informal construction workers for access to capital. It was hoped that loans/credits would help the groups to expand working capital and to buy more modern tools.

However, a number of problems were encountered. Despite declarations of support for the informal sector, it was found that the banks and financial institutions in Dar Es Salaam do not waive the conditions that apply for any other clients when it comes to collateral. The banks also require a detailed business plan, a cash flow projection, audited accounts and/or bank statements for several years. Few of the informal construction workers groups were in a position to provide these things. Even if a bank loan could be obtained the rates of interest, varying from 18 per cent to 25 per cent, would seem to be prohibitive.

A further problem was that, at the time when most of the groups affiliated to the project were in a position to process loans/credits, the two institutions that had been identified as most likely to extend loan/credits to the groups of informal construction workers, the Akiba Commercial Bank and the Municipal Councils, had suspended the

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service because of a tendency of most of their clients to fail to repay the loans. The failure to repay loans discourages the financial institutions from extending loans/credits to the unorganized informal sector. It also, in a sense, justifies their insistence on the provision of collateral.

### **Accounting and bookkeeping**

Most enterprises run by the informal construction workers in Dar es Salaam lack basic accounting skills. Keeping proper records of group activities, income and expenditure is important if groups are to obtain access to loans and credit. To meet this objective the project introduced basic record keeping and bookkeeping to the groups of informal construction workers.

The project assisted groups to develop a basic bookkeeping system and maintain an activity logbook for each member. This helped them to manage more effectively, to increase the group funds and to manage the funds in a more productive manner.

Some groups had some ways of keeping records, though very informally, even before the project intervention. These groups adopted the system very readily and some modified it to suit their needs. Examples are Limpopo material suppliers, Pugu Kirumba labour suppliers and Juhudi Chanika labour and material suppliers. However, for most of the informal construction workers, bookkeeping was a new phenomenon, and some had to be pushed to do it on a daily basis. The fieldworker responsible for facilitating bookkeeping had to make frequent visit to such groups before they began to internalize the bookkeeping concept.

The exercise of bookkeeping has made some groups realize how much the group was earning and this convinced them to open a bank account instead of keeping the money with a trusted group member. For example, Maweni stone crushers used to keep their money with the group's chairlady, but after they started practicing bookkeeping they decided to open a bank account as they realized that the money they were earning was too much to be kept by one person. This has enabled the group members to keep track of the group's earnings and expenditure.

There is some evidence that bookkeeping has also enabled some groups to increase their financial reserves. One example is the Limpopo group which had about Tsh. 200,000 (approximately \$200) in their bank account when the project started and this had grown to Tsh. 2,600,000 (\$2,600) when the project was phasing out. The group attributed the sharp increase to the bookkeeping system that was introduced by the project. Another example is the group Kasole Ubwele Carpentry which raised its bank deposit from less than Tsh. 50,000 at the beginning of the project to Tsh. 250,000 at the end.

## **2.4. Vocational training**

The construction workers felt that improving the quality of their work could help them to expand their market. Low quality of work leads to loss of self-assurance amongst the informal construction workers when competing in the market. This could cause them to lose jobs, especially in the public sector. The workers attributed the problem to insufficient technical knowledge as most of them acquire their skills informally.

To address the issue the project contacted the Vocational Education Training Authority (VETA) to see if it would be possible to prepare a tailor made course to suit the needs of the informal construction sector. A training needs assessment was carried out by VETA in conjunction with the project. From the project's data base, groups containing painters were identified. Each group was visited to establish their interest and need for

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training. The criteria for selecting the groups to be offered training were the number of painters, the proportion of women, commitment to the project, need for training and readiness to cover some of the costs such as transport. Once the groups were selected, they selected the individual members to be trained.

Initially, 15 painters were chosen by the groups' members for experimental training. The painters came from three groups, two from Kinondoni municipality and one from Ilala. The training began with a pre-grade III trade test (the lowest in VETA's system) which lasted for a month before starting a six-month course leading to a grade-III trade test. At the time this report was prepared the 15 painters had graduated and a further 55 informal construction workers were undergoing training at the same college in various construction trades under the project's sponsorship.

Inevitably, some problems were encountered. Some students in the first batch could not afford the daily bus fare to the training centre and dropped out of the training. Others could not raise the money needed to meet certain requirements of the training institute, for example photographs for identity cards, examination forms and overcoats. As a result, it was decided that the project should assist the second batch of students by paying for all of these requirements. It was concluded that informal construction workers are generally unable to meet even the ancillary costs of technical training. Such training has therefore to be subsidized.

The only alternative to subsidized training is for the workers to take out loans which could be eventually be repaid out of increased earnings. The project had a vision that with the acquisition of formal training, both theoretical and practical, the construction workers would improve their workmanship and this would lead to increased earnings. Holding certificates from a formal training institution is a good indicator of achievement and could reassure potential clients that they are able to produce quality work. However, the impact of training on earnings has yet to be established. Follow-up is needed to see if the training actually helped to expand market opportunities in this way.

## **2.5. Working premises**

One critical problem that the informal sector in general is facing in Dar es Salaam is lack of working premises. Having legally recognized working premises is central to organizational advance. It is a prerequisite for obtaining a business licence and for registration with government agencies, including registration as cooperatives.

The lack of proper premises has led the informal construction workers to use any open space that they consider suitable for their activities. This could be on the street pavements, under the trees or on road reserves. Most of them are located in the heart of the city as this is most frequented by customers. But it is also the area where they are most likely to be harassed by the city authorities for illegally operating on open spaces and street pavements.

To address the problem, discussions were held with the municipal authorities. The city authorities complained of a lack of proper information on the informal sector in their areas of jurisdiction. But a representative of Ilala District Council also admitted that little has been done to address the problem of lack of working premises for the informal construction sector. However, following the ever-increasing size of the informal sector the city authorities have included spaces for informal sector activities in their current city plan. The authorities maintain that now almost every ward has an area specifically for this purpose. All that workers have to do is to apply for a plot and demonstrate that they can develop it.

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However, when these areas were located on the map it could be seen that most of them are on the outskirts of the city where the informal sector workers say there are not so many customers. Informal construction workers are reluctant to move from their current illegal working places to the legally allocated spaces most of which are in the city periphery. Another problem is that the workers may not be able to develop the plot to the standards expected.

Despite these difficulties, towards the end of the project some solutions were being found to the problem of working premises. Through the efforts of the project, Ilala municipality gave a temporary space for some of the groups of the informal construction workers. For example, the Mkwajuni Metal Group was operating from a closed road and was frequently facing harassment by the authorities. The project facilitated dialogue with the authority and the group was able to secure a space with temporary legal ownership authorized by the local government.

According to past studies the informal sector contributes one-third of the gross domestic product (GDP) and thus deserves support from the authorities to find suitable premises. It is suggested that the city authorities could build well-designed business premises for renting to the informal sector workers. Those who could not afford to pay rents for finished premises should be allocated open spaces in convenient locations with freedom to erect their own shelters to the standards they can afford.

## **2.6. Workers' rights**

### ***Employment rights***

Informal construction activities are characterized by an intensive use of labour on construction sites. The informal construction workers' employment is based on informal, verbal agreements between the workers and the client, who may be a contractor or subcontractor but is more often a private house owner. The informal construction workers get no protection from any regulatory authorities. They are exposed to harmful work practices without any compensation or insurance in case of accidents.

Research was undertaken to ascertain what rights these workers have under Tanzanian law and how they might be strengthened. In the course of the research, informal discussions were held with representatives of the following institutions:

- Trade Union Congress of Tanzania (TUCTA);
- Tanzania Mines and Construction Workers Union (TAMICO);
- Contractors Registration Board (CRB);
- Tanzania Law Reform Commission.

A number of laws and regulations were also consulted. The new labour law was not available at the time of the research as it had yet to be debated in Parliament. However, it was revealed that the new Bill does not recognize casual employees, which could be serious as most workers in the construction industry are employed on a casual basis.

Earlier legislation (Employment Ordinance, Chapter 366 of Tanzanian Laws) does recognize a casual employee as any person who works on a daily basis where a payment of wages is due and actually paid at the completion of each day's work. According to the law, a casual employee is entitled to be paid the minimum wage, which is based on an hourly rate set by the Government and adjusted from time to time. At the end of each day he/she

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is entitled to be paid for every hour, or part of an hour, worked during that day. Moreover, a casual employee is not required to work for more than eight hours in any period of 24 hours. If a casual worker is employed for more than eight hours in any one day, he/she is entitled to one-and-a-half times the hourly rate for each hour of overtime. However, many of the informal construction workers in the project are paid on a task basis, not a daily basis. It is not clear whether they are regarded as casual workers under the law.

## **Health and safety**

The Tanzanian Parliament passed a new Occupational Health and Safety Act in 2003, but the regulations to put the Act into effect have not yet been formulated at the time of writing. The only OHS regulations specific to the construction industry are those contained in the “*Factories (Building Operations and works of Engineering Construction) Rules, 1985*” and in the *Contractors Registration Act* of 1997. However, all of these regulations are poorly enforced, even in the “formal” parts of the industry. The Contractors Registration Board attributes this to a lack of “safety culture” in the population at large. But it is also true that there is widespread ignorance on the part of employers, contractors, site managers, foremen, and the workers themselves.

Other problems for the informal workers are that they have no clearly identifiable employer and no insurance cover so that when they fall victim to accidents they have themselves to incur the medical expenses as well as suffer the income loss. They also have to provide their own protective clothing and the cost is high relative to incomes.

## **Organization**

Lack of organization among informal construction workers is a barrier to finding solutions to these problems. Research revealed that the trade union for construction workers, TAMICO, has very few members compared to the number of informal construction workers established by the project. None of the informal workers included in the project was a member of the union.

Discussions with TAMICO revealed that membership is issued to people with permanent employment contracts and regular incomes. According to the General Secretary the informal construction workers are casual workers with no regular income. Their employment is based on daily or weekly contracts, thus it is difficult to collect monthly subscriptions from them.

The project suggested that the informal construction workers could seek membership by forming an umbrella organization covering informal construction workers. The umbrella organization could then be registered as a member of the union. At the time the union had no procedures for such group membership. But officials thought they could introduce a clause to allow this in the union’s constitution. Given this situation the project decided that the introduction of the union to the groups of informal construction workers involved in the project should be suspended until strategies were developed and put in place to cover the workers in the informal construction sector.

TAMICO subsequently developed a programme to organize the informal construction workers. The programme’s objectives are:

- to develop a union policy on workers in the informal construction industry, consistent with the National Construction Policy developed by the Ministry of Works;

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- to develop a union policy on occupational health and safety in the informal construction sector, consistent with the national health and safety policy developed by OSHA;
  - to assist with the mobilization and organization of groups with the aim of promoting national and international solidarity in the construction sector;
  - to integrate workers in the informal construction sector to the union;
  - to assist workers in the informal sector to develop collective bargaining agreements with their employers.

After the close of project activities, some funds remaining were made available to TAMICO to pursue these objectives.

## 2.7. Access to health insurance

In the United Republic of Tanzania the population covered by formal social security schemes are those with stable jobs, leaving the rural population and those in the informal sector unprotected. The average coverage of formal social security schemes in the United Republic of Tanzania is below 10 per cent of the entire population (*The African*, 10 July 2003). Currently, the United Republic of Tanzania is facing a serious crisis in the health sector. To overcome this, the country has introduced cost sharing and has allowed private practice. However, neither have been able to improve accessibility.

Informal construction workers have difficulty accessing health facilities due to limited financial capability and lack of insurance. The project therefore set out to identify an appropriate health insurance scheme that could serve the needs of informal construction workers. One such scheme, UMASIDA, was identified and an attempt was made to link the groups of informal construction workers in Dar es Salaam to the scheme.

Although the scheme would appear to offer potential benefits, few of the respondents in our initial survey had heard about it. Further investigation among informal construction workers working in groups and those working individually revealed no knowledge of any health insurance scheme in the informal sector. An interview with the technical adviser of the scheme. Dr. Kiwara, confirmed that very little was being done to publicize the scheme to various informal subsector workers.

The technical adviser was subsequently invited to attend a workshop organized by the project. He explained the scheme to the informal construction workers present and outlined how they would benefit. Further details of the scheme were given to the workers by the project's fieldworkers. And the workers were invited to visit the scheme's offices for clarification of issues that might not have been well understood.

The project decided to promote the scheme to a number of the groups. Eight groups were identified for this activity. Income was a factor in identifying the pilot groups. After an intensive sensitization exercise involving both the project staff and the scheme's officials, two out of the eight groups agreed to join the scheme. At the end of the project, only one of the two groups that agreed to join the scheme had finished the process of joining and begun to obtain the service. However, even this group withdrew before long due to some changes in the scheme's policy.

Earlier the scheme had no hospitals. The scheme subscribers had to choose one dispensary in their vicinity from which they could get the service and the dispensary would

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sign a contract with the scheme. The payments were on billing system, with the dispensary being paid on monthly basis by the scheme.

Later the scheme realized that some of the dispensaries were colluding with some of the scheme members, the informal sector workers, to cheat the scheme. After establishing its own dispensary the UMASIDA decided to centralize the service. In turn, this meant longer distance to the dispensaries for the subscribers to the scheme, the informal sector workers. This was the reason why the only group that the project helped to affiliate to the scheme withdrew its membership. It was not the only group that withdrew its membership. Many other informal sector workers also withdrew.

However, the scheme has recently started to establish ten dispensaries all over Dar Es salaam. Maybe this will help retrieve its lost members.

#### **The UMASIDA health-care scheme**

UMASIDA is a Swahili acronym for mutual health insurance scheme in the informal sector. The scheme came into being as a result of research that was jointly carried out by ILO and the Institute of Development Studies of the Muhimbili University college of Health Sciences. The research was done between 1994 and 1995. The research outcome was a felt need for health schemes for the informal sector. In 1995 the scheme began its operations and it was registered in 1997.

It began with five groups and now is working with 11 groups in the informal sector. The scheme covers more than 1,500 workers plus more than 4,500 family members who are part of the 11 informal sector groups.

A number of dispensaries and hospitals are affiliated to the scheme. So far UMASIDA has established one hospital in Dar es Salaam at Mwananyamala. At the time this report was being prepared the scheme was planning to establish ten further hospitals in Dar es salaam and many more across the country in the next three years. In addition to general health services the hospitals will put more emphasis on occupational health services.

UMASIDA has been set up as a mutual association whose supreme authority is vested in the annual general meeting of its members. Apart from a supervisory board and an executive committee, there is also a professional advisory board consisting of a physician, a pharmacist and a lawyer. All financial transactions of UMASIDA are overseen by the executive committee in liaison with an advisor to the scheme.

The beneficiaries of the scheme include members and their immediate families, i.e. the husband and wife and their children. In the case of polygamous families, only officially married wives and their children are recognized. Each beneficiary is entitled to all primary health-care services at a carefully selected private health-care provider. They are also entitled to secondary and tertiary care, but this would be provided at a government health-care unit. The Government provides prenatal care, deliveries, postnatal care well child clinics, immunizations, and treatment or chronic illness such as diabetes, TB and mental illness, but the cost-sharing charges are met by the scheme. All payments are made by cheque by the scheme's treasurer.

Source: "Social security for the excluded majority", ILO, Geneva, 1999.

## **2.8. Gender issues**

The available information about the informal construction sector in Dar es Salaam suggests that the sector is dominated by the male gender. Females were found to constitute only 4 per cent of the whole subsector and are mostly engaged in the production of building materials (aggregates) and providing food for the workers on construction sites.

A mini survey was conducted to find out why women are underrepresented in the construction industry. All groups that include women and are associated with the project were visited and their views were collected on the gender issue in the sector. Also, a few other women's groups (not affiliated to the project) undertaking various kinds of business within the construction sector were approached for the purpose of getting their views on gender issues in construction.

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Information was also sought from stakeholders who take the gender dimension into consideration in their activities. These include the Ministry of Works (which have a special unit for gender in construction) and Tanzania Roads Agency (TANROADS).

The findings of the research are presented in the form of case studies. The views of the respondents from groups are presented in their raw form. The case studies are followed by some general conclusions and recommendations.

#### **Case study 2.1. VEZARO youth group**

The group is in Temeke municipality. It supplies both material and labour. The group has a number of *mama lishes* (women food vendors). The women have three years' experience in food vending and they mentioned a number of benefits from the business. The most important is that they are able to maintain their families and send their children to school with the income they earn from the business.

The women mentioned a number of problems that they face while on construction sites:

- bullying from men, especially from young men to young ladies;
- offensive language used by young men on the construction sites;
- young informal construction workers are not honest when it comes to paying for the food taken on credit: if the food vendor wants to sell on a cash basis only, violence from these young men starts and in this case loss is inevitable to the *mama lishes*.

All these factors make women less interested in working on construction sites.

Other factors that deter women from working in construction relate to traditions and culture. Some traditions forbid women to mix with men, especially in public, hence they will not seek jobs in construction. There is also a tendency to regard some jobs as men's work. Some men think that women are suited for domestic works and not for outdoor work.

#### **Case study 2.2. LIMPOPO group**

The group is in Temeke municipality. It is a material-supplying group with some women food vendors and, occasionally, they also supply labour. The following were the reasons given for few women in the construction sector:

- For their type of business (material supplying and food vending) capital is a problem for many women. The women in this group said they believe that men have more money, or access to sources of money, than women.
- Construction involves a lot of risky work which deters women from getting involved.
- Traditions: According to their upbringing some jobs are for men and others for women: there is a belief among women that construction activities are for men .
- For married women their husbands are a hurdle because they know the situation on construction sites: they are afraid that the wives might have affairs with co-workers.

#### **Case study 2.3. Maweni stone crushers**

Most members of the group are women. They appreciate that their job is good and that they can earn enough to support their life. They said they could send their children to school with the money they earn from the business.

They mentioned a number of problems like competition in the market, which makes them lower the price and reduces their income; poor working tools which slows production and lowers the quality of the products. All these things affect their income.

Many women shy away from the business because it requires a lot of muscles.

#### **Case study 2.4. SALASALA group**

This is also a stone crushing group, located at Kunduchi Quarry area along Bagamoyo road. They gave the following reasons for few women in construction activities.

- The income is very low compared to the workload. This deters many women.
- Competitive market for the products makes women abandon the business and tell others about the difficulties of the business. The competition for the market in this area is due to the fact that some aggregates producers use modern production tools and so their products are of good quality.
- The high level of competition means that when customers come to buy aggregates at the quarry fights sometime break out among the sellers; most women cannot tolerate this.
- Weather: during the rainy season the earth becomes too heavy for women to move.
- The business requires a physically fit and muscular (very strong) person for which most men qualify.
- Construction activities make one dirty most of the time, something a woman would always want to avoid.

#### **Case study 2.5. Ipo Siku group**

This is a stone-crushing group in Temeke municipality Most of the members are female. They said their group has many women because they believe the business does not need capital or training. Also they said the good thing about the business is that the aggregates do not perish, come rain or sun.:

#### **Case study 2.6. CAMPINO group**

The group is a labour-supplying group. It has a number of women, all of whom are painters. The women painters expressed the following views.

- Women who work in construction have no alternative; they take construction jobs as a last resort.
- Women are not much interested in undertaking training in construction-related trades. The women in this group have undergone formal training and said many women start these courses but very few would stay to finish the courses. They attributed this to the mentality that construction activities are for males.
- Construction activities mean risking their lives because they work without protective gear (they cannot afford them) yet they are paid very little.

#### **Case study 2.7. YUSANGO group**

The group supplies both labour and material. However, the core business of the group is material supply. In the group there are women who are working in carpentry, painting and masonry.

The reasons given for the small number of women in the business were as follows.

- Women think that the construction sector is for men and this originates in the traditions whereby most difficult jobs are regarded as men's work.
- Most women have not developed an interest in undertaking training in construction trades. Even those who happen to attend such training feel shy because they think construction is men's business.
- Construction activities are not paying well. A few women who happen to work in the sector do drop the business because it does not pay well.

From the case studies presented above the reasons for women's indifference to work in the construction sector could be generalized as follows.

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- Construction activities are seen to be a very tough businesses for women. However, the idea that all construction work needs muscular persons, or that men are necessarily the only ones to qualify, could be misconceived.
  - Some activities (such as material supply) require capital and women are less likely to have access to capital than men.
  - The way the work is organized in the construction sector means that the workers have to accept looking rough and dirty; this is enough to keep women from the industry.
  - The tradition of the sexes not mixing in public has contributed to keeping women out.
  - Tradition also leads both men and women to believe that women should do domestic work and outdoor work is only for men.
  - Low payment is also a deterrent. Throughout the informal construction sector in Dar es Salaam payment is very low compared to the amount of work done, most of which is manual work. In construction there is an additional risk of accidents.

A further deterrent to working on construction sites (as opposed to materials supply) is the attitudes and behaviour of the men towards women who are present on the site. It was also suggested that some contractors do not want to employ female workers because they believe that women work too slowly. There is also a belief that mixing men and women in construction sites can lead to lower productivity as the presence of women waives concentration on the work. However, this is a contentious issue.

The negative attitude of husbands to their wives to work in the industry is also a significant factor. This point was raised by women. But with this exception, the views of men working in the sector were largely the same as those of women.

From other stakeholders and secondary data the following additional reasons were established for the absence of women in the construction sector.

- In most Tanzanian families women are responsible for child care so they cannot travel long distances to work in construction.
- In rural areas women spend much time in various other activities including collecting firewood and water and farming: thus they may have little time to get engaged in any form of paid employment, including construction.

In Africa women are the primary care-givers to the children (and extended members of family). They are household managers providing food, nutrition and other necessities to the household. In fact some studies place the tasks classified as women's responsibilities at 85 per cent of all family chores. These include all domestic tasks in addition to farming. On the other hand, traditional male roles (which supposedly make up the other 15 per cent of family duties) include grazing livestock, brick laying, well digging, and tree felling (Ndende-Amadi, A.: *The African (Tanzania)*, 17 March 2004). In spite of urbanization in much of Africa this state of affairs is still valid, and Dar es Salaam is no exception.

From the above it may be deduced that culture and men's attitudes are the key to whether women can leave home and interact with men in a socially complex environment such as found on construction sites.

There is no doubt that enabling women to acquire skills and jobs in construction would have a positive effect not only on themselves but also on the entire family. As Paullina Francis, a food vendor at VEZARO youth group, said "A wife who contributes to

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the economic well-being of the family is much more likely to be consulted and to have a voice in family financial matters and decisions.” The following suggestions were put forward by the interviewees and/or proposed in the literature as ways of getting more women into the construction workforce:

- sensitize the construction sector stakeholders, contractors in particular, on the importance of involving women in construction;
- develop special programmes to give women the confidence to take part in all public works especially construction activities;
- gather support from donors to assist women to get vocational or short course training to enable them to compete in the construction job market;
- campaign to improve the health and safety condition in the construction working places;
- getting employers to abide by the regulations on minimum wages.

However, none of the above can be easily achieved.

## **2.9. Final workshop**

After the completion of the action research activities described above, the project organized a final workshop which brought together stakeholders of the construction sector, both government agencies and private companies, and the informal construction workers. The general objective of the workshop was to scrutinize the challenges that the workers face and how to overcome them and to explore the opportunities that could be opened up in both the public and private sectors.

During the workshop, it was realized that there are a lot of opportunities but they can only be taken advantage of under certain conditions. First the informal construction workers need to attain legal recognition. Second, organization of workers was deemed very important to push the authorities to grant them these opportunities.

The workshop concluded the following.

- To access the public market the informal construction workers have to be registered with the relevant authority, the Contractors Registration Board (CRB).
- As a strategy to fight poverty, the Government should draw up a procurement policy allocating a portion of government procurement funds for the products and services supplied by the informal construction workers.
- The policy of using labour-based technology should be extended to the maintenance of urban infrastructure, so as to create more opportunities for employment in the urban areas.
- The formation of an informal construction workers’ association to press for these changes is important.
- ICWs should be linked to larger construction companies for job opportunities
- The possibility should be explored of obtaining further funds to continue the project activities and provide ongoing support to ICWs, in particular through the creation of a revolving fund for the provision of loans.

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## 2.10. Summary of findings and recommendations

The informal construction sector in Dar Es Salaam consists primarily of small-scale units (groups or individuals) established for the purpose of creating their own employment and income by selling labour or construction materials. The groups have a second purpose, that of providing social security.

The sector is referred to as “informal” because the units are not registered and not recorded in any official statistics. The informality of the sector is also demonstrated by the way the agreements are made between the construction workers and their clients, who are generally private house owners. They make verbal agreements without any legal enforcement, often leading to loss of benefits in the process.

The sector is characterized by economically disadvantaged low-income groups and individuals, the unemployed or underemployed out-of-school youth (men and women). The operators in this sector are basically poor people who have been unable to get employment in other sectors. It is easier to enter this business than many others because it requires few resources to start, making it a major means of survival for school leavers.

However, work in the sector is insecure, unsafe and unprotected. The work is labour intensive and the quality of the output is low. Job opportunities are very limited, which means workers often stay for long periods without income. Even when they get jobs they are paid very little. Piece work and task-based payments are common.

Because the informal construction workers largely work on a casual and temporary basis they are excluded from the provisions of labour legislation. There are some provisions for casual workers (e.g. minimum wages) but they are not observed. Conditions of work are generally very poor with little observation of safety rules. As the clients are mostly individuals who are building their own houses, the workers do not have any accident insurance or social security. They do have their own mutual insurance schemes but these are very informal and the benefits limited.

The project has experimented with a number of activities to improve the situation for informal construction workers. But most of the measures that are needed require policy changes on the part of the Government and/or a willingness on the part of the private sector to provide opportunities for the informal construction workers. There are opportunities that could be taken advantage of. What is needed is the political will.

### ***Political will***

The Government has recognized that the informal sector in the country is the main engine of growth by virtue of its role in the production and distribution of goods and services. The Government has established supportive policies for the development and promotion of small enterprises. The small and medium enterprises (SMEs) policy aims to enable small entrepreneurs to start local resource-based industries which will create income-generating opportunities and reduce unemployment in both urban and rural areas.

In support of this aim the Government has recently announced its intention to formalize property rights in informal settlements. Professor Hernando De Soto of Peru has been recruited to help transform “dormant capital” into “live capital”. This will be achieved by the issue of some form of legal title for land and buildings in informal settlements, which can then be presented to the banks as collateral for the acquisition of loans. This is seen as a viable strategy for fighting poverty, the main preoccupation of the Government in its 2025 vision.

### De Soto model

The essence of the Prof. Hernando De Soto model is that in developing countries there is a huge amount of “dead capital”, which if transformed into “live capital”, would abolish the need for external borrowing. This dead capital includes land, buildings in informal settlements which are not registered or licensed and hence do not have title deeds which could be used as collateral to access bank loans to expand businesses or start new enterprises.

It is argued that changing the legal framework will transform the informal sector and pull it into the mainstream of the economy. The operators with collateral in the form of title deeds will now be able to access loans because the property will have legal recognition.

The Government will also be able to tax businesses and increase government revenue if the informal sector operators have permanent and recognizable premises.

It is also stressed that informal sector operators will pay lower tax, hence they will have an incentive to get business licenses.

The Government has adopted the model with the objective of pulling the larger informal sector into the mainstream economy. The programme intends to help the majority poor who are trapped in the sector to get access to property rights that would help them get bank loans to start and/or expand their businesses. The Ministry of Lands and Human Settlements is now preparing a programme to give legal ownership to houses in non-surveyed areas, based on the model propounded by Prof. Hernando De Soto. Whether the approach will achieve the anticipated results is still an open question.

The Government has also recently eliminated business licence fees for businesses with a turnover of less than Tsh 20 million a year (US\$20,000), as well as various other “nuisance” taxes. This is a big relief to the informal sector in general and the informal construction sector in particular. Lack of business license was a major hurdle for the informal construction workers to excel in their businesses.

The newly developed Construction Industry Policy (2000) of the United Republic of Tanzania also recognizes the importance of the informal construction sector and indicates that the Government is intending to support it. One of the objectives of the policy is to encourage, enable and improve the performance of the informal construction sector. The policy directions are:

- (1) to recognize and promote the useful existence of the informal construction sector as an integral part of the construction industry;
- (2) to carry out research, document and disseminate information on the informal sector for the purpose of development;
- (3) to improve productivity and quality of products;
- (4) to support the establishment of credit facilities for the informal construction sector.

The project has addressed the first two of these objectives. But programmes are still needed to address 3 and 4. For informal construction enterprises to enter the mainstream of the economy, quality and productivity will have to be improved. This can only be done by infusing technology and skills into the sector and by establishing a revolving fund to provide credit for the purchase of tools and equipment, as well as access to training. These are both major recommendations of the project.

At the same time, the efforts of the Government and its agencies should be focused on generating additional jobs for the informal construction workers. While some high-rise building and mechanized construction activities may be unavoidable, the labour-based methods used by informal construction workers are adequate for many tasks such as the

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maintenance of urban roads and the construction of low-rise housing. Diverting demand into this section of the market will not only contribute to economic growth but also reduce poverty levels.

It is concluded that all of these recent policy statements indicate a significant change in attitude on the part of the government towards the informal sector. Some actions have also been taken to translate the policies into practice. The major challenge now is to ensure that these actions are followed through.

## Appendix A

### Characteristics of the groups in the sample

Group name	Year founded	Members	Municipality	Economic activity	Work pattern	Distribution of work/income	Financial arrangement	Leadership	Organization/cohesion
Africa Glaziers and Aluminium Works		35	Ilala	Aluminium and glass fixing.	In group.	Money earned is distributed among members by the person who secured the job and negotiated a price.	Contributions are made when one member has a social problem (not less than 500 per person).	Have interim leadership who will hold the positions till a constitution has been developed.	Membership is open. Have no constitution.
Bangward Ceramics		16	Ilala	Both material and labour suppliers (mostly plumbing).	Work both in group and individually.	The one who gets the job and does the negotiation can invite colleagues and it is he who will distribute the money.	Most of the money they get is used to buy material for resale.	Have elected group leadership who are part of the group's labour force.	They have no constitution.
Blessed Workshop Kinyerezi	2000	9	Ilala	Both material and labour suppliers.	Work in group.	A member who negotiated the deal receives the money from the client and disburses the money to the group members.	Members contributes Tsh.200 per month for a job done in a workshop and Tsh.500 for a job done on site. The money is used for buying workshop tools and security guards for which they pay Tsh.35,000 per month.	Have elected chairman, secretary, and treasurer.	Well organized. Entrance fee Tsh.5,000.
Bonden Group	1993	20	Temeke	Material suppliers.	Sell products in group.	Money obtained is divided in three portions: some is kept in their bank, some set for buying materials, the rest distributed among members.	Information not available.	Elected chairman and secretary.	Have constitution, a bank account; have registered its business with the Ministry of Trade.

Group name	Year founded	Members	Municipality	Economic activity	Work pattern	Distribution of work/income	Financial arrangement	Leadership	Organization/cohesion
Campino Building Group		22	Kinondoni	Labour suppliers.	Work both Individually and in group.	The leader distributes work if it is a group work.	Have entry fee of Tsh.2,500 and a monthly fee of Tsh.500.	Have elected leadership.	Relatively organized.
Chama Cha Mafundi India		31	Ilala	Labour suppliers with mixed trades on a street corner.	Work individually.	No method of distribution of work.	Tsh.300 contribution per week plus Tsh.1,000 per job. Used for social protection.	Have leaders who have good interaction with members.	Organized but without constitution. New members submit request and members discuss.
Chanika Juhudi Group		8	Ilala	Labour suppliers and block makers.	All jobs are negotiated by the group leader and it is he who distributes.	The group leader negotiates and distributes the income.	Tsh.2,000 entrance fee.	Have elected leadership.	Have written rules.
Fele Group		30	Kinondoni	Both material and labour suppliers with mixed trades.	Both in group and individually.	Done by group leaders.		They have leaders who have to search for the market of both labour and materials but they (leaders) do not take part in the work.	There is an employer/ employee relationship in regard to capital ownership and modes of payment.
Ipo Siku		15 male and female	Temeke	Material suppliers (stone crushers).		Group leaders receive payments and distribute to members. If sold individually percentage goes to the group fund.	Entrance fee Tsh.15,000 plus percentage of individual sales. The money is used for social assistance.	Chairman, secretary and cashier.	The four criteria for membership are good behaviour, hard working, living in the district, endorsed by two members.

Group name	Year founded	Members	Municipality	Economic activity	Work pattern	Distribution of work/income	Financial arrangement	Leadership	Organization/cohesion
Jitegemee	2001	30	Temeke	Labour suppliers.	Work both individually and in group.	All members have to search for jobs, and if one member gets one, invites others if need arises and he does the disbursement of the earnings. However, the one who secured the job gets a lion's share (not fixed).		Have group leadership who are part of the workforce.	Not well organized.
Jitihada Group	2000	6	Temeke	Labour suppliers.	Normally work in group but sometimes they work individually.	Out of any amount earned, 10% is deducted and kept by the group leader. When working individually, 2% is contributed to the group fund.	The earned money is used to pay for their working premise rent (Tsh.10,000 p.m.) and the remainder is disbursed to members at the end of the year.	Have elected leadership.	Have some good arrangements that have potential for their organization.
Kasole Ubwele Group	1974	13	Temeke	Labour and material suppliers.	Work individually.	Each member searches for jobs on his own and earns his own income.	Once had a bank account but later closed it due to diminishing income because of scarcity of work.	Have elected leaders.	Was once well organized but now getting less organized.
Kibaoni Plumbers		4	Kinondoni	Labour suppliers in plumbing.	Both individually and in group.	Done by group leaders.		Have a strong leader who influenced others to form a group.	Strong social cohesion but poorly organized.
Ketula Group	1999	30	Temeke	Labour suppliers (mainly in carpentry).	They work both individually and in group.	Two-thirds is divided equally among members; one-third taken to their bank account.	Use the money for hiring working tools, watchman. When working individually one has to contribute 10% of the income to the group fund.	Elected leadership.	Well organized. Registered, possess a business licence. Have a bank account.

Group name	Year founded	Members	Municipality	Economic activity	Work pattern	Distribution of work/income	Financial arrangement	Leadership	Organization/cohesion
Kidimuni Group		11	Temeke	Material suppliers (stone crushers).	Work individually. Two days are for group work every week. During rainy seasons all have other businesses.	After sales the group treasurer distributes the agreed amount to members.	Entrance fee of Tsh.3,000, plus 10% of income and group work. Funds are used when one is in need of financial help.	Unelected leaders who sometimes serve as middlemen to the group members.	Criteria for membership include one's willingness to pay 10% of his/her income plus attending group work on special days and a membership fee of Tsh.3,000.
Kigamboni Technical Group	1999	10	Temeke	Labour suppliers with mixed trades.	Both individually and in group.	Money is distributed equally to members but the one who secured the job gets 10% more.	The group does not have group fund but when a member gets a problem they donate from their pockets.	Have elected chairman and secretary.	No criteria for membership except that one works in the construction and is known to members.
Kigogo Mbuyuni		25	Kinondoni	Labour suppliers with mixed trades.	They work both as a group and individually. If the group get jobs the money is shared among members.		Have no group account but members pay contributions (Tsh.200–1,000).	Elected leaders.	To join the group one should be working in construction industry.
Kijiwe Poa		10	Kinondoni	Research not done					
Kisiwa Poa		8	Ilala	Labour suppliers.	Both individually and in a group depending on the size of the task.	Any member can negotiate with a client and that member will receive and distribute the money to others.	Do not have group fund. Donation is done the moment one of them faces a problem.	Information not available.	Membership is subject to members' scrutiny.
Kitunda Construction Group		55	Temeke	Not researched					

Group name	Year founded	Members	Municipality	Economic activity	Work pattern	Distribution of work/income	Financial arrangement	Leadership	Organization/cohesion
Limpopo Group	1968	23	Temeke	Material suppliers, labour suppliers, food vending.	Work in group and very rarely work individually.		Contribution is percentage of sale for material supply. Food vendors and labour suppliers have a fixed amount to donate to the group's fund. They use the money for soft loans to members, social assistance, searching for market.	Elected leadership.	Well-organized with some hired labour, e.g. receptionist, bookkeeper.
Maweni Stone Crushers	1998	16 male and female	Temeke	Material suppliers (stone crushers).	Both individually and in group.	When working individually, it is the middleman who distributes the work and income.	Have bank account in which they keep money for annual fees and other social problems. Each member contributes five tins of aggregates to the group fund.	Have elected leadership who are part of the labour force.	Do not have criteria for membership.
Mbagala Kuu Wajenzi Group		3	Temeke						
Mkwajuni Metal Scraps Group		30	Ilala	Material suppliers (metal scraps).	In group.	Income distributed accordingly to members.	Members contribute Tsh.100 per day and Tsh.1,000 per month.	Have strong elected leadership.	Organized, registered with the Ministry of Home Affairs as an association.
Mnyongea Group		8	Temeke	Both material and labour suppliers with mixed trades.	Customers visit the group's office and the number of workers required go for that work.	Paid in group by task. The money is kept by the leader till end of the month when other members get paid what they deserve. Payments differ according to one's experience.	Information not available.	In this group there is an employer/employee relationship.	Free membership. No entrance fee or criteria.

Group name	Year founded	Members	Municipality	Economic activity	Work pattern	Distribution of work/income	Financial arrangement	Leadership	Organization/cohesion
Mtongani Group		8	Temeke	Both labour and material suppliers in carpentry.	In group and individually.	When working individually, payments are issued to the individual, in group and sale of materials to the leader.	Information not available.	Have leadership.	Have neither any registration nor constitution. However, there is a high degree of cohesion. They also have a number of apprentice.
Mwanzo Mgumu		20	Kinondoni	Labour suppliers of mixed trades.	Work in group and very rarely work individually.	Work is distributed according to trades and size of the job. If working individually the money earned is shared with those who did not get a job on that day.		The group has leaders who have responsibility to search for jobs.	Open membership. No membership fee.
Nguvu Moja		14	Temeke	Labour suppliers.	Work both in group and individually. Customers walk in their office and make informal written contract .	All payments are made to the treasurer who later disburses to members. The income is not distributed equally due to differences in experiences.	Work done individually contributes 2% to the group fund. They use the money for social assistance.	Have elected secretary and treasurer but the chairman holds the position because he is a group founder.	Open membership provided one works in construction.
Sanet Group	1993	29	Temeke	Labour suppliers.	Both individually and in group depending on the size of the task.	Depending on the size of the task work, can be done in group or with a limited number of workers.	When work was executed individually a certain percentage will go to group fund. They use the money for social assistance.	Have elected leadership who are part of the labour force.	Membership open but subject to group consensus.
Studio Group		6	Kinondoni	Labour suppliers.	In group.	Distribution of income is done by the group leader.		Have a leader who holds a Full Technician Certificate (FTC).	Membership is open. Do not have a bank account, no constitution.

Group name	Year founded	Members	Municipality	Economic activity	Work pattern	Distribution of work/income	Financial arrangement	Leadership	Organization/cohesion
Tujikomboe	1998	23	Temeke	Labour suppliers (offers complete service in civil and building works).	Mostly work in group, very occasionally do work individually especially when there is no group job. Paid by piece work.	Payments are done to the chairman who later disburses to members. If executed individually Tsh.1,000 goes to the group fund.	Have membership fee of about Tsh.2,000. Work done individually contributes Tsh.1,000 per job. The money is used for social assistance.	Have elected secretary and treasurer but the chairman holds the position because of his influence with members and his qualification (the only who holds Full Technician Certificate).	Organized with strong cohesion. Have some conditions for new membership, like a fee of Tsh.2,000.
Umoja Group		10	Temeke	Labour suppliers.	Sometimes they work in groups, sometimes individually.	Equally distributed amongst members.	Every member has to contribute 2% from his dividend or individually executed work. The money is used for social assistance.	Have leaders who are part of the force.	Searching for work is every member's duty. Informs others when a job has been secured.
Umoja wa Mafundi Mbagala	2002	37	Temeke	Labour suppliers (sometimes bricks).		The chairman decides who should take the job. Jobs are allocated in turn. The quality of work expected is another determinant of who should take that job.	Have no group fund. They do not make any contributions for group activities or for social protection.	Have elected secretary and treasurer but the chairman is not elected. He is the owner of the shop where they meet who became chairman automatically.	Age and mental fitness are the only criteria for membership (above 18 yrs). They donate in case a fellow is facing a social problem. Have trust in their chairman that he distributes jobs without bias.

Group name	Year founded	Members	Municipality	Economic activity	Work pattern	Distribution of work/income	Financial arrangement	Leadership	Organization/cohesion
Umoja wa Mafundi Ujenzi Kitunda		60	Ilala	Labour suppliers.	Both individually and in group.	If they worked in group, the earned money is distributed equally, but if individually that individual pays 10% of the agreed price to the group.	Information not available.	Have democratically elected leadership.	Entrance fee is Tsh.2,000. Have some written rules.
Umoja wa Mafundi Ujenzi Pugu Kirumba		17	Ilala	Labour suppliers.	Most work individually.	Have no rules for job distribution.	The money is usually spent for social security purposes.	Have elected leaders.	Tsh.1,000 monthly membership fee. Open membership, but the new member will have to pay all the dues that others have paid ever since the establishment of the group.
Umoja wa Mafundi Ujenzi Sinza		104	Kinondoni	Labour suppliers with mixed trades.	Can offer complete service.	Customer pays an individual by time, task or per piece.	Annual fees used for social insurance.	Elected with constitution. Leadership on site depends on who got the job.	Cohesion is growing. All members report to the leaders before work.
Umoja wa Wajenzi (UWAWA)		300	Ilala	Concrete gang.	If the equipment are to be hired the client pays down payment.	A person who made the negotiation receives payments and disburses to other members.	Donation is done in case one of the members is having a problem, but the group does not have a fund.	Informal leadership (un elected).	Unorganized. Have closed down their bank account on account of mistrust among members. Have no membership registration.
Umoja wa Wajenzi Kipunguni		10	Ilala	The group was not researched.					
Ushirika wa Wajenzi SabaSaba		20	Ilala	Labour suppliers.	Work both individually and in group. The unit of payment is by task.	A person who made the negotiation receives payments and disburses to other members.	Do not have group fund. Donation is done the moment one of them faces a problem. Every member donates not less than	Have elected leadership.	Have some conditions for new membership. Relatively organized.

Group name	Year founded	Members	Municipality	Economic activity	Work pattern	Distribution of work/income	Financial arrangement	Leadership	Organization/cohesion
							Tsh.500.		
Vezero	1998	28	Temeke	Material and labour suppliers with mixed trades plus food vendors.	Members work individually.	If they work together, the earnings are divided among them.	Entrance fee of Tsh.4,000. Daily contributions depending on earnings. Used for buying materials.	Elected chairman and secretary.	Organized with monthly meetings.
Walindira Group		15	Ilala	Labour suppliers with mixed trades on a street corner.	A person who gets a job distributes to others if it needs more than one person.	No arrangement. A client chooses a supervisor from the group who chooses the rest of the team.	Contributes Tsh.200 daily even if one had no job on that day. The money is used to buy tools that are rented to members	Have elected leaders.	Organized with no constitution. Registered with VIBINDO society. Request membership and if accepted one has to pay the entrance fee.
YUSANGO		22	Kinondoni	Both material and labour suppliers with mixed trades.	Labour is sold both individually and in group but materials are never sold individually.	Payments are done to the group leader if it was a group work.		Have a leader who holds a Full Technician Certificate (FTC).	There is an employer/ employee relationship in regard to capital ownership and modes of payments. Undergoes written contracts.

## Appendix B

### Summary of financial institutions' requirements for opening accounts and providing loans

Name of the financial institution	Department contacted	Group account opening requirements	Opening balance required	Interest on savings	Interest on lending	Loan repayment period	Prerequisite for loans
CRDB Ltd.	Customer Service Department	<ul style="list-style-type: none"> <li>■ Original registration certificate</li> <li>■ Copy of the constitution</li> <li>■ Minutes of the meeting for the decision to open account/company seal</li> <li>■ Two reference letters from existing CRDB clients</li> <li>■ List of directors</li> <li>■ Passport-sized photos of the signatories</li> <li>■ Memorandum and article of association</li> <li>■ Valid business licence</li> </ul>	Tsh.100,000	3% (per annum)	19%	12 months	<ul style="list-style-type: none"> <li>■ Detailed business plan/project proposal</li> <li>■ Cash flow projection for 12 months</li> <li>■ Audited account for the past two years</li> <li>■ Bank statement for the last three months</li> <li>■ Security/collateral to be offered for the loan</li> </ul>
Akiba Commercial Bank (ACB)	Customer Care Department	<ul style="list-style-type: none"> <li>■ Certificate of incorporation (original against photocopy for verification)</li> <li>■ Memorandum and articles of association</li> <li>■ Valid business licence</li> <li>■ Board resolution and company seal</li> <li>■ List of directors</li> <li>■ Passport-sized photos of the signatories</li> <li>■ Letter from ward executive or street representative or two reference letters from existing ACB clients</li> </ul>	Tsh.2,000	3% (per annum)	25%	12 months	<ul style="list-style-type: none"> <li>■ Detailed business plan/project proposal</li> <li>■ Cash flow projection for 12 months.</li> <li>■ Bank statement for the last 12 months</li> <li>■ Security/collateral/fixed asset to be offered for the loan</li> <li>■ Proof on credibility</li> </ul>
Tanzania Postal Bank		As above	Tsh.50,000	3.5%	18%	24 months	<ul style="list-style-type: none"> <li>■ Detailed business plan/project proposal</li> <li>■ Cash flow projection for 12 months</li> <li>■ Audited account for the past three years</li> <li>■ Board resolution on the borrowings</li> <li>■ Mortgage bonds or preferably fixed asset</li> </ul>

Name of the financial institution	Department contacted	Group account opening requirements	Opening balance required	Interest on savings	Interest on lending	Loan repayment period	Prerequisite for loans
Azania Bancorp		<ul style="list-style-type: none"> <li>■ Business registration</li> <li>■ Identity of the owners</li> <li>■ Business licence</li> <li>■ Memorandum and articles of association</li> <li>■ Board resolution to open an account and company seal</li> </ul>	Tsh.50,000	3%	18-22%	Maximum ten years	<ul style="list-style-type: none"> <li>■ Bank statement for the last six months</li> <li>■ Audited account for the last three years</li> <li>■ Cash flow projection for 12 months</li> <li>■ Proof of other income services if any</li> <li>■ Detailed business plan/project proposal</li> <li>■ Director's guarantee</li> <li>■ Board resolution on the borrowings</li> </ul>
Dar es Salaam Community Bank (DCB)	Credit Department	<ul style="list-style-type: none"> <li>■ Certificate of incorporation (original against photocopy for verification)</li> <li>■ Memorandum and articles of association</li> <li>■ Copy of constitution</li> <li>■ Board resolution to open an account and company seal</li> <li>■ List of directors/leaders</li> <li>■ Passport-sized photos of the signatories</li> <li>■ A letter from ward executive or street local government representative</li> </ul>	Tsh.50,000	5%	22%	12 months	<ul style="list-style-type: none"> <li>■ Mortgage bonds or preferably fixed asset</li> <li>■ Board's guarantee</li> <li>■ Board resolution on the borrowings</li> <li>■ Detailed business plan/project proposal.</li> <li>■ Cash flow projection for 12 months</li> <li>■ Board resolution on the borrowings</li> <li>■ Bank statement for one year</li> <li>■ Proof of existing group activities or other sources of income</li> </ul>
Dar es Salaam City Council: three municipalities	Community Development Department				10%	12 months	<ul style="list-style-type: none"> <li>■ Group lending (five people guarantee one another)</li> <li>■ Must have an ongoing business</li> </ul>



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## Sectoral working papers

The Warp and the Web Organized production and unorganized producers in the informal food-processing industry: Case studies of bakeries, savouries' establishments and fish processing in the city of Mumbai (Bombay) (Ritu Dewan)	2000	WP.156
Employment and poverty in Sri Lanka: Long-term perspectives (Vali Jamal)	2000	WP.157
Recruitment of educational personnel (Wouter Brandt and Rita Rymenans)	2000	WP.158
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