

PROPERTY AND BUSINESS FORMALIZATION PROGRAMME



Baseline Study of Informal Properties and Businesses in Dar es Salaam

*Final Report Prepared by
The Economic Research Bureau of the University of Dar es Salaam
and the National Bureau of Statistics*

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List of Abbreviations

ERB	-	Economic Research Bureau
ICLS	-	International Conference on Labour Statisticians
ICSE	-	International Classification of Status in Employment
ILO	-	International Labour Organization
MFI	-	Micro Finance Institutions
MKUKUTA	-	Mpango wa Kukuza Uchumi na Kuondoa Umaskini Tanzania
MKURABITA	-	Mpango wa Kurasimisha Biashara na Mali za Wanyonge Tanzania
NBS	-	National Bureau of Statistics
SACCAS	-	Savings and Credit Cooperative Associations
SACCOS	-	Savings and Credit Cooperative Societies
ISNA	-	International System of National Accounts
URT	-	United Republic of Tanzania

1. Introduction

This report sets out to present baseline characteristics of informal properties and businesses in Dar es Salaam Region. It is an elaborate survey report of the present status of informal business activities, commonly referred to as the informal or extralegal sector, in Dar es Salaam region. The report constitutes inputs for setting up of benchmarks that will be used to plan, measure and monitor progress of the envisaged on-going Property and Business Formalization Programme – famously known as MKURABITA¹ in Swahili. The presentation of this report is organized in four major sections to include all the tasks of the study as stipulated in the Terms of Reference attached herewith as Appendix 1. The first section is the introduction to the report, which includes the objectives of the study, definitions and clarification of concepts and issues, and methodology of the study. The second section is an overview of the informal business activities that describes the major features of the sector in Dar es Salaam. We then, in Section 3, make specific assessments of pre identified business constraints in the informal sector in view of the formalization programme. The last section is a summary of the emerging issues and conclusions.

1.1 Background

The Government of Tanzania prepared the Growth and Poverty Reduction Strategy, known as MKUKUTA in Swahili, as a medium plan towards the eradication of poverty in the country by the year 2025. The Strategy identifies agriculture and informal business activities as the main sectors from which majority of the poor earn their livelihoods. Towards implementation of the Strategy, the government is determined to induce accelerated growth in the economic activities that home in the poor and the economically vulnerable segments of Tanzanians. In this regard, the Property and Business Formalization Programme was established to initiate and facilitate formalization of informal property and business entities in order to enhance their access to services enjoyed in the formal sector, and thus accelerate their growth, competitiveness and survival.

Practically, the Formalization Programme seeks to establish an integrated system of property rights and business rules as a basis of transition of the urban, peri-urban and rural areas into a market that enables Tanzanians to have equal opportunities in using their assets access credit services. Thus, the Program aims to systematically reduce the informal sector to an acceptable national limit to which the informal sector can co-exist with the formal sector.

Studies on the informal sector in Tanzania indicate that more than ninety percent of properties and business activities in the country operate in the sector. By implication, policies and strategies targeting economic growth and poverty reduction in Tanzania should fundamentally deal with activities in the informal sector. Obviously then, thorough understanding of the nature of the informal sector in terms of extent, location,

¹ MKURABITA - Mpango wa Kurasimisha Rasilimali na Biashara za Wanyonge Tanzania

operations, ownership, etc. for each of the informal activity, is a necessary step towards effective operationalization of the objectives of the MKURABITA Programme.

But information on the extent, operations, ownership, etc. of informal properties and business activities is obtainable through carefully planned surveys. In this regard, the Property and Business Formalization Programme arranged to carry out this survey to compile and assess selective information with a view of drawing up a road map for formalization of informal properties and businesses in Tanzania. To begin the process, Dar es Salaam and Zanzibar have been purposely earmarked for the first round of baseline surveys on informal properties and business entities.

1.2 Objective and Scope of the Report

The objective of the study was to carry out a baseline survey of the informal properties and businesses in Dar es Salaam with a view of drawing up a road map for the operationalization of MKURABITA. Specifically, the study carried out documentation and assessment of informal properties and business activities in terms of the following aspects:

- i) Number of informal real estate assets, land and business owners.
(Houses and or land in unplanned areas)
- ii) Establish the location of the informal assets and business activities, and the number of employees in each of them by gender.
- iii) Assessment of the business needs in terms of capital, working premises, technology, markets, legal protection, membership to collaborative networks, access to credits, and annual turnover and profits for those who could provide. The assessment would also include the nature and characteristics of ownership.
- iv) The number of entrepreneurs, which enter and exit the market and the motives behind.

1.3. Clarification of Survey Issues and Concepts

The survey sought to establish information on informal properties and businesses on the basis of which appropriate assessment will be carried out to determine the initial steps towards the formalization process. Selectively, the study has been done in Dar es Salaam and Zanzibar as pilot cases that may determine further studies in the rest of the country.

The survey targeted informal properties and business activities, which are many, scattered and varied. The main purpose of this study is to link ownership of properties and business entities. The survey thus distinguished between two major groups of business activities; those which operate without fixed business premises and those that operate in fixed premises and thus have physical location cum address. The survey

targeted the latter group in order to bring together assessment of property, business and ownership. Those with no fixed premises, i.e. street vendors or 'wamachinga' in Swahili are not included in the survey.

In addition to the Terms of Reference for this study, the consultants held discussions with the Secretariat of MKURABITA to jointly elaborate and underscore the expectations from the study in line with the objectives of the Programme and of the then envisaged baseline study of the informal sector. The deliberations of the discussions revolved around two sets of comments cum proposals as elaborations on the objective and scope of the study.

The first set of elaborations related to the general objective of the survey, which is to set up benchmarks towards formalization of informal properties and businesses in Tanzania. By implication, the survey would in the first place identify informal businesses and the corresponding properties. The key questions here were: Why does the informal sector exist? What forms does it take? What dimensions/parameters are appropriate to say that an establishment is informal? Is it because of lack of licenses? Is it because of fluid premises? What makes them informal? What are the constraints to formalisation and thus growth, their level of informality and proportion in the total business entities?

Clearly, the first set of elaborations and the emerging questions aimed to define, identify and characterize businesses and their properties in the informal sector.

The second set of comments related to the specific tasks to be undertaken by the survey. This related further to appropriate methods of collection of information and assessment with the aim of bringing out the following:

- (i) Identification of those who are doing dynamic business versus those who do it as a survival strategy. Which ones have the potential of graduating to the formal sector and which ones are tied up in the survival strategy? How can this be best judged? How can MKURABITA design interventions that best discriminate "real enterprising individuals" visa-vis those who are doing business as a survival strategy? How can these interventions be targeted? And of course help businesses in the informal sector to graduate by levels towards full formalization; and possibly including the other categories of informal businesses at a later stage.
- (ii) As a matter of principle, there are general rules for entry to and exit from business. Surprisingly, there are firms in Tanzania which might be categorically bankrupt but remain in business as usual. This raises a number of questions, which this survey set out to address. Is bankruptcy well understood and effected in business undertakings? What are the situations under which one is considered bankrupt?
- (iii) It is believed that large and small businesses co-exist in the form of business links with the aim of maximizing returns. Yet the former is believed to benefit more in such arrangements though the two may also co exist in order to evade tax and

other legal obligations. What is the extent of such linkages? How do small businesses benefit from the linkages? How is formalization expected to change the nature of such linkages and at whose cost and benefit?

- (iv) The authenticity of books of accounts is another area which is important and challenging to address in Tanzania. It is argued that, many businesses that keep books of accounts have three types of books – for three different purposes: Books for owners of business (reflecting real situations), Books for Bankers (for credit access or repayment) and Books for the government (for tax assessment). Important issues for this survey are the real situation on the ground, any recent changes in such a strategy, implication on the property and business formalisation process, and any measures to rectify it.
- (v) Establishing the current support to informal business activities: Which informal business organizations receive support from associations and organizations; the form and extent of the support, the existing needs/gaps and potential interventions.

The policy challenges posed by the informal sector are not new; most of the recent interventions have their foundation in earlier works such as ILO (1972), De Soto (1986), and Portes et al (1989). There have been two major informal sector surveys in Tanzania; the 1991 nationally representative survey and the 1995 informal sector survey that covered Dar es Salaam Region only (URT 1991, URT 1995). It is observed from the reports that the two surveys adopted similar definition of the informal sector in Tanzania.

Likewise, the current survey considers the informal sector to be highly heterogeneous, encompassing production units of different features and in a wide range of economic activities, as well as people (i.e. workers, producers, employers) working or producing under many different types of employment relations and production arrangements.

Thus, more specifically, the informal sector, as stipulated in the Fifteenth International Conference of Labour Statisticians (ICLS, January 1993), the International System of National Accounts (ISNA) and the Revised International Classification of Status in Employment (ICSE), is characterized by

- ◆ free entry and exit .i.e. no guidelines in terms of licenses and government legal framework to monitor the existence of these businesses.
- ◆
- ◆ reliance on personal or family resources
- ◆ mainly family or individual ownership
- ◆ small scale operations
- ◆ labour intensive and adaptive technology
- ◆ skills acquired outside of the formal sector
- ◆ unregulated and competitive markets”.
- ◆ typically operate at a low level of organization, with little or no division between labour and capital and on a small scale labour relations or

personal and social relations rather than contractual arrangements with formal guarantees.

The units of informal sector possess the characteristics of 'household enterprises' which are:

- Fixed and other assets do not belong to the unit but to the owner
- Units cannot engage in transactions or enter into contracts nor incur liabilities on their own behalf
- Expenditure for production and capital goods is often indistinguishable from household purposes.

Customarily then, informal sector includes all economic activities which are not officially regulated and which operate outside the incentive system offered by the government.

In Tanzania, informal properties refer to own occupied or rented buildings and lands available in un-surveyed areas. These assets are un-officially owned by individuals and exist outside the incentive system offered by the government.

NPA (2005) offers indicators that can be used to identify informality in properties that include the following characteristics:

- Land development without building permit
 - Land used differently from what it was approved for
 - Granted right has not been renewed
 - Rights of occupancy not registered
 - Unauthorized sub division of the property
 - Building on the reserved land or hazardous land
 - Building in the unplanned land.

Obviously, it is difficult to have properties that exhibit all the characteristics of informality inclusively; rather, many of such properties will have several of those features. But the major characteristic is unplanned versus planned supported by permits thereof.

1.4 Approach and Methodology

Implementation of the baseline survey involved four major tasks: survey preparations, fieldwork collection of data cum information, data processing and analysis, and report writing. This was in addition to consultations with the MKURABITA Secretariat as inputs to the designing of the survey instruments, sampling framework and approach to the then envisaged interviews.

Sampling framework of the survey respondents

The informal sector business activities are many by type and number in each of the identifiable categories. Studies on the informal sector have identified different categories of activities depending on the objective and coverage. As a basis of classification of the informal sector activities in Tanzania, and therein sampling for the baseline survey, the 2004 NBS survey of business enterprises in Dar es Salaam and Zanzibar was examined. The survey defined a business as a commercial activity that is operated in physically locatable premises. The list of business categories which was adopted in the NBS survey follows international classification that has more than five hundred categories. These were found to be too many and thus would make data analysis too complicated and difficult to accomplish the survey tasks. We regrouped the NBS list by putting together business categories that are closely related and came up with a list of fifty three major categories of business activities for the baseline survey. The list is attached with this report as Appendix 2.

The National Bureau of Statistics 2004 survey covered all business enterprises that were identifiable by physical location cum premises and address. The survey thus covered formal and informal categories of business activities. The survey instrument had a specific question that was intended to distinguish between formal and informal business activities though it was not all that simple. The survey distinguished between family and individual owned/run businesses and other forms of business activities – this was important information towards identification of the population of informal businesses in Dar es Salaam.

The current baseline survey of the informal sector adopted the NBS characterization of the informal sector. From the list of all businesses in Dar es Salaam in 2003 - 2004, as compiled by NBS, we filtered out informal business activities using the characteristics enlisted in the survey instrument. We then managed to compile a list of all informal business activities by their major categories. But the list was for 2003 – 2004, and thus excluded the recently established businesses since 2004. We therefore needed to update the list by designing a pre survey listing of new businesses that were established after the NBS survey.

The list of informal businesses, as retrieved from the NBS data base, was printed out in pieces by district, ward and the respective street. These were then discussed with the respective street leaders as a benchmark for compilation of new businesses that were established since 2004 when the NBS survey was carried out. Trained research assistants worked with the ward and street leaders to compile lists of new businesses to include location, type of activities, ownership, etc. The process involved assessment of the old list to find out exists and new entries in the informal sector.

So far then, there were two mutually exclusive lists of informal businesses; one for the period covering the NBS survey, and the other for the post NBS survey period or the new businesses. We then merged the two lists to constitute one updated comprehensive list of informal business activities as at the end of 2006.

Considering the population size of the informal sector in Dar es Salaam and other constraints, we worked out a sample of 5% based on stratification by categories and proportionate representation of each category in the total number of informal business activities. Therefore, the proportionate composition by category of business activity in the population is the same as that of the final sample, though there were slight modifications as we explain next. The NBS survey did not include businesses that do not operate in physical premises; but practically, there are big (by capital) informal businesses that operate without physical identification. These include those in the informal transport sector, dealers in food stuffs from upcountry, etc. The baseline line survey included these categories of businesses through searching in collaboration with street leaders.

In total, the baseline survey captured 3686 informal businesses, of which 3070 are based in Dar es Salaam, and 616 are in Zanzibar. These constituted the sample of informal businesses for the baseline survey in Dar es Salaam and Zanzibar, respectively.

The NBS 2003 – 2004 survey showed that in total there were 90,963 business entities in Dar es Salaam. Of those entities, 92% or 74,574 were informal businesses. The pre survey listing of new business activities that we carried out in 2006 showed that between 2004 -2006, 15,514 or 21% of the informal businesses in Dar es Salaam exited from the sector. Meanwhile, 3,772 new businesses entered the informal sector. The net growth of the informal businesses was therefore -16% (decrease) for the period under review.

Recruitment of Fieldwork Staff, Training and Pre Test of the Survey Instruments

Preparations for the baseline survey also involved recruitment and training of field work staff from NBS and ERB. These were then deployed to carry out pre test of the fieldwork instruments before embarking on the survey.

Fieldwork Data Collection and Analysis

Fieldwork data collectors were deployed to contact street leaders for all the respective business entities selected for the survey. The two worked together to trace the sample businesses in each respective street. The survey targeted business owners as respondents to the fieldwork instruments. This took into consideration the information that was being solicited for and the required additional information on ownership of properties and linkage to financing of business capital.

The survey data were finally processed and analysed in SPSS. The findings of the survey and the emerging issues with regard to the objective of the survey are presented and discussed in the rest of this report.

2. Status of Informal Business Activities in Dar es Salaam

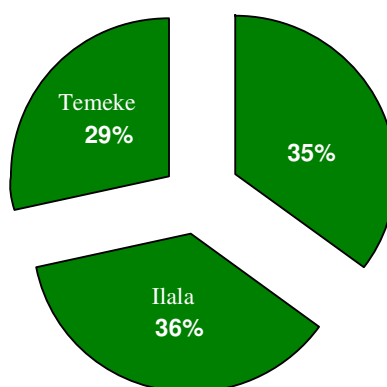
The baseline survey visited and interviewed owners of 3070 different informal businesses in the three districts of Dar es Salaam region. The distribution of the survey respondents in Table 1 and Figure 1 indicates that Ilala has marginally many businesses relative to

Kinondoni and Temeke districts, which is obviously a reflection of the distribution of the entire population of informal businesses in Dar es Salaam.

Table 1: Distribution of the Selected Respondents of Informal Business Activities by District in Dar es Salaam

<i>District</i>	<i>Number of business activities in the sample</i>	<i>Percent of business activities</i>
Kinondoni	1,076	35.05
Ilala	1,113	36.25
Temeke	881	28.70
Total	3070	100.00

Figure 1: Percentage Distribution of Respondents by Districts



2.1. Distribution by Major Categories of Business Activities and Districts

Table 2 below shows the identified major categories of informal business activities in Dar es Salaam and concentration of businesses in each of the categories. The list is presented in a descending order by the total number and proportion of businesses in each category (columns 1 & 2). The table also shows district wise distribution of businesses for each of the identified major category. Assessment of concentration of businesses by the different major categories indicates that many of the enterprises are dealers in general retail food stuffs (15.6%), tailoring and dyeing (6%), small restaurants in the form of *mama/baba lishe* (5.9%), hair saloons and barber shops (5.7%), pharmaceuticals (4.6%), etc. The table shows that the biggest category of business is general retail others; but this includes many different small stores such as the famous general retail shops, traditionally known as ‘*duka*’. With an exception of a few categories, many of informal business activities are scattered in all the three districts. Of course the major determinant of the distribution is the nature of the business and the required business enabling environment specific to each category. For example, businesses that require established offices are mainly located around the city centre – i.e. Ilala, followed by the pure urban suburbs of the other two districts – for example insurance business.

Table 2: Distribution of Informal Business Activities by Major Categories in Dar es Salaam

Category of Business Activities	Number of Business entities	Percent out of all informal businesses in Dar es Salaam	Percentage Distribution by District		
			Kinondoni	Ilala	Temeke
General retail others	673	22.1	33	35	32
General retail food stuffs	476	15.6	31	38	32
Tailoring and dyeing	184	6	35	41	24
Mamalishe/Babalishe	180	5.9	38	21	41
Hair salon/ Barbershop	175	5.7	51	27	22
Pharmaceuticals	139	4.6	28	41	31
Bars and pubs/grocery and refreshments	113	3.7	34	32	35
Hardware and building materials	113	3.7	40	41	19
Garage and other repair shops	84	2.8	29	40	31
Stationeries/Secretarial/Communication services	73	2.4	29	49	22
Carpentry	70	2.3	36	29	36
Butchery/ fish store	70	2.3	40	34	26
Spare parts dealers	53	1.7	8	74	19
Restaurants	50	1.6	42	40	18
Other businesses	44	1.4	23	50	27
General retail electronic and domestic Appliances	43	1.4	26	49	26
Music and video stores	38	1.2	29	45	26
Electronic repair	36	1.2	22	53	25
General wholesale	34	1.1	35	32	32
Hotel and guest houses	33	1.1	52	15	33
Cereal milling shops	31	1	42	39	19
Entertainment services	31	1	52	19	29
Dispensary/ hospitals	29	1	45	24	31
Other retail sale in specialized stores	28	0.9	39	32	29
Sales of automotive fuel	27	0.9	37	37	26
Manufacturing of metal products	26	0.9	38	31	31
Sands and cement blocks dealers	25	0.8	56	24	20
Boutique	25	0.8	20	80	0
Schools	25	0.8	28	36	36
Legal activities	16	0.5	19	75	6
Poultry	15	0.5	67	0	33
Taxi services	13	0.4	54	15	31
Piggery	10	0.3	100	0	0
Timber shop	8	0.3	50	13	38
House brokers	7	0.2	14	86	0
Footwear makers and repairs	7	0.2	57	29	14
Insurance services	7	0.2	0	100	0
Clearing and forwarding	6	0.2	50	17	33
Cantering services and decorations	6	0.2	67	0	33
Manufacturing of other products	5	0.2	20	60	20
Other livestock	4	0.1	0	25	75
Dealers in leather products	4	0.1	25	75	0
Music bands and cultural troupes	4	0.1	100	0	0
Car and other transport hire services	3	0.1	33	33	33
Wholesale dealers in food stuff from upcountry	2	0.1		0	0
Wood carving	1	0	100	0	0

Category of Business Activities	Number of Business entities	Percent out of all informal businesses in Dar es Salaam	Percentage Distribution by District		
			Kinondoni	Ilala	Temeke
Gardening and flowers	1	0	100	0	0
Mining and salt extraction activities	1	0	0	100	0
Manufacture of food products and drinks	1	0	0	100	0
Money shops					

2.2. Business Registration and Structure of Ownership

The survey examined and probed on the status of registration of informal businesses including their names cum trade marks and ownership structure. The findings on status of registration of business are presented in Figures 2 & 3 below. About 50% of the informal businesses in Dar es Salaam operate without formal registration that requires business license. There are no major differences between the three districts of Dar es Salaam. Of course the observation that many informal businesses operate without registration cum license is not a surprise; business regulations are loosely effected in Dar es Salaam because of many reasons including inability of the respective authorities to monitor effectively.

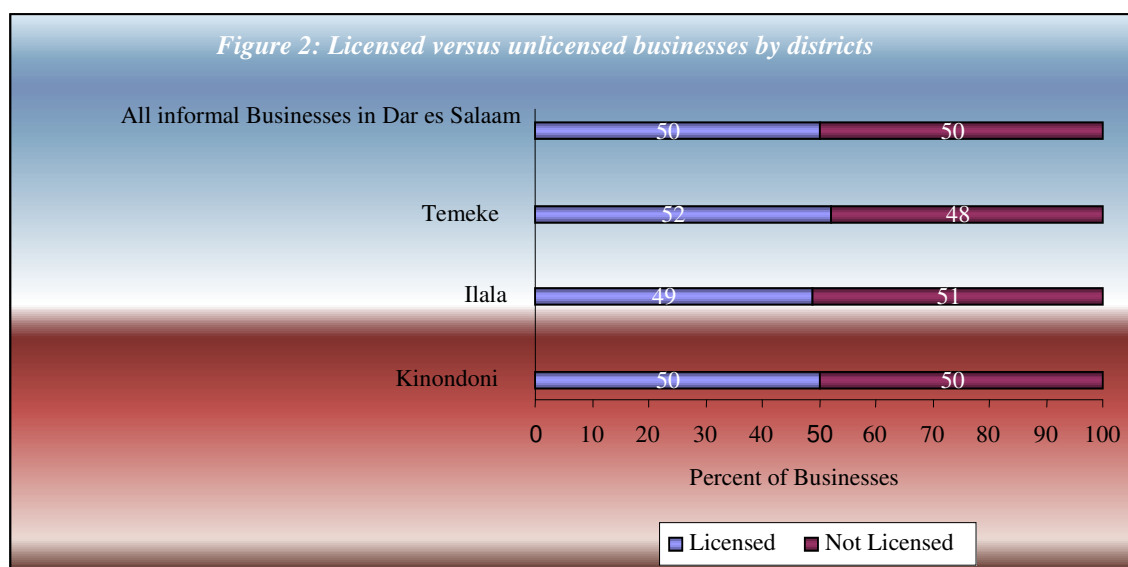
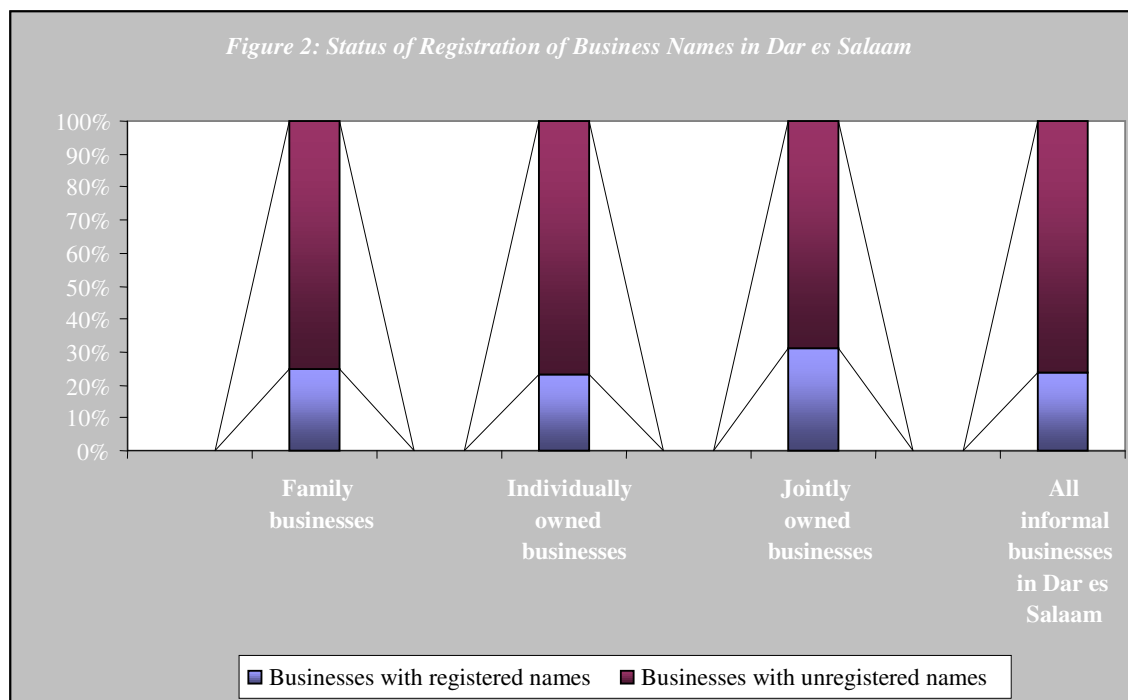


Figure 2 shows further that although many informal businesses (90%) identify themselves with particular business names, they do not register their business names cum trade marks. And there are no differences whatever the form of ownership the businesses might take. Business names are used casually to suit to the purpose of business and customer attraction. It was also observed in the survey that many businesses fail to distinguish between the name of the business and that of the owner of the business.



Further assessment with regard to registration of businesses and their names by the major categories is elaborated in Table 3. The table is in descending order with regard to the percent of licensed businesses in each category. Several categories come out clearly that license is important to carry out business operations. These are dealers in Spare parts, Pharmaceuticals, House brokers, Manufacture of food products and drinks, Dealers in leather products, Sales of automotive fuel, Insurance services, Legal activities, etc. But not all businesses in these categories have registered business names; the categories of business for which all dealers indicate that they have registered names are Manufacture of food products and drinks, Dealers in leather products, Insurance services, and Gardening and flowers. Clearly then, there are businesses which have license but their names are not registered. And as argued earlier, there are several characteristics of informality including unregistered business names.

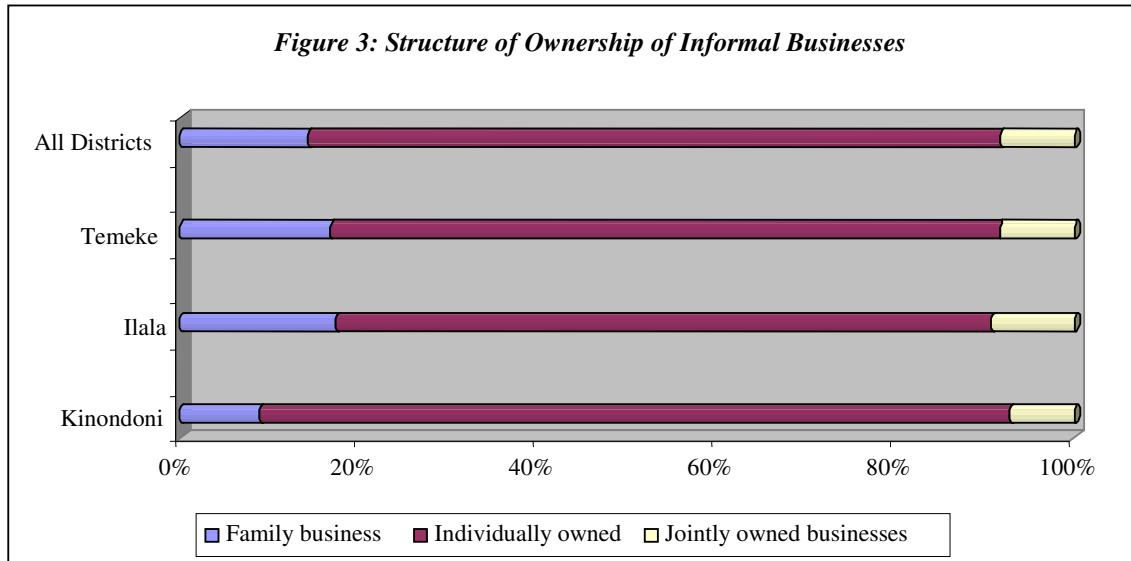
Table 3: Status of Registration by Major Categories of Business Activities

<i>Major Categories of Business</i>	<i>Percent of Licensed Businesses in each Major Category</i>	<i>Percent of Businesses with Registered Name in each Major Category</i>
Spear parts dealers	100	56.6
Pharmaceuticals	100	35.3
House brokers	100	14.3
Manufacture of food products and drinks	100	100
Dealers in leather products	100	100
Sales of automotive fuel	100	40.7
Insurance services	100	100
Legal activities	100	87.5

<i>Major Categories of Business</i>	<i>Percent of Licensed Businesses in each Major Category</i>	<i>Percent of Businesses with Registered Name in each Major Category</i>
Footwear makers and repairs	96	20
Bars and pubs/grocery and refreshments	90.6	38.4
Sands and cement blocks dealers	89.7	16
Schools	87.5	40
Hardware and building materials	83	39.6
Other businesses	82.1	29.6
Butchery/ fish store	81.3	27.1
Tailoring and dyeing	76.7	15.8
General wholesale	76.5	29.4
General retail food stuffs	76.5	17.3
Music and video stores	75.3	15.8
Hair salon/ barbershop	74.1	14.3
Dispensary/ hospitals	72.7	89.7
General retail others	66.7	15.4
Manufacturing of metal products	66.7	38.5
Other retail sales in specialized stores	66.7	35.7
Money shops/ Bureau De Changes	66.7	100
Poultry	60	6.7
Manufacturing of other products	57.7	40
Clearing and forwarding	56.8	66.7
Mamalishe/babalishe	56	2.8
Electronic repair	50	36.1
Timber shop	50	75
Restaurants	48.4	26.5
Wholesale dealers in food stuff from upcountry	46.2	29.4
Stationeries/secretarial/communication services	44.1	41.7
General retail electronic and domestic appliances	43.6	30.2
Boutique	42.9	44
Cereal milling shops	42.1	41.9
Entertainment services	40	9.7
Car and other transport hire services	40	66.7
garage and other repair shops	38.6	25
Catering services and decorations	37.5	16.7
Carpentry	31	4.3
Mining and salt extraction activities	25	-
Gardening and flowers	20	100
Music bands and cultural troupes	16.7	-
Piggery	13.3	-
Wood carving	11.4	-
Other livestock	10	-
Hotel and guest houses	8.5	57.6
Taxi services	0	23.1

The structure of ownership of informal business entities is analysed in Figures 3 & 4 & 5 and further in Appendix 3. We observe that about 80% of informal business entities are owned by individuals who include both females and males (Figures 3 & 4). The rest are

either owned as family business – the second largest group of ownership, or joint venture – the smallest group. However, the distinction of ownership between family and individuals is marginal because the latter belong to families and so are their businesses also. Practically then, many of the businesses indicating that they are owned by



individuals belong to the background families. And as observed earlier that most of those businesses do not have registered names, it is difficult to distinguish between the individual, the family, and the respective business operations – and hence exhibiting informality.

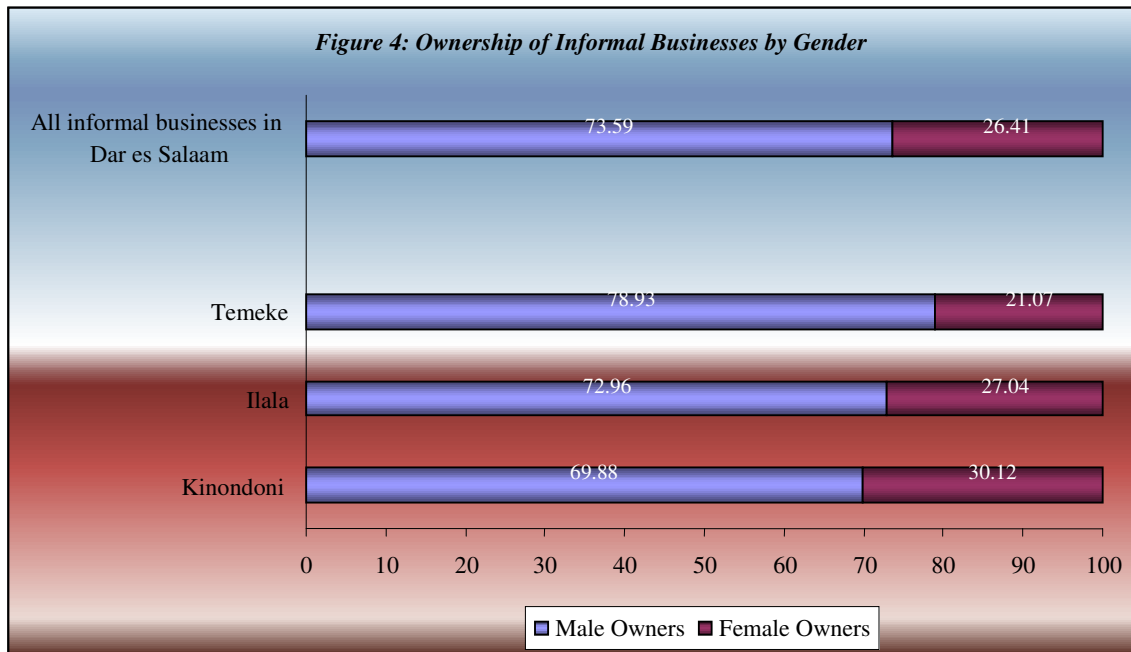
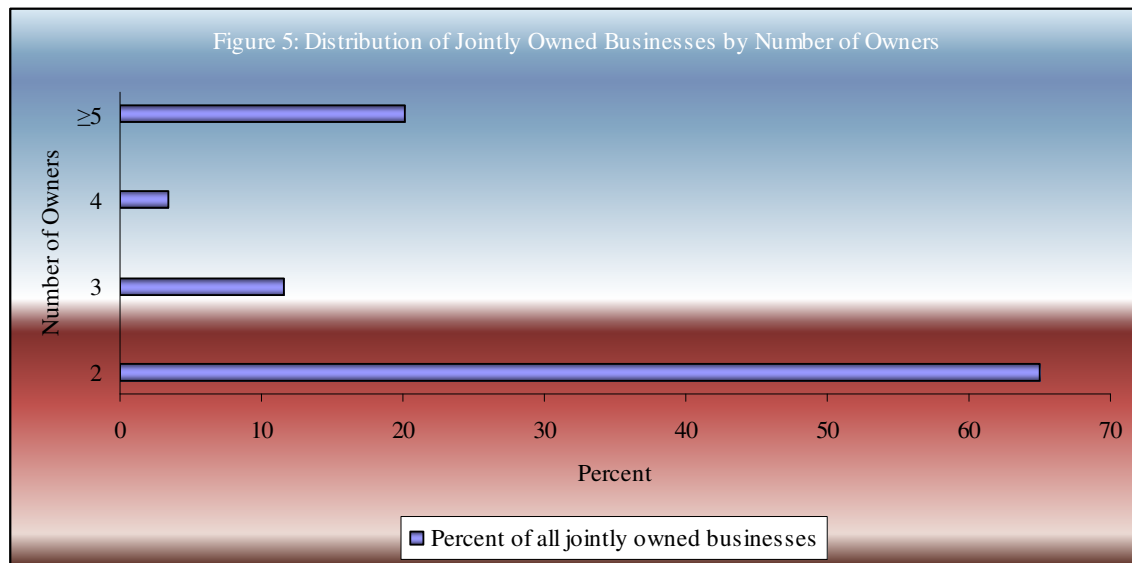


Figure 5 shows distribution of joint ventures in informal businesses by the number of owners. The jointly owned businesses in the survey sample have owners ranging from 2, 3, 4, and 5 and above. Considering these as five groups of composition of owners, Figure



5 shows the groups in the vertical axis and the percentage of the jointly-owned businesses that belong to each of the groups. It is observed that majority (65%) of the joint ventures in informal businesses are two-individual partnerships. The rest have three individuals (about 10%) or more than three persons. Joint ventures in the informal sector are not specific for certain major categories of business activities; rather, as the results of the survey indicate, they spread over to all major categories of business activities.

2.3. Age Structure, Entry and Exit

The age structure for given business-entities shows the period when the entities were established, expanded, phased out or exited from business. Entry to business refers to the year of establishment of the business which may also include the period for which the entity remains in business. Exit from business occurs when an established entity decides or is forced to close down particular business operations indefinitely. In line with the definitions of entry to and exit from business, the baseline survey set out to analyse the age structure of informal businesses. The results are presented in Table 4 in different periods – column wise, to indicate the interval in years for which the different businesses were established. The second column indicates the proportion of the oldest business entities in each category; these are businesses which were established in 1990 or before. Analogously, columns 3, 4, and 5 indicate the businesses which were established in the subsequent years.

The table shows further that a big proportion of the informal businesses were established after the year 2000. This is partly a reflection of the frequent demolitions of business premises cum houses to pave way for modernization of public infrastructure in the City of Dar es Salaam. By implication, many informal businesses do not stay long; the entry-

exit period appears to be generally small. We also note that there are no significant differences between the major categories of businesses.

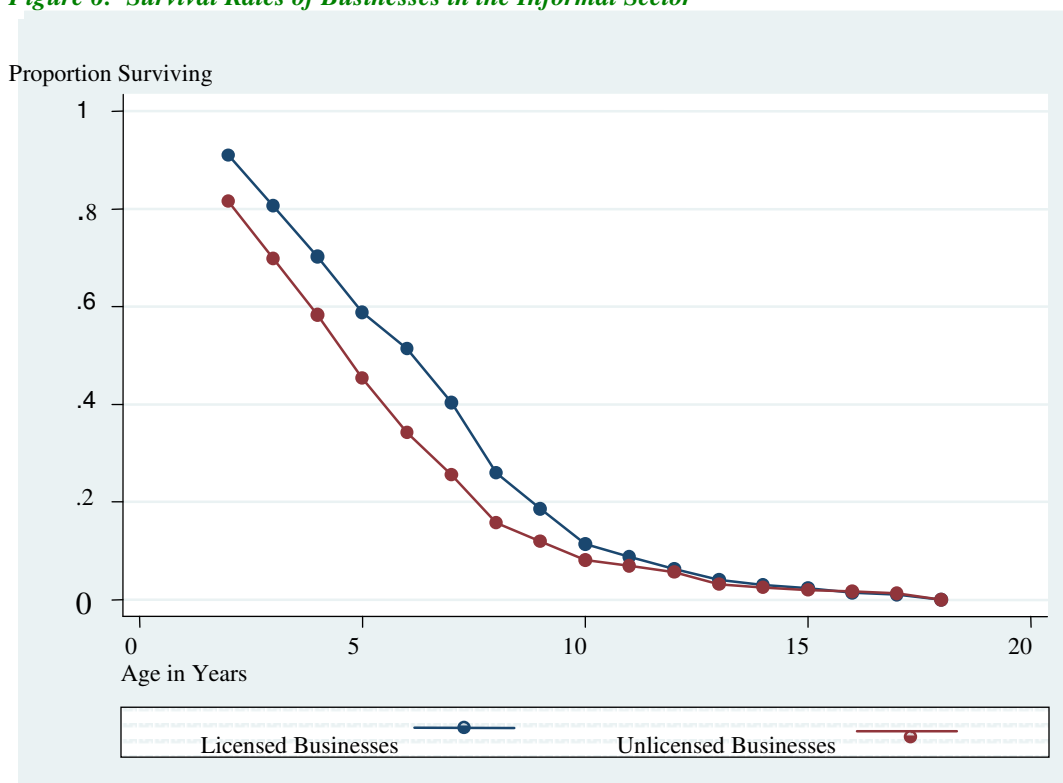
Table 4: Age Structure of Informal Business Entities by the Major Categories

<i>Major Categories of Informal Businesses</i>	<i>Groups of Business by Year (interval) of Establishments</i>				
	<i>1990 and older</i>	<i>1991/95</i>	<i>1996/2000</i>	<i>2001/04 NBS data</i>	<i>2005 on wards</i>
General wholesale		5.9	35.3	38.2	20.6
General retail food stuffs	2.1	2.7	23.1	41.8	30.3
General retail electronic and Domestic appliances	2.3		34.9	53.5	9.3
General retail others	3.1	3.9	25.9	41.9	25.3
Restaurants	2.0	2.0	22.0	42.0	32.0
Mamalishe/babalishe	5.6	6.7	20.6	40.6	26.7
Hotel and guest houses	27.3	6.1	30.3	27.3	9.1
Bars and pubs/grocery and refreshments	8.0	8.0	29.2	31.9	23.0
Hair salon/ barbershop		1.1	17.7	51.4	29.7
Garage and other repair shops	7.1	9.5	40.5	29.8	13.1
Stationeries/secretarial/communication services		1.4	24.7	38.4	35.6
Music and video stores		2.6	34.2	28.9	34.2
Cereal milling shops	6.5	6.5	45.2	29.0	12.9
Tailoring and dyeing	7.1	7.1	23.4	40.2	22.3
Carpentry	8.6	8.6	40.0	32.9	10.0
Wood carving					100.0
Spear parts dealer	5.7	3.8	47.2	30.2	13.2
Hardware and building materials	2.7	9.7	23.9	37.2	26.5
Butchery/ fish store	7.1	7.1	25.7	32.9	27.1
Electronic repair	2.8	5.6	22.2	25.0	44.4
Timber shop			37.5	37.5	25.0
Pharmaceuticals	2.9	0.7	24.5	43.2	28.8
Dispensary/ hospitals	3.4	10.3	17.2	55.2	13.8
Sands and cement blocks dealers	4.0	4.0	12.0	40.0	40.0
Entertainment services			22.6	48.4	29.0
Gardening and flowers					100.0
House brokers				71.4	28.6
Boutique			68.0	20.0	12.0
Footwear makers and repairs	28.6	14.3	28.6	28.6	
Car and other transport hire services	66.7			33.3	
Manufacturing of metal products	11.5	11.5	19.2	34.6	23.1
Manufacturing of other products			40.0	40.0	20.0
Poultry	20.0	13.3		33.3	33.3
Piggery	30.0		30.0	30.0	10.0
Other livestock	25.0	25.0		50.0	
Mining and salt extraction activities			100.0		
Manufacture of food products and drinks			100.0		
Dealers in leather products	25.0	25.0	25.0	25.0	
Sales of automotive fuel	3.7	11.1	11.1	55.6	18.5

Major Categories of Informal Businesses	Groups of Business by Year (interval) of Establishments				
	1990 and older	1991/95	1996/2000	2001/04 NBS data	2005 on wards
Other retail sale in specialized stores		7.1	7.1	39.3	46.4
Other businesses	4.5		22.7	52.3	20.5
Clearing and forwarding			33.3	50.0	16.7
Money shops				100.0	
Insurance services			14.3	57.1	28.6
Legal activities	31.3		37.5	25.0	6.3
Schools	12.0	8.0	24.0	40.0	16.0
Catering services and decorations			16.7	33.3	50.0
Music bands and cultural troupes	25.0	25.0	25.0		25.0
Taxi services	7.7		7.7	38.5	46.2
Wholesale dealers in food stuff from upcountry			50.0	50.0	
All major categories	4.4	4.6	25.5	40.1	25.4

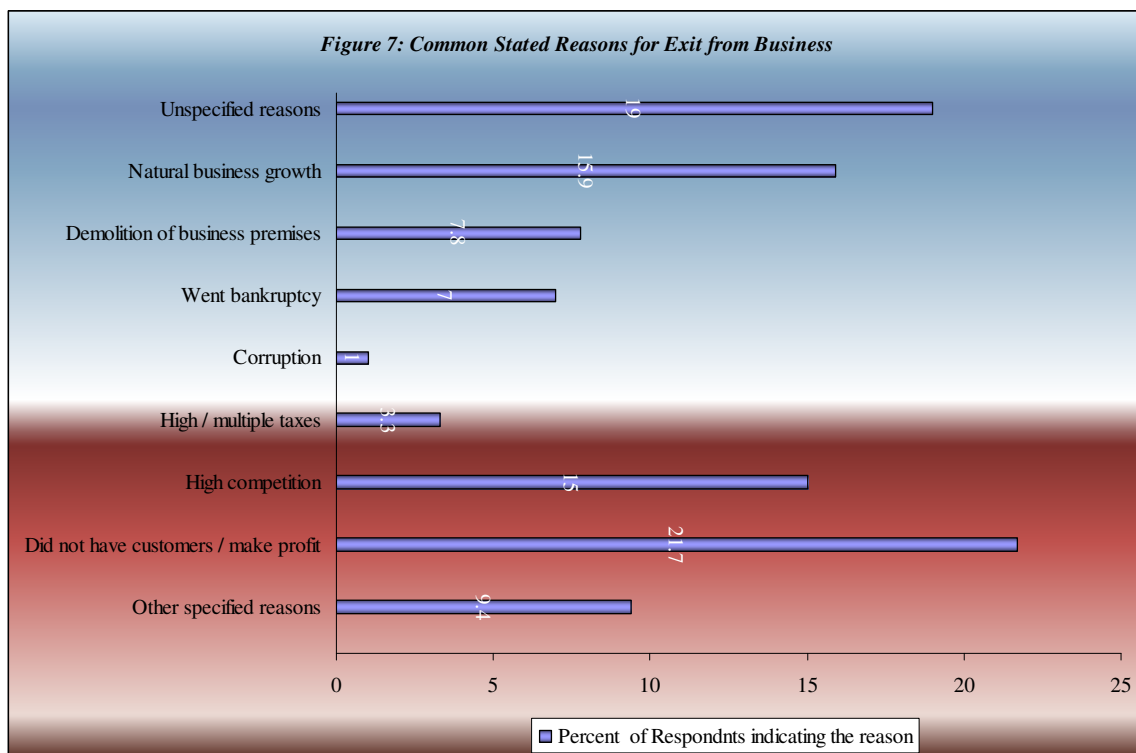
Figure Six below is an extract from Table 4; it measures and compares survival rates between licensed and unlicensed business establishments. It turns out that licensed businesses have marginally a higher survival rate than those which operate without a license. Of course there are a number of reasons that could explain such a difference, but presumably, formalization of business activities is likely to increase the survival rate.

Figure 6: Survival Rates of Businesses in the Informal Sector



More interesting, and probably a significant finding, is the fact that the rate of survival in business in the inform sector is small and declining sharply. Those which survive in the unforeseeable future are very few. Naturally, informal business environment is very competitive; literally, there are no barriers to entry and exit. Initial capital is in most cases small and conditions to entry other than business projections are minimal. An immediate emerging concern in the analysis of survival rates in business in Figure 6 is what really makes many of those firms exit business prematurely in some sense. And further to that, is whether early exit is associated with some forms of business – i.e. specific major categories.

Starting with the first concern, we make assessment of the reasons that made about 705 business firms to exit their previous business undertakings and establish new ones. Accordingly, Figure 7 shows reasons for exit from businesses. We note that the major reason for exit from business is associated with business environment – specifically low profits or loss as many businesses strive to win customers. High business competition, which is indicated as one of the major reasons for exit from business, also has the same effect as that of low customer turn outs. Other major reasons that explain exit from business include natural business growth, frequent demolitions that affect business premises, bankruptcy, taxes and corruption. Of course there are other minor specified and unspecified reasons which also feature as strong cases in the analysis. Surprisingly, contrary to what many people might argue against, taxes and corruption do not surface as the strong reasons for exit from informal businesses.



Next is response to the second concern; to bring out whether survival rate varies with some specific categories of business. This information was obtained by asking the survey

respondents to indicate the last business they exited from and why. Table 5 indicates the rate of exit from business by the major categories in a descending order.

Table 5: Exit from Business by the Major Categories of Informal Businesses

<i>Major Categories of Business</i>	<i>Number of Businesses Exited</i>	<i>Percent of Businesses Exited (within the major category)</i>
All informal Businesses in the sample	661	22
General retail others	117	17.7
Other businesses	100	15.1
General retail food stuffs	90	13.6
Mamalishe/babalishe	38	5.8
Hair salon/ barbershop	29	4.4
Butchery/ fish store	24	3.6
Restaurants	22	3.3
Bars and pubs/grocery and refreshments	19	2.9
Hardware and building materials	16	2.4
Tailoring and dyeing	14	2.1
Poultry	13	2.0
Carpentry	11	1.7
Music and video stores	10	1.5
Wholesale dealers in food stuff from up	10	1.5
Pharmaceuticals	9	1.4
Other retail sale in specialized stores	9	1.4
General wholesale	8	1.21
Stationeries/secretarial/communication s	8	1.2
Cereal milling shops	8	1.2
General retail electronic and domestic	7	1.1
Garage and other repair shops	7	1.1
Spear parts dealer	7	1.1
Sands and cement blocks dealers	7	1.1
Boutique	7	1.1
Car and other transport hire services	7	1.1

It is observed that the exits that turned into new other forms of business are around 22% for Dar es Salaam. Major categories of business for which exit is common are those dealing with general retail trade, particularly in food stuffs. These are usually small stores that do not necessarily require a big capital to start business. But they in most cases deal with perishable products that require assured and fast selling markets. As such, barriers to entry are minimal but the business environment is highly competitive and uncertain. In fact some of the current business entities that deal with food stuffs have plans to change or exit from the current business.

Table 6: Businesses Planning to Change or Exit in the Next Twelve Months

<i>Major Category of Business</i>	<i>Percent indicating plans to exit or change the current business</i>
Boutiques	50.00%
Footwear makers and repairs	50.00%
Restaurants	28.60%
Mamalishe/Babalishe	25.50%
Electronic repair	20.00%
Entertainment services	18.20%
Tailoring and dyeing	15.00%
Garage and other repair shops	14.30%
Sales of automotive fuel	14.30%
General wholesale	12.50%
Hardware and building materials	12.10%
Hair salon/ barbershop	11.40%
Spair parts dealers	11.10%
General retail others	9.10%
Bars and pubs/grocery and refreshments	9.10%
Music and video stores	9.10%
Pharmaceuticals	8.30%
General retail food stuffs	7.20%
Butchery/ fish store	7.10%
Other businesses	7.10%

Table 6 indicates the leading categories of business in terms of plans to change or exit from business. These are Boutiques, Footwear makers and repairs, Restaurants, Mamalishe/Babalishe, Electronic Repair, Entertainment services, etc. The reasons for exit or change that were discussed earlier also apply to the plans to change or exit from the current business as indicated in the Table.

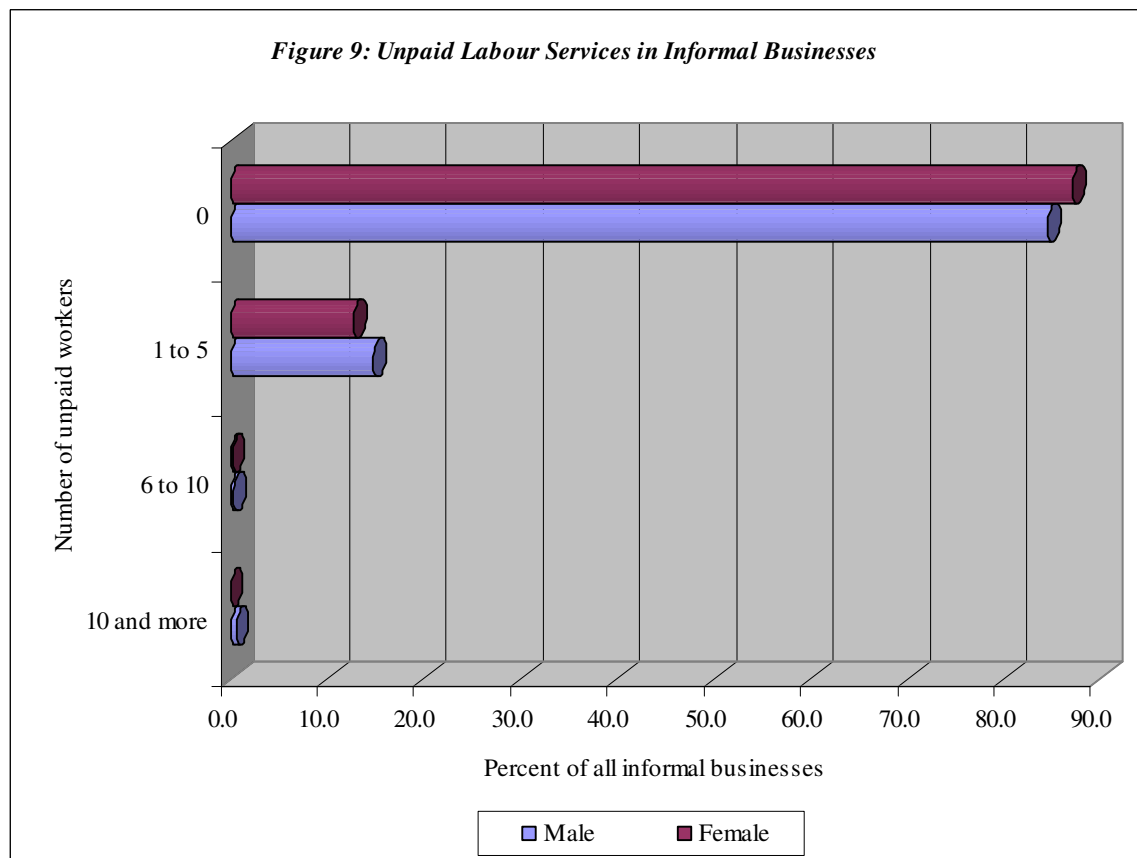
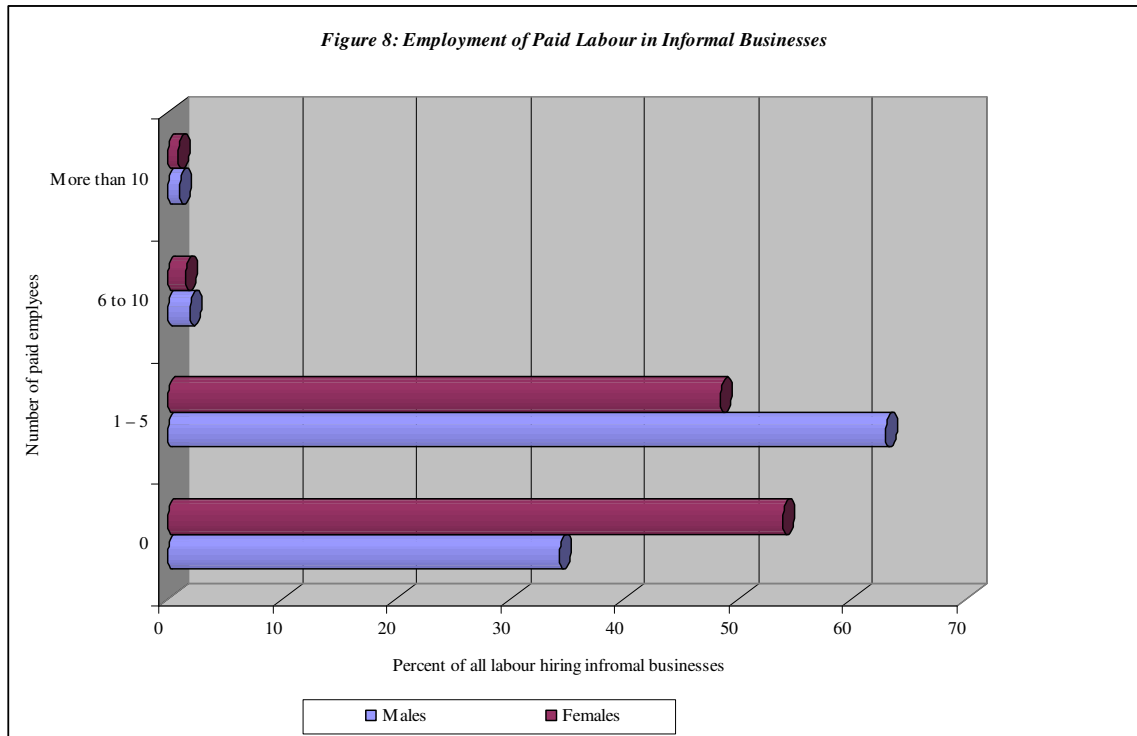
2.4. Paid and Unpaid Labour Services in Informal Businesses

One of the key features of informality in business operations is use of unpaid labour services. It has been observed that informal businesses rely on self and family labour, including relatives, which is not directly compensated from the respective business returns.

The baseline survey assessed labour services rendered to informal businesses in terms of paid and unpaid services by gender. Figure 8 shows employment of labour services in informal businesses. We observe that more than 50% of businesses in the informal sector indicate that they do not have unpaid labour services in their operations.

Interestingly, those who hire labour do so by recruiting mainly male workers; and those who rely on unpaid labour do so by recruiting mainly females (Figure 9). Therefore, women appear to be the main source of unpaid labour. In fact, unpaid labour constitutes

informality in business as defined earlier in this report. Compensation of unpaid labour takes various forms including free accommodation.



It is however noted from Figures 8 & 9 that own labour services are not taken into account by many business operators in the informal sector; they do not consider themselves as part of the business labour services. Thus, those who do not employ hired labour in Figure 8 do not much exactly with those who report that they rely on unpaid labour services in Figure 9. The business operators excluded themselves in either of the two categories of labour services. This is a further evidence of informality in business operations in Dar es Salaam.

Table 7 is analysis of employment of paid labour in the major categories of business by gender. With an exception of a few categories, many businesses employ both males and females. However, concentration by gender in some of the informal businesses is observed.

Table 7: Employment of Paid Labour in Major Categories of Business by Gender

<i>Major categories of business</i>	<i>Percent of Businesses Employing Paid Labour from</i>	
	<i>Females</i>	<i>Males</i>
Gardening and flowers	100	
Money shops	100	100
Insurance services	85.7	100
Dispensary/ hospitals	79.3	75.9
Legal activities	75	81.3
Pharmaceuticals	68.3	19.4
Hotel and guest houses	66.7	84.8
Bars and pubs/grocery and refreshments	66.4	65.5
Schools	60	52
Restaurants	54	52
Clearing and forwarding	50	66.7
Stationeries/Secretarial/Communication services	47.9	37
Mamalishe/Babalishe	46.7	18.3
Taxi services	38.5	76.9
Other retail sale in specialized stores	35.7	46.4
Hair salon/ barbershops	34.3	40
Catering services and decorations	33.3	
Sales of automotive fuel	29.6	40.7
Tailoring and dyeing	27.7	41.8
General wholesale	26.5	70.6
Other livestock	25	75
Other businesses	25	43.2
Hardware and building materials	20.4	57.5
Boutique	20	64
Manufacturing of other products	20	40
Cereal milling shops	19.4	80.6
Electronic repair	19.4	44.4
Sands and cement blocks dealers	16	56
House brokers	14.3	57.1
Poultry	13.3	40
Spare parts dealer	13.2	66

<i>Major categories of business</i>	<i>Percent of Businesses Employing Paid Labour from</i>	
	<i>Females</i>	<i>Males</i>
Timber shop	12.5	75
General retail others	12.2	29.9
General retail electronic and domestic appliances	11.6	55.8
Manufacturing of metal products	11.5	46.2
Music and video stores	10.5	57.9
Entertainment services	9.7	45.2
General retail food stuffs	9	31.3
Garage and other repair shops	6	61.9
Carpentry	2.9	50
Butchery/ fish store	1.4	65.7
Wood carving		
Footwear makers and repairs		28.6
Car and other transport hire services		66.7
Piggery		20
Mining and salt extraction activities		100
Manufacture of food products and drinks		100
Dealers in leather products		50
Music bands and cultural troupes		25

For example, Footwear makers and repairs, Car and other transport hire services; Piggery, Mining and salt extraction activities, etc are typically male dominant activities as the table indicates. Likewise, Employment in Hotel and Guest Houses, Bars and pubs/grocery and refreshments is female dominated.

2.5. Turnover and Profits in the Informal Sector

Compilation of information on the true profit functions of firms in business, whether formal or informal, is difficult and sometimes generating unreliable results. But such information is crucially needed however unreliable it might be. With this view, the baseline study of the informal sector set out to probe on profits of firms operating in the sector. The results are presented in Table 8 indicating monthly turnover, profits in absolute figures and ratio of the firms' profits to turnover.

Table 8: Turnover and Profits in the Informal Sector

<i>Category of Major Business</i>	<i>Total Monthly Turnover</i>	<i>Profits</i>	<i>Profits as a proportion of turnover</i>
<i>All Businesses in the informal sector</i>	<i>6,250,980,700</i>	<i>1,042,820,921</i>	<i>16.7%</i>
Insurance services	12,000,000	18,200,000	151.70%
Dealers in leather products	4,050,000	5,880,000	145.20%
Manufacturing of other products	4,240,000	4,180,000	98.60%
Footwear makers and repairs	2,600,000	1,920,000	73.80%
Clearing and forwarding	22,720,000	13,925,000	61.30%
Money shops	10,000,000	5,000,000	50.00%
Poultry	11,800,000	5,345,000	45.30%

<i>Category of Major Business</i>	<i>Total Monthly Turnover</i>	<i>Profits</i>	<i>Profits as a proportion of turnover</i>
Legal activities	91,050,000	40,120,000	44.10%
Manufacture of food products and drinks	700,000	300,000	42.90%
Hotel and guest houses	36,350,000	14,680,000	40.40%
Piggery	3,070,000	1,240,000	40.40%
Car and other transport hire services	7,400,000	2,900,000	39.20%
Other livestock	3,130,000	1,210,000	38.70%
Entertainment services	10,950,000	4,015,000	36.70%
Sales of automotive fuel	43,740,000	14,905,000	34.10%
General retail electronic and domestic appliances	93,029,000	31,278,000	33.60%
Spare parts dealer	178,292,000	57,440,000	32.20%
Carpentry	26,830,000	8,603,000	32.10%
Taxi services	9,780,000	3,090,000	31.60%
Dispensary/ hospitals	101,500,000	31,650,000	31.20%
Pharmaceuticals	127,215,000	39,005,200	30.70%
Mining and salt extraction activities	2,000,000	600,000	30.00%
Tailoring and dyeing	84,323,000	24,852,000	29.50%
Manufacturing of metal products	20,650,000	5,920,000	28.70%
Other businesses	66,345,000	18,885,000	28.50%
Music and video stores	27,698,000	7,725,000	27.90%
Music bands and cultural troupes	2,060,000	560,000	27.20%
Hair salon/ barbershop	78,426,000	21,171,000	27.00%
Consultancy and business activities	60,246,000	15,903,000	26.40%
Boutique	70,500,000	18,100,000	25.70%
Mamalishe/babalishe	96,899,000	24,566,000	25.40%
Sands and cement blocks dealers	41,650,000	9,820,000	23.60%
Stationeries/secretarial/communication services	80,185,000	18,611,000	23.20%
Catering services and decorations	4,700,000	1,060,000	22.60%
General retail others	753,471,500	165,963,500	22.00%
General retail food stuffs	497,726,000	108,340,999	21.80%
Electronic repair	61,900,000	13,395,222	21.60%
Garage and other repair shops	118,860,000	24,483,000	20.60%
Timber shop	19,630,000	3,920,000	20.00%
Hardware and building materials	435,980,000	81,420,000	18.70%
Cereal milling shops	116,260,000	20,540,000	17.70%
Restaurants	61,955,000	10,916,000	17.60%
General wholesale	277,800,000	34,310,000	12.40%
Sales of motor vehicles	325,220,000	38,445,000	11.80%
House brokers	4,590,000	530,000	11.50%
Butchery/ fish store	173,395,000	18,107,000	10.40%
Wholesale dealers in food stuff from upcountry	12,700,000	740,000	5.80%
Gardening and flowers	7,000,000	200,000	2.90%
Bars and pubs/grocery and refreshments	1,948,335,200	48,851,000	2.50%
Wood carving	30,000	-	
Other retail sale in specialized stores			
Schools			

We note a number of discrepancies; profits in some of the major categories of business appear to be exaggerated. Despite such weaknesses, the table estimates ratios of profit in each of the identified business categories. The last column indicates ratio of profits to turnover in a descending order. The top five categories are Insurance services, Dealers in leather products, Footwear makers and repairs, Clearing and forwarding, and Money shops. The categories that come at the bottom of the list, for those who reported their profits, include Wood carving, Bars and pubs/grocery and refreshments, Gardening and flowers, etc.

More clearer and probably interesting, is the total profits in the informal businesses which is estimated to be 16.7% of turnover. This appears in the first data row of Table 8. The ratio can be compared with costs of business capital in the financial market and tax payments in several ways. First, given that many of the informal businesses in the list use own capital, unpaid labour and own premises, as will be indicated later; it is unlikely that many of those businesses would survive if subjected to full business costs inclusively. This is an indication that there are businesses that are making loss but are not yet declared bankrupt. Second is whether such businesses fully pay all their tax bills, and if not, the issue would be whether they are able to do so and remain in business. Subsidization of business operations in the form of tax evasion and use of own un paid inputs increases competition in the market as those deemed categorically bankrupt do not necessarily exit the market.

3. Needs Assessment of the Informal Business Activities

As many other studies in the informal sector indicate, informal businesses are characterized by notable inadequacies that limit their operations and thus profits and growth. Such inadequacies revolve around business capital, working premises cum physical location, technology, markets, support services, legal protection, etc. Along the same order; this study examined and assessed needs of informal businesses in Dar es Salaam. The discussion of the results of the analysis is presented in six sub-sections as capital assessment, working premises, technology, market arrangements, and linkage with big business operators and membership to associations. Each of these aspects is further subdivided for detailed and clearer analysis of the results and emerging issues.

3.1 Capital Assessment

3.1.1 Sources of Finance for the Current Capital

The survey asked owners of informal businesses to indicate the sources of their current business capital including magnitude of contribution by each of those sources. Analysis of their responses with regard to sources of finance for the business capital is divided into two. The first analysis is the depth of each of the sources of capital finance – the magnitude of contribution in business capital. The second shows the sources of finance for the business capital by proportion of businesses that sourced finance from each of the identified sources.

As depicted in Figure 10 & 11, the major sources by depth of contribution to capital finance are Own Sources (35%) and Commercial Banks (30%). These are followed by Family Sources (14%), Microfinance Institutions (10%), Relatives and Friends (6%), and Other Sources (5%).

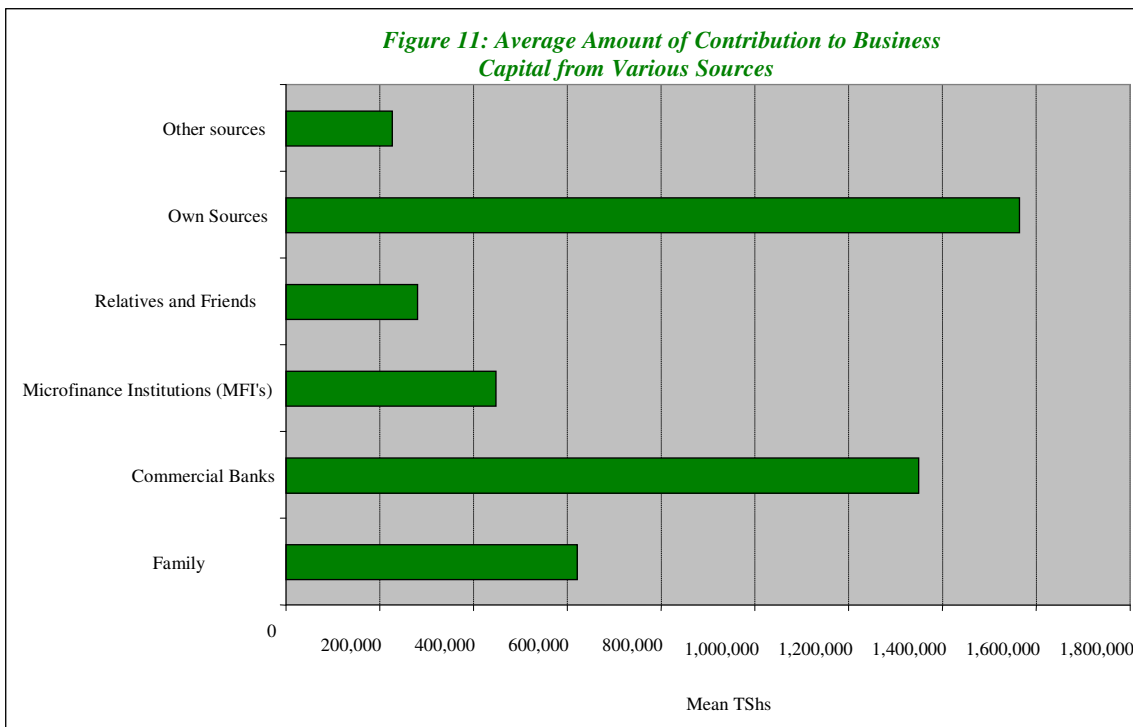
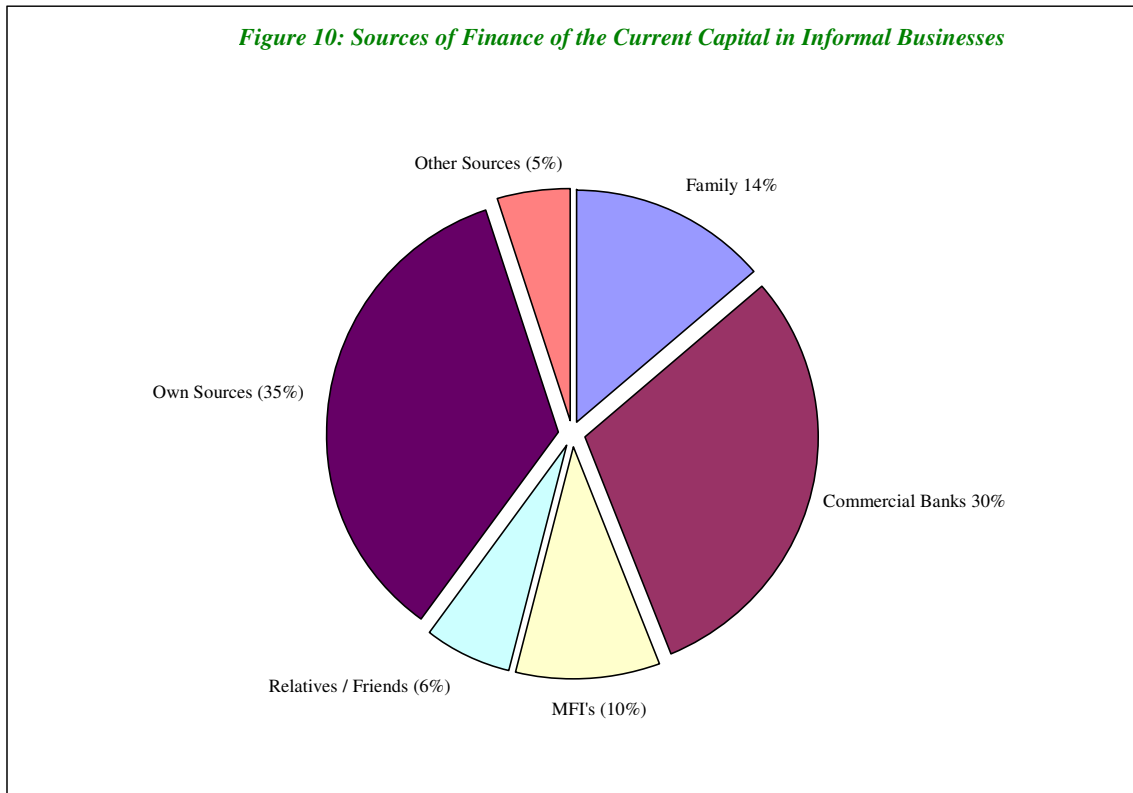


Figure 11 shows further that the estimated average contributions of own sources and commercial banks to business capital in the informal sector are Tshs 1,500,000 and 1,300,000, respectively. These are followed by family (600,000), microfinance institutions (430,000), relatives and friends (240,000), and other sources (220,000).

Further analysis of sources of business capital by the major categories of business is provided in Table 9 and 10. Table 9 shows concentration of businesses according to the sources of finance of the business capital by the major categories of business. The analysis shows that own sources is outstandingly the main source by the total number of businesses depending on it as a means of finance of business capital. Distribution by the major categories shows varied results with some categories relying on one or just a few sources of finance for the business capital (Table 9).

Table 9: Sources of Capital by the Major Categories of Business

<i>Major Categories of Business</i>	<i>Family</i>	<i>Commercial Banks</i>	<i>SACOS/S ACCAS</i>	<i>Other MFIs</i>	<i>Relatives and Friends</i>	<i>Own Sources</i>	<i>Other Sources</i>
All businesses	34.6%	13.6%	11.4%	13.8%	15.4%	87.9%	10.4%
General wholesale	20.0%	38.1%	20.0%	6.7%	21.4%	87.5%	7.1%
General retail food stuffs	36.9%	6.9%	9.4%	11.1%	17.6%	88.6%	7.2%
General retail electronic and domestic appliances	28.0%	32.0%	17.4%	4.3%	16.0%	77.5%	4.2%
General retail others	36.5%	9.4%	13.5%	16.4%	18.9%	88.5%	13.8%
Restaurants	44.4%	5.3%	27.8%	15.0%	26.1%	92.5%	
Mamalishe/Babalishe	29.8%	2.7%	13.4%	22.1%	17.6%	89.7%	7.7%
Hotel and guest houses	12.5%	55.6%				96.8%	
Bars and Pubs/grocery and refreshments	32.7%	18.6%	14.0%	22.4%	13.3%	90.2%	7.1%
Hair salon/ barbershop	33.3%	4.9%	7.2%	14.1%	9.6%	83.5%	9.5%
Garage and other repair shops	39.5%	19.4%		12.9%	3.6%	93.0%	3.4%
Stationeries/secretarial/communication services	35.1%	12.5%	13.8%	21.9%	3.4%	84.6%	12.9%
Music and video stores	44.0%	19.0%	23.8%	9.5%	10.0%	75.0%	
Cereal milling shops	31.6%	25.0%	7.1%	6.7%	13.3%	85.2%	12.5%
Tailoring and dyeing	32.8%	3.2%	8.4%	12.5%	8.2%	89.3%	5.3%
Carpentry	22.9%			12.5%	18.2%	91.9%	12.9%
Wood Carving						100.0%	
Spare parts dealer	26.3%	25.7%	17.1%		18.9%	73.5%	11.4%
Hardware and Building materials	41.1%	29.5%	15.4%	7.7%	16.7%	84.8%	12.5%
Butchery/ fish store	32.4%	9.4%	3.2%	9.4%	9.1%	87.5%	11.8%
Electronic repair	50.0%	50.0%	27.3%	9.1%	16.7%	82.6%	
Timber shop	25.0%				25.0%	100.0%	
Pharmaceuticals	31.5%	10.3%	6.9%	8.3%	13.6%	92.1%	12.5%

<i>Major Categories of Business</i>	<i>Family</i>	<i>Commercial Banks</i>	<i>SACOS/SACCAS</i>	<i>Other MFIs</i>	<i>Relatives and Friends</i>	<i>Own Sources</i>	<i>Other Sources</i>
Dispensary/ hospitals	46.2%	41.7%			18.2%	87.5%	25.0%
Sands and cement blocks dealers	22.2%	33.3%		11.1%	22.2%	90.9%	27.3%
Entertainment services	25.0%	9.1%		30.8%	16.7%	92.9%	16.7%
House brokers	25.0%					100.0%	
Boutique	57.1%	70.6%	90.0%	44.4%		85.7%	16.7%
Footwear makers and repairs		50.0%				76.9%	
Car and other transport hire services	50.0%					100.0%	
Manufacturing of metal products	25.0%		8.3%	8.3%	8.3%	95.8%	
Manufacturing of other products	50.0%					100.0%	
Poultry	50.0%				66.7%	77.8%	75.0%
Piggery	33.3%		25.0%		40.0%	57.1%	66.7%
Mining and salt extraction activities		100.0%		100.0%			
Manufacture of food products and drinks	100.0%		100.0%				
Dealers in leather products	50.0%					100.0%	
Sales of automotive fuel	50.0%	22.2%				92.0%	12.5%
Other retail sale in specialized stores	30.0%	25.0%		25.0%	30.0%	96.0%	14.3%
Other businesses	38.5%	25.0%	10.0%	31.8%	10.0%	80.6%	10.0%
Clearing and forwarding	33.3%	66.7%				100.0%	66.7%
Money shops		100.0%		100.0%			
Insurance services		50.0%	50.0%			85.7%	
Legal activities	11.1%	27.3%				85.7%	12.5%
Schools	40.0%	20.0%	11.1%		30.0%	84.2%	22.2%
Catering services and decorations	100.0%			100.0%		100.0%	100.0%
Music bands and cultural troupes	50.0%			100.0%		50.0%	50.0%
Taxi services		28.6%			16.7%	90.0%	
Wholesale dealers in food stuff from upcountry	100.0%					100.0%	

Table 10 provides the mean business capital, median, and the range – minimum and maximum, for each major category of business. We note that in general, the average capital in the informal sector businesses is Tshs 3,698,112. Of course as the table indicates, the amount varies with the type of business; the highest has Tshs 500,000,000 as capital and the lowest is Tshs 300 – which of course raises an obvious question as to whether Tshs 300 can constitute a capital to start a business. But since the mean capital is

available it provides a better estimate than the individual values which potentially suffer from survey reporting bias.

Table 10: Magnitude of Business Capital and Distribution by the Major Categories

<i>Major Categories of Business</i>	<i>Mean</i>	<i>Median</i>	<i>Minimum</i>	<i>Maximum</i>
All Businesses in Dar	3,698,112	800,000	300	500,000,000
General wholesale	11,400,000	7,000,000	300,000	42,000,000
General retail food stuffs	1,212,468	600,000	5,000	19,000,000
General retail electronic and domestic appliances	5,971,977	3,000,000	65,000	48,000,000
General retail others	2,374,853	800,000	300	95,000,000
Restaurants	1,683,630	945,000	6,500	10,000,000
Mamalishe/Babalische	316,082	120,000	5,000	10,000,000
hotel and guest houses	6,223,438	2,000,000	200,000	50,900,000
Bars and pubs/grocery and refreshments	4,156,864	1,000,000	100,000	100,000,000
Hair salon/ barbershop	1,607,832	500,000	30,000	50,000,000
Garage and other repair shops	7,081,145	1,500,000	30,000	130,000,000
Stationeries/secretarial/communication services	3,525,534	2,000,000	30,000	35,000,000
Music and video stores	5,178,158	700,000	100,000	60,000,000
Cereal milling shops	6,771,871	3,450,000	28,000	30,000,000
Tailoring and dyeing	721,098	400,000	4,000	10,000,000
Carpentry	865,357	425,000	15,000	10,000,000
Wood carving	1,000,000	1,000,000	1,000,000	1,000,000
Spare parts dealer	13,700,000	8,000,000	7,000	200,000,000
Hardware and building materials	9,125,580	4,750,000	200,000	84,000,000
Butchery/ fish store	8,132,942	500,000	8,000	500,000,000
Electronic repair	5,889,706	875,000	50,000	50,000,000
Timber shop	4,530,625	3,900,000	145,000	10,000,000
Pharmaceuticals	2,289,275	900,000	200,000	20,000,000
Dispensary/ hospitals	8,530,357	4,000,000	300,000	40,000,000
Sands and cement blocks dealers	3,304,167	2,000,000	200,000	15,000,000
Entertainment services	885,717	550,000	1,500	4,600,000
Gardening and flowers	10,000,000	10,000,000	10,000,000	10,000,000
House brokers	1,200,000	900,000	50,000	3,000,000
Boutique	20,500,000	16,500,000	500,000	60,000,000
Footwear makers and repairs	4,058,000	200,000	20,000	10,000,000
Car and other transport hire services	7,666,667	3,000,000	3,000,000	17,000,000
Manufacturing of metal products	2,519,615	1,150,000	100,000	15,000,000
Manufacturing of other products	4,340,000	3,500,000	200,000	10,000,000
Poultry	862,000	800,000	100,000	2,400,000
Piggery	2,096,000	1,500,000	400,000	5,000,000
Other livestock	1,300,000	850,000	500,000	3,000,000
Mining and salt extraction activities	9,000,000	9,000,000	9,000,000	9,000,000
Manufacture of food products and drinks	3,000,000	3,000,000	3,000,000	3,000,000

<i>Major Categories of Business</i>	<i>Mean</i>	<i>Median</i>	<i>Minimum</i>	<i>Maximum</i>
Dealers in leather products	19,600,000	13,900,000	500,000	50,000,000
Sales of automotive fuel	13,700,000	4,000,000	100,000	200,000,000
Other retail sale in specialized stores	4,432,500	1,800,000	60,000	20,000,000
Other businesses	3,655,349	2,000,000	100,000	31,000,000
Clearing and forwarding	73,600,000	5,000,000	400,000	400,000,000
Money shops	20,000,000	20,000,000	20,000,000	20,000,000
Insurance services	4,471,429	2,000,000	800,000	20,000,000
Legal activities	23,400,000	10,000,000	1,000,000	150,000,000
Schools	13,900,000	950,000	75,000	120,000,000
Catering services and decorations	1,308,333	1,425,000	500,000	2,000,000
Music bands and cultural troupes	1,187,500	485,000	180,000	3,600,000
Taxi services	4,211,538	1,800,000	100,000	23,000,000
Wholesale dealers in food stuff from upcountry	1,000,000	1,000,000	500,000	1,500,000

Analysis of Credit from Financial Institutions

In the analysis of sources of finance for the business capital in the informal sector, it was found that Commercial Banks and Microfinance Institutions (MFIs) contribute about 30% and 10%, respectively. These two sources add up to 40% of the total business capital in the informal sector. Obviously, this is a substantive proportion though of course not necessarily the desired level. We would expect financial institutions to play the leading role as a source of business capital. This is not observed in the results; and thus we need to make further analysis to establish constraints of access to credit from financial institutions – the analysis is provided in Table 11 and Figures 12 & 13. Starting with Table 11, we analyse credit from commercial banks and microfinance institutions in terms of those who have ever applied for credit against those who got it.

Table 11: Application for Credit from Financial Institutions

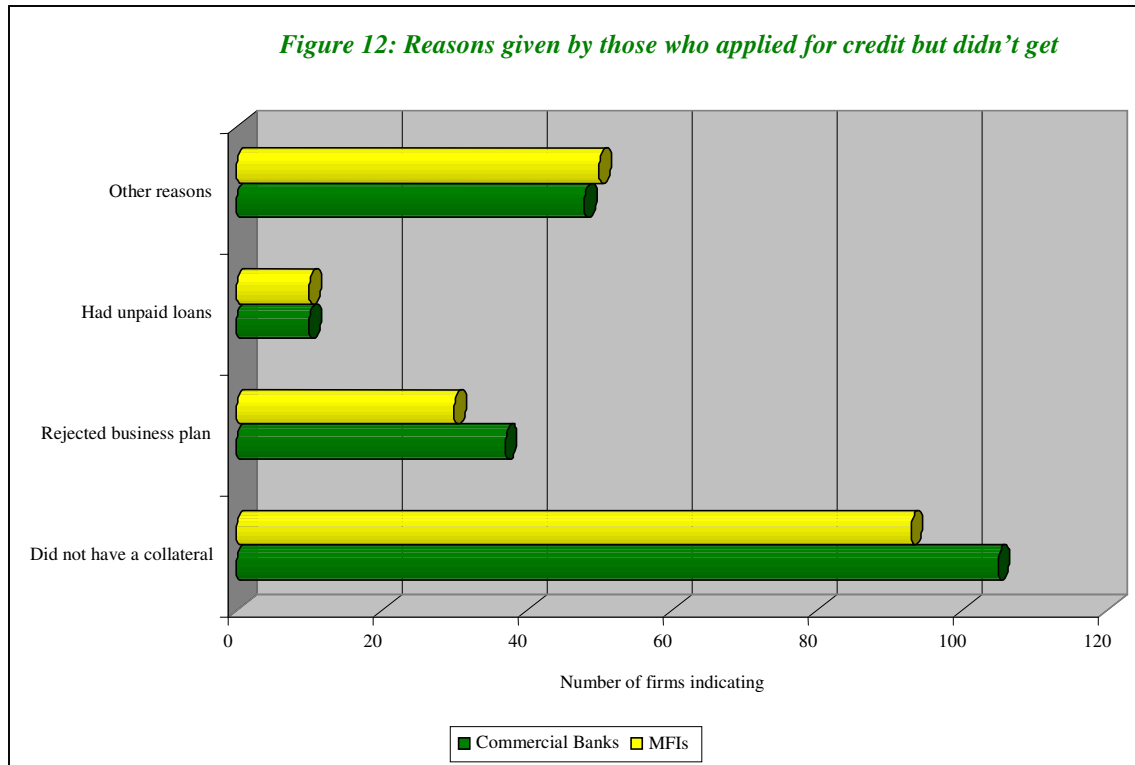
<i>Major Category of Business</i>	<i>Credit from Commercial Banks</i>		<i>Credit from MFIs</i>	
	<i>Percent that have applied at least once</i>	<i>Percent of those applying that managed to get</i>	<i>Percent that have applied at least once</i>	<i>Percent of those applying that managed to get</i>
All Businesses	13.1	37.3%	14.3%	38.4%
General wholesale	32.4%	27.3%	17.6%	66.7%
General retail food stuffs	7.1%	35.5%	12.8%	37.7%
General retail electronic and domestic appliances	30.2%	69.2%	16.3%	57.1%
General retail others	11.3%	27.6%	14.1%	32.6%
Restaurants	16.0%	37.5%	18.0%	44.4%
Mamalishe/babalishe	3.9%	57.1%	21.1%	28.9%
Hotel and guest Houses	18.2%	66.7%	9.1%	66.7%

Bars and pubs/grocery and refreshments	21.2%	37.5%	17.7%	35.0%
Hair salon/barbershop	11.4%	45.0%	12.0%	57.1%
Garage and other repair shops	11.9%	40.0%	10.7%	22.2%
Stationeries/secretarial/communication services	17.8%	38.5%	17.8%	53.8%
Music and video stores	18.4%	57.1%	23.7%	44.4%
Cereal milling shops	25.8%	12.5%	6.5%	
Tailoring and dyeing	9.2%	35.3%	14.1%	42.3%
Carpentry	5.7%	25.0%	8.6%	33.3%
Wood carving				
Spair parts dealer	26.4%	92.9%	18.9%	90.0%
Hardware and building materials	22.1%	36.0%	13.3%	53.3%
Butchery/ fish store	8.6%	33.3%	8.6%	50.0%
Electronic repair	19.4%	57.1%	8.3%	66.7%
Timber shop		38.9%		
Pharmaceuticals	12.9%	25.0%	10.8%	13.3%
Dispensary/ hospitals	27.6%		10.3%	
Sands and cement blocks dealers	16.0%		12.0%	
Entertainment services	3.2%		9.7%	33.3%
Gardening and flowers				
House brokers				
Boutique	68.0%	23.5%	52.0%	30.8%
Footwear makers and repairs	14.3%		14.3%	
Car and other transport hire services				
Manufacturing of metal products	19.2%	20.0%	11.5%	
Manufacturing of other products				
Poultry	6.7%		26.7%	25.0%
Piggery			20.0%	
Other livestock	25.0%		25.0%	
Mining and salt extraction activities	100.0%	100.0%		
Manufacture of food products and drinks	100.0%	100.0%	100.0%	100.0%
Dealers in leather products				
Sales of automotive fuel	11.1%	33.3%	11.1%	

Other retail sale in specialized stores	7.1%	50.0%	3.6%	100.0%
Other businesses	22.7%	40.0%	27.3%	66.7%
Clearing and forwarding	33.3%	50.0%	33.3%	50.0%
Money shops	100.0%	100.0%	100.0%	100.0%
Insurance services	14.3%	100.0%	28.6%	50.0%
Legal activities	31.3%			
Schools	16.0%	25.0%	12.0%	
Catering services and decorations			16.7%	
Music bands and Cultural troupes			25.0%	
Taxi services	15.4%			
Wholesale dealers in food stuff from upcountry	50.0%		50.0%	

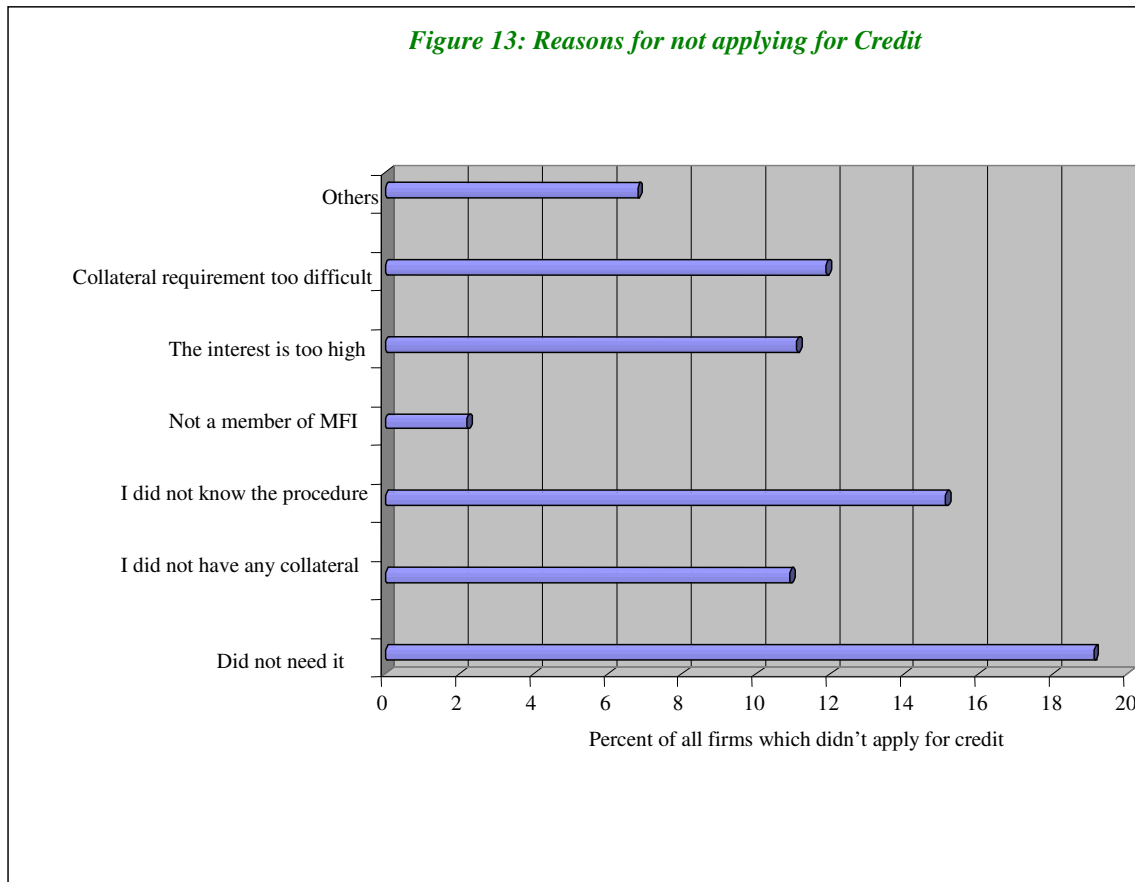
The analysis indicates that of all businesses in the informal sector, it is only 13.1% and 14.3% who have ever applied for credit in commercial banks and MFIs, respectively. The rates are clearly, as expected, on the lower side – many businesses in the informal sector rely on informal sources of finance for their business capital. Of those applying for credit from commercial banks and MFIs, it is only 37.3% and 38.4% who manage to get it, respectively. And applying simple calculus to work out the proportion of informal businesses that manage to get credit, it turns out that it is only 5% of informal businesses that are able to access credit in commercial banks. This finding points to obvious capital constraints that limit the growth of the informal sector. Surely, formalization would ease access to formal sources of capital finance and enhance growth of small businesses in Tanzania.

But more interesting in the analysis of access to credit in the informal sector, is to bring out the reasons why the proportion of informal businesses that apply for credit is so small on one hand; and those who manage to get are just a few of the total credit applications on the other hand. Accordingly, Figure 12 below presents reasons why some of those who applied for credit from commercial banks and MFIs failed to get it. Clearly, many businesses fail to get credit from either commercial banks or MFIs because they do not have properties cum assets that qualify as collateral against credit from financial institutions. Also, there are businesses whose project plan got rejected. The figure indicates further that a few businesses failed to get credit because of the failure to pay back previous credits. However, some of the respondents did not specify the reasons why they failed to get credit. There are no remarkable differences between reasons for not getting credit between commercial banks and MFIs (Figure 12).



In fact more interesting even, is why many business firms in the informal sector have never applied for credit. This analysis is depicted in Figure 13. Many of the informal businesses have never applied for credit because they do not need it as indicated in the figure. The reasons why they do not need credit were not captured in the survey, but presumably the nature and the scale of operations of those businesses could explain such a response. The figure indicates some other reasons for not applying for credit in the following descending order: low knowledge on the procedures of credit application, and other stated minor reasons. Collateral requirements are difficult, high interest rates, lack

of collateral against credit,



It is observed that collateral features twice in the analysis; and if we put together the reasons which are in principle the same thing, issues related to collateral against credit for business in the informal sector feature as the dominant reason as to why many failed to get credit from financial institutions. This finding is consistent with findings by many other studies in the informal sector.

3.1.2 Future Plans for Expansion and Projected Capital Needs

The survey also sought to know future plans for expansion of informal businesses and the sources of their projected capital needs. The results in Table 12 show that the major sources of finance for the planned expansion are commercial banks (37.4%) and own sources (26.3). These are followed by SACCOS and SACCAS and other MFIs. But since SACCOS and SACCAS are all elements of MFIs, we should consider all of them under one umbrella of MFIs, which then constitutes about 27.8% of sources of capital for the planned expansion for all businesses. This implies that MFIs are the second source of finance for the future planned expansion of businesses in the informal sector. The rest of the sources contribute marginally; they include family friends, relatives and other sources.

Table 12: Sources of Finance for Firms Planning to Expand their Business

Major Categories of Business	Sources of Credit for Business						
	Family friends	Commercial Banks	SACCOS and SCCAS	Other microfinance institutions	Relatives	Own sources	Others
All Informal Businesses	3.1%	37.4%	15.9%	11.9%	2.9%	26.3%	2.6%
General wholesale		54.8%	12.9%	3.2%		25.8%	3.2%
General retail food stuffs	3.7%	33.4%	16.7%	13.2%	4.0%	27.2%	1.7%
General retail electronic and domestic appliances		34.2%	23.7%	10.5%	2.6%	28.9%	
General retail others	3.7%	33.0%	17.5%	11.4%	3.0%	29.4%	2.0%
Restaurants		45.0%	15.0%	12.5%	7.5%	10.0%	10.0%
Mamalishe/Babalishe		25.9%	21.0%	19.6%	3.5%	25.2%	4.9%
Hotel and guest houses		32.0%	12.0%	8.0%		44.0%	4.0%
Bars and pubs/grocery and refreshments	3.3%	42.4%	13.0%	14.1%	1.1%	23.9%	2.2%
Hair salon/ barbershop	5.3%	26.0%	18.7%	14.7%	2.7%	27.3%	5.3%
Garage and other repair shops	3.2%	41.9%	6.5%	14.5%	3.2%	27.4%	3.2%
Stationeries/secretarial/communication services	3.1%	42.2%	10.9%	10.9%	1.6%	28.1%	3.1%
Music and video stores	3.2%	16.1%	25.8%	9.7%	12.9%	32.3%	
Cereal milling shops	4.2%	58.3%	12.5%	4.2%		12.5%	8.3%
Tailoring and dyeing	3.0%	32.5%	22.3%	12.0%	.6%	25.9%	3.6%
Carpentry	1.7%	46.6%	8.6%	10.3%	3.4%	27.6%	1.7%
Spare parts dealer	5.9%	52.9%	13.7%	5.9%	3.9%	15.7%	2.0%
Hardware and building materials	2.1%	55.8%	6.3%	3.2%	2.1%	24.2%	6.3%
Butchery/ fish store	1.7%	34.5%	17.2%	12.1%	5.2%	27.6%	1.7%
Electronic repair	3.6%	53.6%	21.4%	7.1%		14.3%	
Timber shop		42.9%		28.6%		28.6%	
Pharmaceuticals	2.9%	45.7%	15.2%	12.4%	1.0%	22.9%	
Dispensary/ hospitals	13.0%	52.2%	8.7%	4.3%	4.3%	13.0%	4.3%
Sands and cement blocks dealers		47.8%	8.7%	4.3%		39.1%	
Entertainment services		26.9%	26.9%	15.4%		30.8%	
Gardening and flowers						100.0%	
House brokers		60.0%				40.0%	
Boutique		59.1%	31.8%	4.5%		4.5%	
Footwear makers and repairs		66.7%	33.3%				
Car and other transport hire services		66.7%	33.3%				

Major Categories of Business	Sources of Credit for Business						
	Family friends	Commercial Banks	SACCOS and SCCAS	Other microfinance institutions	Relatives	Own sources	Others
Manufacturing of metal products		30.4%	13.0%	8.7%	4.3%	43.5%	
Manufacturing of other products		60.0%		20.0%		20.0%	
Poultry		63.6%	9.1%			27.3%	
Piggery	12.5%	37.5%	25.0%			25.0%	
Other livestock		25.0%		75.0%			
Mining and salt extraction activities		100.0%					
Manufacture of food products and drinks		100.0%					
Dealers in leather products		50.0%	50.0%				
Sales of automotive fuel		47.6%		19.0%	14.3%	19.0%	
Other retail sale in specialized stores	4.0%	24.0%	8.0%	20.0%		44.0%	
Other businesses	6.3%	34.4%	9.4%	15.6%		31.3%	3.1%
Clearing and forwarding		66.7%				33.3%	
Money shops			100.0%				
Insurance services		85.7%				14.3%	
Legal activities		61.5%	7.7%		15.4%	15.4%	
Schools	12.5%	43.8%	6.3%	6.3%	6.3%	18.8%	6.3%
Catering services and decorations		50.0%		33.3%		16.7%	
Music bands and cultural troupes		75.0%	25.0%				
Taxi services		41.7%		33.3%		25.0%	
Wholesale dealers in food stuff from upcountry		100.0%					

Further in Table 12 is the analysis of the planned future sources of capital by the major categories of business. The sources of finance vary by the major categories of businesses with some inclined to financial institutions and others to informal sources.

3.2. Working Premises

Informal businesses activities operate in many forms of premises which range from temporary cum mobile shelters, simple huts, frames in a house that may include several other activities ranging from household shelters to well established buildings that may include office space. The baseline survey set out to study the nature of those premises in two aspects. One was to relate premises and business profiles in the informal sector –

specific premises for specific businesses particularly distinguishing the ownership of the premises from the family of the business owner. Second was to assess the informality of properties whose ownership is linked to informal businesses to determine their viability as collateral against credit from the formal financial institutions.

The analysis begins with ownership of properties and the extent to which they are used as collateral against credit in the informal sector (Table 13).

Table 13: Ownership of Properties and Usage as Collateral against Business Credit in the Informal Sector

<i>Major Categories of Business</i>	<i>Percent of businesses with properties</i>	<i>Percent of those with properties using them as collateral</i>	<i>Percent of all businesses using properties as collateral</i>	<i>Number of business respondents</i>
All Businesses in Dar	33.25	36%	12.03	3,050
General wholesale	41.18	43%	17.65	34
General retail food s	34.03	39%	13.24	476
General retail electrical	51.16	55%	27.91	43
General retail others	31.8	36%	11.44	673
Restaurants	26	46%	12	50
Mamalishe/babalishe	33.89	26%	8.89	180
Hotel and guest house	21.21	43%	9.09	33
Bars and pubs/grocery	32.74	30%	9.73	113
Hair salon/ barbershop	33.71	41%	13.71	175
Garage and other repairs	29.76	28%	8.33	84
Stationeries/secretarial	31.51	48%	15.07	73
Music and video store	39.47	53%	21.05	38
Cereal milling shops	45.16	43%	19.35	31
Tailoring and dyeing	38.04	34%	13.04	184
Carpentry	40	25%	10	70
Wood carving	0		0	1
Spair parts dealer	58.49	39%	22.64	53
Hardware and building	30.09	35%	10.62	113
Butchery/ fish store	40	43%	17.14	70
Electronic repair	25	44%	11.11	36
Timber shop	37.5	33%	12.5	8
Pharmaceuticals	33.09	37%	12.23	139
Dispensary/ hospitals	31.03	33%	10.34	29
Sands and cement bloc	28	14%	4	25
Entertainment service	9.68	67%	6.45	31
Gardening and flowers	0		0	1
House brokers	57.14	0%	0	7
Boutique	12	100%	12	25
Footwear makers and repairs	14.29	0%	0	7
Car and other transport	0		0	3

<i>Major Categories of Business</i>	<i>Percent of businesses with properties</i>	<i>Percent of those with properties using them as collateral</i>	<i>Percent of all businesses using properties as collateral</i>	<i>Number of business respondents</i>
Manufacturing of meta	34.62	22%	7.69	26
Manufacturing of others	20	0%	0	5
Poultry	13.33	0%	0	15
Piggery	10	0%	0	10
Other livestock	0		0	4
Mining and salt extraction	100	100%	100	1
Manufacture of food p	100	100%	100	1
Dealers in leather pr	50	0%	0	4
Sales of automotive f	18.52	20%	3.7	27
Other retail sale in	21.43	33%	7.14	28
Other businesses	40.91	33%	13.64	44
Clearing and forwarding	16.67	100%	16.67	6
Money shops	100	100%	100	1
Insurance services	28.57	50%	14.29	7
Legal activities	50	0%	0	16
Schools	32	38%	12	25
Catering services an	0		0	6
Music bands and culture	25	0%	0	4
Taxi services	38.46	0%	0	13
Wholesale dealers in	0		0	2

The second column of the table shows that of all owners of businesses in the informal sector it is only 33.25% that have properties – mainly houses. Of those business owners with properties, it is 36% who have used their properties as collateral against credit – column three. Further analysis in column four of the table indicates that the proportion of all informal businesses using properties as collateral against credit is 12%. Really, the figures point to an unexploited potential source of capital finance through appropriate involvement of properties that belong to business owners. The rest of the analysis in the table shows distribution of ownership of properties and their usage as collateral against credit by the major categories of business.

Properties in developing cities are usually heterogeneous in many dimensions. They include those located in unplanned and un surveyed areas, surveyed but not planned, planned and surveyed areas, and a number of other characteristics that have also been identified in other studies. The baseline study looked on the three main categories of properties to determine the extent to which they constitute a barrier to accessing business credits in the formal sector.

First, we would want to understand the extent to which the properties that qualify as collateral against credit are currently being used for that purpose. Table 14 shows properties in planned and surveyed areas that are owned by informal business dealers and whether they are used as collateral or not. The last column of the table indicates that

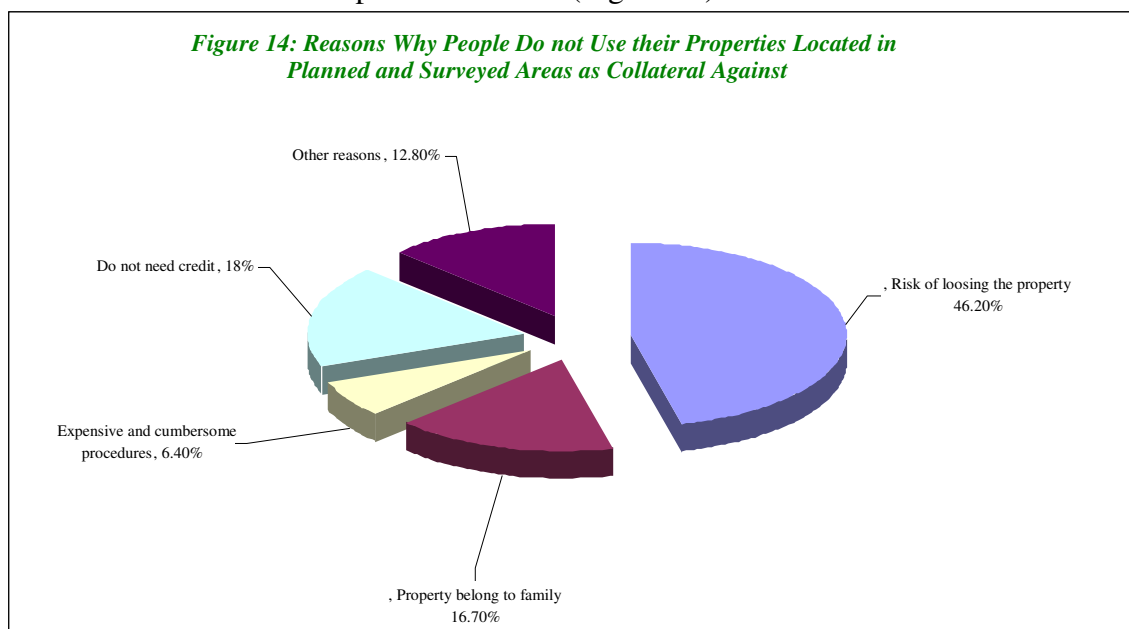
about 50% of those properties are used by business dealers in the informal sector as collateral against credit. The proportion varies with the major categories of business. The message from the table is clear; only 50% of the formal properties that are owned by dealers in the informal sector are used effectively for credit application in financial institutions. Obviously, we need to understand why the rest of the properties are not used as collateral against credit in the formal sector though they are qualified as far as formalization is concerned– this is the analysis in Figure 14.

Table 14: Properties in Planned and Surveyed Areas and their Usage as Collateral against Credit.

<i>Major Category of Business</i>	<i>Properties in planned/surveyed areas (Number)</i>	<i>Properties used as collateral against credit</i>	
		<i>Counts</i>	<i>Percent</i>
All Businesses	440	222	50.5
General wholesale	9	4	44.4
General retail food stuffs	53	28	52.8
General retail electronic and domestic appliances	5	3	60
General retail others	67	26	38.8
Restaurants	6	3	50
Mamalishe/babalishe	13	7	53.8
Hotel and guest houses	15	9	60
Bars and pubs/grocery and refreshments	36	15	41.7
Hair salon/ barbershop	19	12	63.2
Garage and other repair shops	12	9	75
Stationeries/secretarial/communication services	13	7	53.8
Music and video stores	4	4	100
Cereal milling shops	10	5	50
Tailoring and dyeing	21	9	42.9
Carpentry	1	0	0
Wood carving	0	0	
Spare parts dealer	11	6	54.5
Hardware and building materials	31	16	51.6
Butchery/ fish store	9	3	33.3
Electronic repair	3	2	66.7
Timber shop	1	0	0
Pharmaceuticals	24	11	45.8
Dispensary/ hospitals	8	2	25
Sands and cement blocks dealers	6	4	66.7
Entertainment services	2	0	0
Gardening and flowers	0	0	0
House brokers	2	0	0
Boutique	3	3	100
Footwear makers and repairs	1	1	100
Car and other transport hire services	1	1	100
Manufacturing of metal products	3	2	66.7
Manufacturing of other products	1	1	100

Major Category of Business	Properties in planned/surveyed areas (Number)	Properties used as collateral against credit	
		Counts	Percent
Poultry	4	1	25
Piggery	3	0	0
Other livestock	0	0	0
Mining and salt extraction activities	0	0	0
Manufacture of food products and drinks	0	0	0
Dealers in leather products	0	0	0
Sales of automotive fuel	9	3	33.3
Other retail sale in specialized stores	4	2	50
Other businesses	6	4	66.7
Clearing and forwarding	1	1	100
Money shops	0	0	0
Insurance services	2	2	100
Legal activities	12	12	100
Schools	6	4	66.7
Catering services and decorations	0	0	0
Music bands and cultural troupes	0	0	0
Taxi services	2	0	0
Wholesale dealers in food stuff from upcountry	1	0	0
ALL	440	222	50.5

Of those with properties in planned and surveyed areas, about 46.2% are risk averse – they are afraid of losing their properties, 18% do not need credit, 16.7% said that the properties belong to their families, 6.4% said that it is cumbersome to process a loan, and 12.8% didn't due to other unspecified reasons (Figure 14).



Clearly; the major issue is risk; taking a credit is just one side of the coin; and doing business successfully is another side of the coin. Thus, business skills cum entrepreneurial skills are critical issues in any of potential interventions that might be designed to accelerate growth of businesses in the future.

Informal Businesses Operating in their Own Premises

One of the features of informality in businesses is that they operate in premises which they do not cost against the respective businesses because of the inseparability of ownership of properties between household/family and the business entities. As a result, some of the loss making informal businesses might be subsidized by family properties and continue with business as if they are not bankrupt. The baseline survey asked questions with regard to ownership and other characteristics of business premises. The objective was to bring out the proportion of businesses that operate in their own premises, their separability from household versus business properties, and of course whether such properties are formally owned – i.e. in planned and surveyed areas. The findings are presented in Tables 15 – 17 below.

Table 15 shows the proportion of informal businesses operating in own premises. It is observed from column two of the table that 23% of informal businesses in Dar es Salaam operate in own premises. Further analysis in columns 2 – 4 shows that of all the businesses that operate in own premises, 12.5% of the owners live under the same roof/premises with the business; 9.5% live in a separate house but in the same plot with the business premises; 78% have their business premises built in a different plot or location. The patterns show that of all informal business that operate in own premises, 78% can easily qualify as collateral against bank credit if eventually registered and thus formalized. The rest of the properties can also qualify, but being shelters for the respective households also, there might be a need to design a fall back position due to potential insecurity that is associated with failure to pay back a bank credit. The rest of the analysis in the table shows distribution of businesses operating in own premises by the major categories of business.

Table 15: Proportion of Informal Businesses Operating in Own Premises

<i>Major Categories of Business</i>	<i>Percentage of businesses working in their own premises</i>	<i>Whether the owner lives under the same roof/premises with the business (%)</i>		
		<i>Yes</i>	<i>No, in a separate house in the same plot</i>	<i>No, in a different plot/location</i>
All Businesses in Dar	23.0	12.5	9.5	78.0
General wholesale	24.2	6.1	9.1	84.9
General retail food s	25.7	24.9	10.6	64.5
General retail electricity	11.6	7.0	9.3	83.7
General retail others	25.3	20.8	11.3	67.9
Restaurants	26.0	12.2	8.2	79.6
Mamalishe/Babalishe	20.0	6.7	8.4	84.9

<i>Major Categories of Business</i>	<i>Percentage of businesses working in their own premises</i>	<i>Whether the owner lives under the same roof/premises with the business (%)</i>		
		<i>Yes</i>	<i>No, in a separate house in the same plot</i>	<i>No, in a different plot/location</i>
Hotel and guest house	81.8	3.0	3.0	93.9
Bars and pubs/grocery	52.3	6.3	12.5	81.3
Hair salon/ barbershop	12.6	7.5	5.8	86.7
Garage and other repairs	21.7	4.8	6.0	89.3
Stationeries/secretarial	5.5	4.1	2.7	93.2
Music and video store	18.9	8.1	13.5	78.4
Cereal milling shops	50.0	3.2	16.1	80.7
Tailoring and dyeing	9.2	10.4	5.5	84.2
Carpentry	14.5	2.9	10.1	87.0
Wood carving	100.0	0.0	0.0	100.0
Spare parts dealer	18.9	1.9	11.3	86.8
Hardware and building	25.9	0.9	10.8	88.3
Butchery/ fish store	22.1	7.6	6.1	86.4
Electronic repair	16.7	11.1	8.3	80.6
Timber shop	0.0	0.0	0.0	100.0
Pharmaceuticals	10.9	7.3	5.8	87.0
Dispensary/ hospitals	27.6	6.9	17.2	75.9
Sands and cement bloc	12.0	4.0	0.0	96.0
Entertainment service	16.1	3.2	6.5	90.3
Gardening and flowers	0.0	0.0	0.0	100.0
House brokers	28.6	14.3	14.3	71.4
Boutique	8.0	4.0	8.0	88.0
Footwear makers and r	20.0	0.0	0.0	100.0
Car and other transport	33.3	0.0	0.0	100.0
Manufacturing of metal	15.4	7.7	0.0	92.3
Manufacturing of others	20.0	0.0	0.0	100.0
Poultry	73.3	0.0	86.7	13.3
Piggery	75.0	12.5	75.0	12.5
Other livestock	100.0	50.0	50.0	0.0
Mining and salt extraction	0.0	0.0	100.0	0.0
Manufacture of food p	0.0	0.0	0.0	100.0
Dealers in leather pr	25.0	0.0	0.0	100.0
Sales of automotive f	14.8	3.7	3.7	92.6
Other retail sale in	17.9	3.7	3.7	92.6
Other businesses	22.7	2.3	15.9	81.8
Clearing and forwarding	16.7	0.0	0.0	100.0
Money shops	0.0	0.0	0.0	100.0
Insurance services	0.0	0.0	0.0	100.0
Legal activities	6.3	0.0	6.3	93.8
Schools	44.0	29.2	8.3	62.5
Catering services an	20.0	0.0	0.0	100.0
Music bands and cultural groups	50.0	50.0	0.0	50.0
Taxi services	44.4	16.7	0.0	83.3
Wholesale dealers in	0.0	0.0	0.0	100.0

Table 16 is further analysis of the properties owned by business operators in the informal sector. The analysis looks on all properties owned by the business operators regardless of whether the property is being used as business premises or not. It is observed that the properties differ in terms of the extent of their informality which also differs by the major categories of business. The first three columns show variation in informality of the properties that belong to informal business owners and currently occupied by them. These constitute about 40% of the properties in unplanned and un surveyed areas, 19.7% are surveyed but are located in unplanned areas, and 23.1% are surveyed and are in planned areas. Analogously, those with houses which are not currently occupied by them are 3.2%, 5.7% and 20.25, respectively. Distribution by the major business categories are also indicated in the table accordingly.

Table 16: Characteristics of Properties of Business Owners in the Informal Sector

<i>Major Categories of Business</i>	<i>Owners with own house but occupied by them</i>			<i>Owners with houses but not currently occupied by them</i>			<i>Farms</i>
	<i>Un surveyed in unplanned area</i>	<i>Surveyed in unplanned area</i>	<i>Surveyed and planned area</i>	<i>Un surveyed in unplanned area</i>	<i>Surveyed in unplanned area</i>	<i>Surveyed and planned area</i>	<i>Un surveyed in unplanned area</i>
All Business owners with properties	39.4	19.7	23.1	10.8	3.2	5.7	20.2
General wholesale	61.1	20.0	26.3	18.8	13.3	17.6	36.8
General retail food stuffs	38.8	21.0	18.1	9.2	1.5	5.4	18.9
General retail electronic and domestic appliances	30.0	16.0	8.3	4.3		4.3	8.3
General retail others	43.7	24.3	16.2	9.6	2.7	1.9	21.2
Restaurants	19.0	29.2	23.8		10.5	5.6	10.5
Mamalishe/Babalishe	34.4	9.9	12.5	10.3	1.3	2.7	20.0
Hotel and guest houses	53.8	54.5	70.6	58.3	33.3	40.0	45.5
Bars and pubs/grocery and refreshments	51.7	28.6	50.8	25.0	7.0	15.2	19.6
Hair salon/ barbershop	17.0	6.0	14.6	9.5	4.9	4.9	2.5
Garage and other repair shops	56.8	25.0	28.6	19.4	3.6	6.9	21.2
Stationeries/secretarial/communication services	32.4	9.7	30.6	10.0	3.4		23.3
Music and video stores	27.3	14.3		5.0			10.0
Cereal milling shops	25.0	52.6	55.6	12.5		6.7	20.0
Tailoring and dyeing	28.4	10.5	14.1	2.2	1.1	1.1	14.1
Carpentry	34.3	15.6	3.3	14.7	3.4		12.9
Wood carving	100.0						
Spare parts dealer	28.9	14.3	10.8			2.9	8.3
Hardware and building materials	42.3	37.0	43.4	16.3	2.6	21.4	30.6
Butchery/ fish store	38.5	21.2	18.2	6.1		3.2	14.3
Electronic repair	47.1	9.1	18.2				30.8
Timber shop	50.0	50.0					40.0
Pharmaceuticals	46.8	20.3	26.5	14.5	3.4	5.1	32.8
Dispensary/ hospitals	35.7	23.1	46.2	33.3	10.0	18.2	38.5

<i>Major Categories of Business</i>	<i>Owners with own house but occupied by them</i>			<i>Owners with houses but not currently occupied by them</i>			<i>Farms</i>
	<i>Un surveyed in unplanned area</i>	<i>Surveyed in unplanned area</i>	<i>Surveyed and planned area</i>	<i>Un surveyed in unplanned area</i>	<i>Surveyed in unplanned area</i>	<i>Surveyed and planned area</i>	<i>Un surveyed in unplanned area</i>
Sands and cement blocks dealers	72.7	22.2	46.2	11.1			22.2
Entertainment services	23.1		16.7	9.1		9.1	23.1
Gardening and flowers							100.0
House brokers	20.0		50.0			25.0	20.0
Boutique	16.7	16.7			16.7		
Footwear makers and repairs						100.0	
Car and other transport hire services	50.0	50.0	50.0				66.7
Manufacturing of metal products	38.5	25.0	18.2		8.3		
Manufacturing of other products	33.3		50.0				
Poultry	90.9		80.0	50.0		33.3	87.5
Piggery	50.0		50.0			40.0	66.7
Other livestock	100.0			100.0			100.0
Mining and salt extraction activities							
Manufacture of food products and drinks							
Dealers in leather products				50.0			
Sales of automotive fuel	46.2	12.5	61.5	30.0	22.2	12.5	22.2
Other retail sale in specialized stores	66.7		30.0	28.6			25.0
Other businesses	44.4	19.0	25.0	15.0	5.3	5.3	19.0
Clearing and forwarding	60.0		33.3				
Money shops							
Insurance services	60.0	50.0	50.0				
Legal activities	22.2		76.9			40.0	33.3
Schools	36.4	11.1	50.0		12.5	12.5	33.3
Catering services and decorations	100.0						
Music bands and cultural troupes	100.0						100.0
Taxi services	55.6	16.7	28.6	28.6	16.7		28.6
Wholesale dealers in food stuff from upcountry			100.0				

Lastly in the analysis of business premises cum properties is rent payment by those who do not operate in own properties – about 77% according to the earlier analysis in Table 13. Descriptive summary statistics for rent payment for business premises in the informal sector is provided in Table 17. On average, the rent payable for accommodation of one informal business is Tshs 57,790 per month. But being an average is not so meaningful unless one looks on the distribution as indicated in the rest of the columns of the table.

Table 17: Rental Costs for Businesses Operating in Rented Premises

<i>Category of Major Business</i>	<i>Mean</i>	<i>Median</i>	<i>Minimum</i>	<i>Maximum</i>
All businesses in Dar	57790	25000	0	7000000
Piggery
Sales of automotive	349870	30000	7000	7000000
Mining and salt	300000	300000	300000	300000
Money shops	250000	250000	250000	250000
Boutique	241522	300000	20000	400000
Schools	232769	30000	0	1300000
Dispensary/ hosp	168191	130000	10000	1000000
Hardware and building	160342	40000	10000	3000000
Legal activities	152539	112000	0	500000
Hotel and guest	144167	125000	30000	300000
Dealers in leather	143333	80000	50000	300000
Spare parts dealers	133907	90000	0	1000000
Restaurants	133027	45000	7000	1300000
Insurance services	130857	150000	40000	250000
Music and video shops	127517	30000	1500	1500000
General wholesale	126000	40000	10000	500000
Clearing and for	112000	50000	20000	300000
Footwear makers	110000	65000	10000	300000
Manufacturing of metal products	110000	65000	10000	300000
Manufacture of food products and drinks	100000	100000	100000	100000
Car and other tr	90000	90000	30000	150000
General retail e	86658	40000	1000	300000
Other businesses	85212	40000	3000	350000
Electronic repair	81933	40000	3000	350000
Taxi services	70000	77500	5000	120000
Bars and pubs/groceries	69020	50000	10000	300000
Stationeries/secretarial	66309	40000	2000	350000
Cereal milling s	64067	60000	5000	120000
Other retail sales	53261	40000	3000	180000
Timber shop	50000	45000	15000	130000
Garage and other repairs	49033	27500	8000	400000
Manufacturing of other products	44524	30000	10000	250000
Butchery/ fish s	44009	30000	0	250000
Pharmaceuticals	41954	30000	3500	300000
Sands and cement	41818	30000	15000	150000
Catering service	41667	30000	25000	70000
Gardening and fl	40000	40000	40000	40000
General retail o	38910	25000	0	500000
Hair salon/ barber shops	30510	25000	0	300000
House brokers	28750	30000	5000	50000
General retail f	28599	20000	0	600000
Tailoring and dying	24382	20000	0	200000
Entertainment se	23200	20000	1000	100000
Mamalishe/Babalishe	20454	11500	0	200000
Wholesale dealer	20000	20000	20000	20000
Carpentry	18310	20000	0	60000
Music bands and	12000	12000	12000	12000

The median rent paid is 25,000 – implying that about half of all informal businesses pay less than Tshs 25,000 per month as rent for business premises. The rest pay a monthly rent of above Tshs 25,000. The maximum and minimum rent payable is also indicated by the major categories of business (Table 17).

3.3. Technology

The baseline survey of the informal sector also set out to bring out technologies used in the informal sector businesses in Dar es Salaam. Since the type of technology one uses is to some extent related to his level of training or knowledge, the survey started with assessment of the level of education of the owner of the respective business, followed by his occupation. There after the survey assessed the current technologies in use in the informal sector, reasons for not using computers and lastly training needs as identified by the survey respondents.

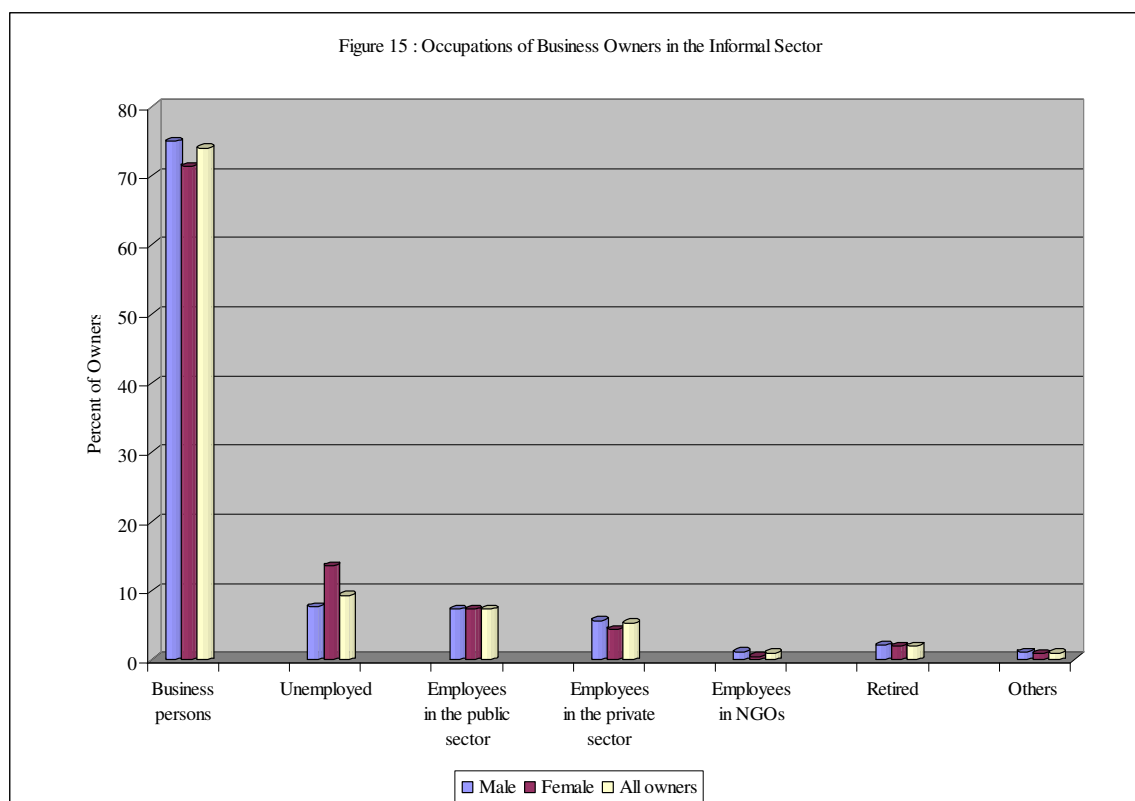
Analysis of the level of education of the owners of business by the major categories is presented in Table 18. In general many of the business owners in the informal sector are standard seven leavers (45.2%). Next to them are ordinary level secondary school leavers (25%). Clearly, the informal sector is the source of livelihood for those who fail to continue with higher education. The distribution by the major categories of business is also indicated in the table. For example, Legal services and Pharmaceuticals require specific training that is offered at the level of Advanced Diploma or University Degree; the distribution in the table indicates the same pattern.

Table 18: Education of the Owners of Businesses in the Informal Sector.

Major category of Business	No formal Education	Primary Education but not completed	Primary Education	Ordinary Secondary school but not completed	Ordinary secondary education completed	Advanced secondary education completed	Post Secondary Training	Certificate	Degree/Diploma
All Businesses	1.3	2.9	45.2	7.6	25.7	5.3	1.1	6.6	3.3
General wholesale	-	2.9	26.5	2.9	47.1	2.9	2.9	8.8	5.9
General retail food s	1.7	3.0	54.5	11.0	22.7	2.7	0.6	2.3	1.3
General retail electricity	2.3	-	20.9	2.3	53.5	7.0	-	14.0	-
General retail others	2.1	3.6	53.3	8.9	24.6	3.0	1.2	2.1	1.2
Restaurants	2.0	4.1	34.7	4.1	32.7	6.1	2.0	4.1	2.0
Mamalishe/Babalishe	1.7	8.4	73.2	2.8	9.5	1.7	0.6	1.1	1.1
Hotel and guest house	-	6.1	30.3	9.1	30.3	3.0	-	6.1	9.1
Bars and pubs/grocery	-	0.9	28.6	9.8	33.0	7.1	0.9	15.2	1.8
Hair salon/ barbershop	0.6	0.6	41.4	10.3	37.4	2.9	1.7	3.5	0.6
Garage and other repa	-	-	47.0	6.0	24.1	9.6	1.2	12.1	-
Stationeries/secretarial	-	1.4	8.2	6.9	41.1	20.6	-	13.7	5.5
Music and video store	-	2.6	50.0	2.6	26.3	2.6	2.6	10.5	2.6
Cereal milling shops	6.5	3.2	29.0	-	38.7	9.7	3.2	6.5	-
Tailoring and dyeing	1.6	3.3	64.1	8.2	13.6	3.8	-	4.4	1.1
Carpentry	1.4	4.3	70.0	5.7	14.3	1.4	-	2.9	-
Wood carving	-	-	-	-	-	-	-	-	100.0
Spare parts dealer	1.9	-	35.9	1.9	30.2	13.2	-	15.1	-

Major category of Business	No formal Education	Primary Education but not completed	Primary Education	Ordinary Secondary school but not completed	Ordinary secondary education completed	Advanced secondary education completed	Post Secondary Training	Certificate	Degree/Diploma
Hardware and building	-	0.9	33.0	3.6	42.9	6.3	2.7	7.1	2.7
Butchery/ fish store	1.5	1.5	69.1	11.8	13.2	-	-	2.9	-
Electronic repair	-	-	36.1	8.3	33.3	2.8	-	13.9	5.6
Timber shop	-	-	37.5	37.5	25.0	-	-	-	-
Pharmaceuticals	0.7	-	9.4	2.2	22.5	13.0	2.2	31.2	18.1
Dispensary/ Hospitals	-	-	-	11.1	-	11.1	3.7	18.5	40.7
Sands and cement block	-	4.0	32.0	4.0	52.0	-	-	8.0	-
Entertainment service	-	9.7	45.2	12.9	12.9	6.5	-	6.5	3.2
Gardening and flowers	-	-	-	-	-	100.0	-	-	-
House brokers	-	-	57.1	-	14.3	14.3	-	-	-
Boutiques	-	-	-	4.0	52.0	16.0	8.0	16.0	4.0
Footwear makers and r	-	-	60.0	20.0	-	20.0	-	-	-
Car and other transport	-	33.3	-	-	66.7	-	-	-	-
Manufacturing of metal products	-	3.9	53.9	7.7	30.8	3.9	-	-	-
Manufacturing of others products	-	20.0	20.0	20.0	40.0	-	-	-	-
Poultry	-	-	40.0	13.3	6.7	6.7	-	26.7	6.7
Piggery	-	20.0	20.0	-	30.0	10.0	-	20.0	-
Other livestock	-	-	-	-	-	75.0	-	25.0	-
Mining and salt extract	-	-	-	-	-	100.0	-	-	-
Manufacture of food p	-	-	-	-	100.0	-	-	-	-
Dealers in leather pr	-	-	-	-	75.0	-	-	25.0	-
Sales of automotive f	3.7	7.4	40.7	11.1	25.9	-	-	-	11.1
Other retail sale in	-	-	35.7	10.7	42.9	-	-	3.6	-
Other businesses	2.3	-	31.8	2.3	29.6	13.6	-	11.4	6.8
Clearing and forwarding	-	-	16.7	-	16.7	33.3	-	16.7	16.7
Money shops	-	-	-	-	-	-	-	100.0	-
Insurance services	-	-	-	-	28.6	42.9	-	14.3	14.3
Legal activities	-	-	13.3	-	13.3	-	-	-	60.0
Schools	-	-	12.5	4.2	8.3	16.7	12.5	20.8	20.8
Catering services an	-	-	40.0	-	60.0	-	-	-	-
Music bands and cultural groups	-	50.0	25.0	-	-	-	-	25.0	-
Taxi services	-	7.7	38.5	15.4	23.1	7.7	-	-	7.7
Wholesale dealers in	-	-	-	-	100.0	-	-	-	-

Analysis of occupations of owners of business in the informal sector is shown in Figure 15. Majority of owners of businesses are directly involved in the business (75%). There are no major differences between male and female owners.



Next is technology used by businesses operating in the informal sector. The survey identified three areas of common technology – use of computers, books of accounts and issuance of receipts. The survey assessed the use of such technologies by the major categories of business and the implied training needs as indicated by business owners in the informal sector. In Table 19 the proportions of businesses that use computers, books of accounts and issue receipts are indicated according to the major categories of business.

Table 19: Business Technology Used by Informal Businesses

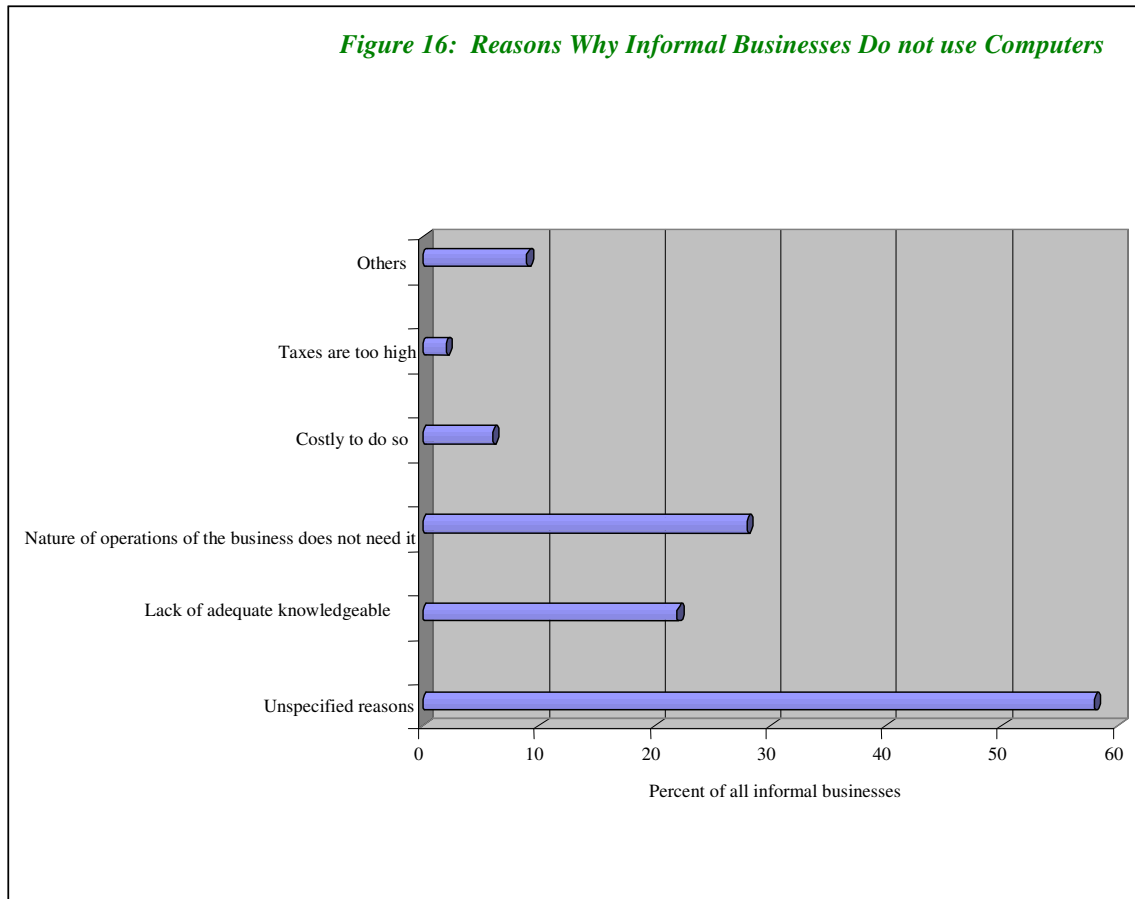
<i>Major Categories of Business</i>	<i>Percent of all Businesses</i>		
	<i>With Computers</i>	<i>With Books of Accounts</i>	<i>Issuing Receipts</i>
All Businesses	5.8	41.1	41.2
General wholesale	6.1	52.2	74.1
General retail food stuffs	0.8	32.5	33.6
General retail electronic and domestic appliances	9.5	62.1	62.5
General retail others	1.5	33.9	37.4
Restaurants	6.1	45.8	25.0
Mamalishe/Babalishe	0.6	16.5	6.3
Hotel and guest houses	9.1	82.4	66.7
Bars and pubs/grocery and refreshments	2.7	52.5	45.5
Hair salon/ barbershop	0.6	25.3	21.1

<i>Major Categories of Business</i>	<i>Percent of all Businesses</i>		
	<i>With Computers</i>	<i>With Books of Accounts</i>	<i>Issuing Receipts</i>
Garage and other repair shops	6.1	34.2	36.1
Stationeries/secretarial/communication services	48.6	57.8	52.3
Music and video stores	10.8	50.0	47.8
Cereal milling shops	3.2	43.8	41.2
Tailoring and dyeing	0.0	22.9	16.8
Carpentry	0.0	6.5	15.2
Wood carving	0.0	100.0	
Spare parts dealer	17.0	65.0	68.2
Hardware and building materials	6.2	62.5	70.1
Butchery/ fish store	0.0	33.3	24.3
Electronic repair	19.4	70.6	68.8
Timber shop	0.0	83.3	66.7
Pharmaceuticals	6.6	52.9	48.1
Dispensary/ hospitals	28.6	84.2	85.0
Sands and cement blocks dealers	4.0	20.0	46.7
Entertainment services	3.2	16.7	-
Gardening and flowers	0.0	100.0	
House brokers	28.6	25.0	25.0
Boutique	0.0	100.0	95.8
Footwear makers and repairs	0.0	100.0	50.0
Car and other transport hire services	33.3	50.0	66.7
Manufacturing of metal products	7.7	38.5	66.7
Manufacturing of other products	0.0	66.7	50.0
Poultry	0.0	-	33.3
Piggery	0.0	-	-
Other livestock	0.0		
Mining and salt extraction activities	0.0	100.0	100.0
Manufacture of food products and drinks	0.0	100.0	100.0
Dealers in leather products	50.0	100.0	75.0
Sales of automotive fuel	4.0	61.5	64.7
Other retail sale in specialized stores	17.9	68.8	52.9
Other businesses	25.0	48.2	37.0
Clearing and forwarding	33.3	80.0	100.0
Money shops	100.0	100.0	100.0
Insurance services	100.0	83.3	100.0
Legal activities	81.3	71.4	64.3
Schools	37.5	75.0	66.7
Catering services and decorations	16.7		100.0
Music bands and cultural troupes	0.0	-	50.0
Taxi services	0.0	20.0	60.0
Wholesale dealers in food stuff from upcountry	0.0		100.0

In general, many informal businesses do not use computer technologies – presumably because of the scale of operations and the fact that they do not keep records. It is only about 41% that indicated that they have books of accounts – though not necessarily kept in the standard format. Likewise, it is only 41% that issues receipt but presumably mainly

on demand by customers cum clients. These findings on technology are not surprising; they are, as expected, salient features of businesses that operate in the informal sector. But the results are just indications by business owners, and may thus deviate from their true behaviour – they may have books of accounts but not in use, they may have receipts but not issued directly to every customer. These are anomalies that are easily observable in the informal sector and thus needless to overemphasize them.

The survey asked business operators in the informal sector to state why they do not use computer technology. The responses are presented in Figure 16.



In general, there are several unspecified reasons for not using computers in the informal sector. A considerable proportion of those businesses indicate that the nature of their operations does not need computer technology. Of course the responses succumb to the very nature of informality that businesses do not keep records, and apparently there are no motives to do so.

The baseline survey also asked the respondent business owners to indicate their training needs that are currently pressing given the nature of operations of their businesses. The indicated training needs are presented in two separate tables. The first is Table 20 below which shows the skills for which informal sector businesses would want to be trained and the respective proportion of businesses indicating the need. The most pressing needs of the informal sector in terms of training are business skills (19.6%), business management

(15.7), entrepreneurial skills (14.7), business administration (9.2%) and marketing skills (8.3). These needs converge into training in business skills as the most pressing training needs. This is because all these major identified training needs may categorically be put together to constitute about 68% of all the responding businesses in the survey (Table 20). The rest of the training needs in the table are also indicated accordingly.

Table 20: Training Needs of Informal Business Activities

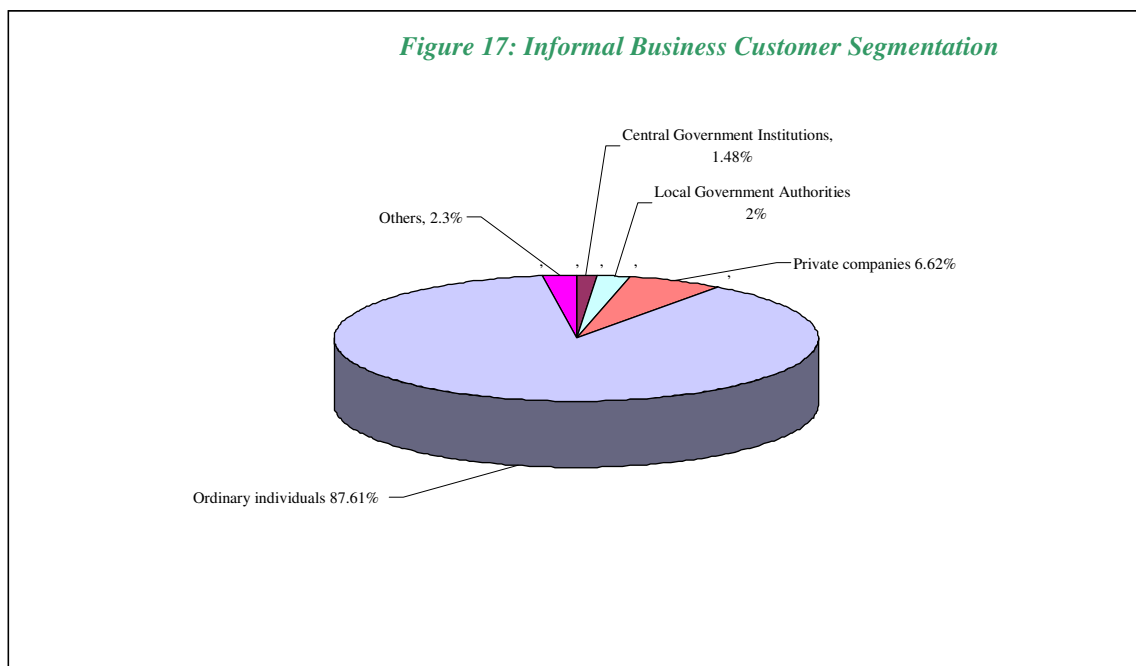
<i>Training needs as indicated by informal business firms</i>	<i>Percent of all businesses indicating needs for training across the various skills</i>
Business skills	19.63
Business management	15.66
Entrepreneurship	14.74
Business administration	9.21
Marketing skills	8.29
Accounting skills	4.9
Credit knowledge/ skills	4.12
Book keeping	4.02
Vocational training	2.42
Medical/pharmacy/nurse/midwife training	1.75
Computer knowledge	1.65
Capacity building	1.5
Business strategic skills	1.45
Management skills	1.16
Hair design skills/saloon skills	1.07
Tailoring and dyeing	1.02
Mechanics	0.92
Cooking skills	0.87
Catering skills	0.73
Tailoring skills	0.63
Technical training / teaching training	0.48
Vetenary training	0.48
Carpentry skills	0.44
Sales on line knowledge	0.39
Customer care	0.39
Electronic skills	0.29
Electrical skills	0.24
Dyeing skills	0.24
Business planning	0.24
Video shooting skills	0.19
Communication skills	0.19
Media skills	0.15
Photo journalism	0.15
Welding skills	0.15
Secretarial training	0.1
Micro financing	0.1
hair cutting training	0.05

But it is clear that some business skills are specific for given categories. And on this basis, the analysis in Appendix 5 gives the details of the training needs according to the major categories of the businesses in the informal sector.

3.4. Markets Arrangements

Informality in business implies limitation to market arrangements with formal business activities. Often, informal businesses fail to enlarge their markets to include formal customers cum clients because they cannot enter into enforceable contracts, they do not issue credible receipts, they do not have records, etc. As a result, the market for the informal dealers is said to be small – limiting transactions to mainly among themselves.

As shown in Figure 17, the big share of the market of products from the informal sector comes from ordinary individuals (88%). These are simple transactions that are effected without much requirement from either side. The formal sector, indicated in the figure as the central government, local government authorities and private companies, perform limited proportion of business deals with the informal sector.



Further analysis of the markets of informal products is presented in Table 21. It shows the size of market cum market problems by the major categories of business. In general, the market for informal businesses is just moderately available – not big. The proportion with a good market for their products is only 11.2% and limited to a few businesses. These are Wholesale dealers in food stuff from upcountry, Piggery, Music bands and cultural troupes. Those with a small market include Wood carving, boutique, and Footwear makers and repairs. The rest also have market problems but to lesser scale.

Table 21: Analysis of Markets of Informal Business Products

<i>Major Categories of Businesses</i>	<i>The market is big</i>	<i>The market is small</i>	<i>The market is moderate</i>	<i>The market is saturated</i>
All informal businesses	11.2%	19.4%	67.3%	2.1%
Wholesale dealers in food stuff from upcountry	100.00%			
Piggery	75.00%		25.00%	
Music bands and cultural troupes	75.00%		25.00%	
Other livestock	50.00%		50.00%	
Catering services and decorations	50.00%	16.70%	33.30%	
Poultry	46.70%	20.00%	33.30%	
Dealers in leather products	33.30%	33.30%	33.30%	
General wholesale	21.20%	12.10%	63.60%	3.00%
Sales of automotive fuel	18.50%	14.80%	66.70%	
Cereal milling shops	16.10%	9.70%	74.20%	
Entertainment services	16.10%	35.50%	48.40%	
Restaurants	16.00%	22.00%	60.00%	2.00%
Carpentry	15.70%	18.60%	61.40%	4.30%
Manufacturing of metal products	15.40%	15.40%	69.20%	
House brokers	14.30%		85.70%	
Other businesses	14.30%	11.90%	71.40%	2.40%
Mamalishe/babalishe	13.30%	22.20%	61.70%	2.80%
Music and video stores	13.20%	36.80%	47.40%	2.60%
Legal activities	12.50%	6.30%	81.30%	
Schools	12.50%	37.50%	45.80%	4.20%
Pharmaceuticals	12.30%	23.90%	63.00%	0.70%
Butchery/ fish store	11.80%	17.60%	69.10%	1.50%
General retail others	11.30%	19.20%	67.70%	1.80%
Garage and other repair shops	10.80%	30.10%	57.80%	1.20%
Dispensary/ hospitals	10.30%	17.20%	65.50%	6.90%
general retail food stuffs	10.00%	15.70%	71.50%	2.50%
Bars and pubs/grocery and refreshments	9.80%	20.50%	66.10%	3.60%
Hardware and building materials	9.70%	17.70%	68.10%	4.40%
General retail electronic and domestic appliances	9.50%	16.70%	73.80%	
Hotel and guest houses	9.40%	31.30%	59.40%	
Hair salon/ barbershop	8.70%	20.20%	67.60%	3.50%
Sands and cement blocks dealers	8.00%	12.00%	80.00%	
Taxi services	7.70%	15.40%	76.90%	
Tailoring and dyeing	7.20%	18.20%	72.40%	2.20%
Electronic repair	5.60%	25.00%	69.40%	
Boutique	4.00%	52.00%	40.00%	4.00%
Spare parts dealer	3.90%	15.70%	80.40%	
Other retail sale in specialized stores	3.60%	10.70%	85.70%	
Stationeries/secretarial/communication services	2.90%	17.40%	79.70%	
Wood carving		100.00%		
Timber shop			100.00%	
Gardening and flowers			100.00%	
Footwear makers and repairs		50.00%	50.00%	
Car and other transport hire services			100.00%	

<i>Major Categories of Businesses</i>	<i>The market is big</i>	<i>The market is small</i>	<i>The market is moderate</i>	<i>The market is saturated</i>
Manufacturing of other products		20.00%	80.00%	
Mining and salt extraction activities		100.00%		
Manufacture of food products and drinks			100.00%	
Clearing and forwarding		16.70%	83.30%	
Money shops			100.00%	
Insurance services			100.00%	

Clearly, the analysis of the market structure of informal businesses in Dar es Salaam has shown potential areas for expansion and new investments in the sector. Also those businesses with market problems are indicated. However, these results are inclined to suffer from reporting bias – respondent might have made the indications conservatively. But since our sample is big enough, this possibility is plausibly assumed away.

3.5. *Linkage with Big Business Dealers and Support Services*

Many informal businesses have business Linkages with big dealers in the market. They benefit in various forms from such business networks. The survey probed owners on the existence of businesses networks with big dealers and the benefits enjoyed thereof. This information is analysed in Table 22 which shows the total number of businesses with such arrangements (column 7), and the benefits enjoyed in columns 2 – 5. The proportion of informal businesses that have arrangements with big dealers is about one third of all businesses. The arrangements and benefits enjoyed vary with the major categories of businesses as indicated in the table. In fact the last column of the table shows that many of those businesses (71.8%) involved in the arrangements are satisfied with them.

Table 22: *Arrangement/Linkage with Big Business Dealers and the Benefits Enjoyed*

<i>Major Categories of Business</i>	<i>Supply to my business on credit</i>	<i>Supply to my business on cash</i>	<i>Subsidiary of the big dealer</i>	<i>Supply to my business on commission basis</i>	<i>Other arrangements</i>	<i>Total number of businesses with arrangements with big dealers</i>	<i>Proportion of all businesses satisfied with the arrangements</i>
All Businesses	30.5%	61.5%	2.1%	2.0%	3.9%	814	71.83
General wholesale	47.8%	43.5%	4.3%	4.3%		23	74.07
General retail food stuffs	26.9%	63.0%	1.7%	1.7%	6.7%	119	76.13
General retail electronic and domestic appliances	57.1%	14.3%		14.3%	14.3%	7	57.89
General retail others	26.1%	68.1%	1.6%	2.1%	2.1%	188	71.03
Restaurants	53.8%	46.2%				13	57.14
Mamalishe/babalishe	52.5%	47.5%				40	86.21
Hotel and guest houses	8.3%	75.0%			16.7%	12	91.67
Bars and pubs/grocery and Refreshments	10.3%	82.1%	2.6%		5.1%	39	65.38
Hair salon/ barbershop	17.6%	70.6%		2.9%	8.8%	34	69.39

Major Categories of Business	Supply to my business on credit	Supply to my business on cash	Subsidiary of the big dealer	Supply to my business on commission basis	Other arrangements	Total number of businesses with arrangements with big dealers	Proportion of all businesses satisfied with the arrangements
Garage and other repair shops	27.8%	61.1%	5.6%	5.6%		18	74.07
Stationeries/secretarial/communication services	6.7%	73.3%	6.7%		13.3%	15	46.43
Music and video stores		50.0%		25.0%	25.0%	4	42.86
Cereal milling shops	50.0%	42.9%		7.1%		14	85.71
Tailoring and dyeing	26.9%	61.5%		3.8%	7.7%	26	74.00
Carpentry	33.3%	53.3%		6.7%	6.7%	15	85.00
Wood carving		100.0%				1	100.00
Spare parts dealer	87.5%	6.3%			6.3%	16	59.09
Hardware and building materials	43.5%	52.2%	2.2%	2.2%		46	69.49
Butchery/ fish store	35.7%	64.3%				14	77.78
Electronic repair	25.0%	75.0%				8	56.25
Timber shop	25.0%	75.0%				4	100.00
Pharmaceuticals	17.6%	76.5%	2.9%		2.9%	34	70.45
Dispensary/ hospitals	41.7%	50.0%			8.3%	12	92.31
Sands and cement blocks dealers	26.7%	66.7%	6.7%			15	100.00
Entertainment services	37.5%	62.5%				8	100.00
House brokers	100.0%					1	100.00
Boutique		100.0%				2	10.00
Car and other transport hire services	50.0%	50.0%				2	0.00
Manufacturing of metal products		100.0%				5	100.00
Manufacturing of other products		100.0%				1	88.89
Poultry	41.7%	58.3%				12	50.00
Piggery	66.7%	33.3%				6	100.00
Dealers in leather products		100.0%				1	100.00
Sales of automotive fuel	33.3%	44.4%			22.2%	9	100.00
Other retail sale in specialized stores	14.3%	85.7%				7	0.00
Other businesses	58.3%	41.7%				12	0.00
Clearing and forwarding	33.3%	66.7%				3	50.00
Insurance services			83.3%	16.7%		6	68.75
Schools		66.7%			33.3%	3	90.91
Catering services and decorations	33.3%	66.7%				3	64.71
Music bands and cultural Troupes	50.0%	50.0%				4	83.33
taxi services	20.0%	80.0%				10	0.00
Wholesale dealers in food stuff from upcountry		100.0%				2	85.71

The survey went further and probed on whether those businesses that have arrangements with big dealers can survive in business without the arrangements. Table 23 gives slightly modified

Table 23: Indications of Whether Informal Businesses can Operate Without Preferential Arrangements with Big Dealers

<i>Major Category of Business</i>	<i>The arrangement gives relatively good prices</i>	<i>My capital is too small to stand alone</i>	<i>Others</i>
All Businesses	20.2%	72.8%	7.0%
General wholesale	30.8%	61.5%	7.7%
General retail food stuffs	19.6%	75.7%	4.7%
General retail electronic and domestic appliances	42.9%	42.9%	14.3%
General retail others	23.6%	71.4%	5.0%
Restaurants	25.0%	62.5%	12.5%
Mamalishe/Babalisha	9.1%	90.9%	
Hotel and guest houses		80.0%	20.0%
Bars and pubs/grocery and refreshments	27.3%	72.7%	
Hair salon/ barbershop	13.3%	83.3%	3.3%
Garage and other repair shops	9.5%	85.7%	4.8%
Stationeries/secretarial/communication services	10.0%	70.0%	20.0%
Music and video stores	50.0%	50.0%	
Cereal milling shops	60.0%	30.0%	10.0%
Tailoring and dyeing	16.7%	79.2%	4.2%
Carpentry	13.3%	86.7%	
Wood carving		100.0%	
Spare parts dealer	11.1%	77.8%	11.1%
Hardware and building materials	15.2%	81.8%	3.0%
Butchery/ fish store	38.5%	61.5%	
Electronic repair	14.3%	85.7%	
Timber shop		100.0%	
Pharmaceuticals	22.6%	77.4%	
Dispensary/ hospitals	20.0%	50.0%	30.0%
Sands and cement blocks dealers	44.4%	55.6%	
Entertainment services		100.0%	
House brokers		100.0%	
Boutique	33.3%	33.3%	33.3%
Footwear makers and repairs		100.0%	
Car and other transport hire services		100.0%	
Manufacturing of metal products	50.0%	50.0%	
Manufacturing of other products		100.0%	
Poultry	10.0%	60.0%	30.0%
Piggery		60.0%	40.0%
Dealers in leather products			100.0%
Sales of automotive fuel	18.2%	63.6%	18.2%
Other retail sale in specialized stores	25.0%	75.0%	
Other businesses	27.3%	54.5%	18.2%
Clearing and forwarding		100.0%	
Insurance services		33.3%	66.7%
Legal activities	100.0%		
schools		62.5%	37.5%
Catering services and decorations		100.0%	
Music bands and cultural troupes		66.7%	33.3%
Taxi services	50.0%	25.0%	25.0%
Wholesale dealers in food stuff from upcountry		100.0%	

responses of the business owners. Many indicate that their capital is too small to stand alone – which implies that they get supplies on credit as observed earlier in Table 22. Also, the indication that the arrangement gives relatively good prices shows that the arrangements are beneficial to both sides involved; and without the support, some of the businesses would not be able to compete and survive in business. The rest of the table indicates variation of the responses by the major categories of business.

3.6. Membership to Associations and Benefits

It is common for individuals or businesses to form or enter into associations with given objectives. These associations exist in various forms and benefits to members. The results of the survey indicate that 18.2 % of all informal businesses have membership to some identified associations (Table 34). The leading one is membership to SACCOS and SACCAS – of course as a source of business credit. The rest include social associations and other organisations. Membership according to the major business categories is also indicated in the Table 34.

Table 24: Informal Sector Membership to Associations

Major Category of Business	Percent with Membership to Associations	Percent of All Businesses and their membership to Associations			
		SACCOS/SACCAS	Production/Service Organization	Social Association	Others
All Businesses	18.2	8.4%	1.4%	5.0%	3.4%
General wholesale	37.5	15.6%	3.1%	12.5%	6.3%
General retail food stuffs	16	9.1%	.6%	3.5%	2.8%
General retail electronic and domestic appliances	7		2.3%	2.3%	2.3%
General retail others	18.8	8.9%	.8%	5.3%	3.9%
Restaurants	18.7	12.5%		4.2%	2.1%
Mamalishe/babalishe	26.6	14.1%	1.1%	6.2%	5.1%
Hotel and guest houses	9.7	3.2%		3.2%	3.2%
Bars and pubs/grocery and refreshments	15.6	6.4%	.9%	3.7%	4.6%
Hair salon/ barbershop	17.3	8.9%	1.8%	4.8%	1.8%
Garage and other repair shops	18.3	9.8%	4.9%	2.4%	1.2%
Stationeries/Secretarial/communication services	16.2	2.9%	1.5%	7.4%	4.4%
Music and video stores	10.5	5.3%		2.6%	2.6%
Cereal milling shops	6.5	3.2%		3.2%	
Tailoring and dyeing	17.6	11.5%	.5%	2.7%	2.7%
Carpentry	17.4	7.2%	2.9%	5.8%	1.4%
Wood carving	0				
Spare parts dealer	8.2	8.2%			
Hardware and building materials	12.6	3.6%		7.2%	1.8%
Butchery/ fish store	10.6	4.5%	1.5%	4.5%	
Electronic repair	8.3	2.8%	2.8%		2.8%
Timber shop	12.5	12.5%			
Pharmaceuticals	22.2	4.4%	5.9%	4.4%	7.4%

Major Category of Business	Percent with Membership to Associations	Percent of All Businesses and their membership to Associations			
		SACCOS/SACCAS	Production/ Service Organization	Social Association	Others
Dispensary/ hospitals	44.4	3.7%		22.2%	18.5%
Sands and cement blocks dealers	12		8.0%		4.0%
Entertainment services	32.3	9.7%		12.9%	9.7%
Gardening and flowers	0				
House brokers	14.3	14.3%			
Boutique	4.2		4.2%		
Footwear makers and repairs	0				
Car and other transport hire services	0				
Manufacturing of metal products	23.1	23.1%			
Manufacturing of other products	0				
Poultry	46.7	13.3%		20.0%	13.3%
Piggery	40	30.0%		10.0%	
Other livestock	50	25.0%			25.0%
Mining and salt extraction activities	0				
Manufacture of food products and Drinks	0				
Dealers in leather products	25	25.0%			
Sales of automotive fuel	14.8		3.7%	7.4%	3.7%
Other retail sale in specialized stores	14.3	7.1%	3.6%	3.6%	
Other businesses	18.6	7.0%	2.3%	4.7%	4.7%
Clearing and forwarding	16.7	16.7%			
Money shops	0				
Insurance services	14.3	14.3%			
Legal activities	75	6.3%	6.3%	62.5%	
Schools	33.3	16.7%		12.5%	4.2%
Catering services and decorations	0				
Music bands and cultural troupes	25	25.0%			
Taxi services	7.7	7.7%			
Wholesale dealers in food stuff from upcountry	50	50.0%			

But more interesting in the analysis of membership to associations, are the benefits that are enjoyed from being a member. Accordingly, Table 25 shows benefits enjoyed from membership to associations by informal businesses. As one would anticipate, the main benefit is credit (40.7%), followed by social network, business connections, information on business, and several other indicated as unspecified benefits. The benefits vary with the major categories of business as indicated in the table.

Table 25: Benefits Enjoyed from Membership to Associations in the Informal Sector

<i>Major Category of Business</i>	<i>Credits</i>	<i>Social network</i>	<i>Business connections</i>	<i>Information on business</i>	<i>Other Unspecified benefits</i>
All Businesses	40.7%	24.1%	11.2%	9.8%	14.3%
General wholesale	18.2%	36.4%	18.2%		27.3%
General retail food stuffs	54.2%	13.9%	8.3%	11.1%	12.5%
General retail electronic and domestic appliances	33.3%	66.7%			
General retail others	37.9%	31.9%	9.5%	5.2%	15.5%
Restaurants	50.0%	37.5%	12.5%		
Mamalishe/babalishe	61.4%	15.9%	9.1%	4.5%	9.1%
Hotel and guest houses		66.7%	33.3%		
Bars and pubs/grocery and refreshments	33.3%	26.7%		6.7%	33.3%
Hair salon/ barbershop	43.3%	26.7%	13.3%	10.0%	6.7%
Garage and other repair shops	33.3%	20.0%	13.3%	26.7%	6.7%
stationeries/secretarial/communication services	50.0%	33.3%	8.3%		8.3%
Music and video stores	33.3%	33.3%		33.3%	
Cereal milling shops	50.0%	50.0%			
Tailoring and dyeing	53.3%	13.3%		13.3%	20.0%
Carpentry	25.0%	33.3%	8.3%	33.3%	
Spair parts dealer			25.0%	25.0%	50.0%
Hardware and building materials	38.5%	15.4%	30.8%	7.7%	7.7%
Butchery/ fish store	33.3%	16.7%	33.3%		16.7%
Electronic repair					100.0%
Timber shop				100.0%	
Pharmaceuticals	16.1%	19.4%	25.8%	19.4%	19.4%
Dispensary/ hospitals	30.0%	20.0%		20.0%	30.0%
Sands and cement blocks dealers					100.0%
Entertainment services	37.5%	37.5%	12.5%	12.5%	
House brokers			100.0%		
Boutique	100.0%				
Manufacturing of metal products	66.7%		33.3%		
Poultry	57.1%		28.6%	14.3%	
Piggery	66.7%				33.3%
Other livestock	50.0%			50.0%	
Dealers in leather products	100.0%				
Sales of automotive fuel	25.0%	25.0%		25.0%	25.0%
Other retail sale in specialized stores	50.0%	25.0%		25.0%	
Other businesses	50.0%	37.5%			12.5%
Clearing and forwarding			100.0%		
Insurance services	100.0%				
Legal activities		50.0%	10.0%	10.0%	30.0%
Schools		71.4%			28.6%
Music bands and cultural troupes	100.0%				
Taxi services					100.0%
Wholesale dealers in food stuff from upcountry	50.0%		50.0%		

Clearly, membership to association targets given form of benefits. Business owners in the informal sector form or join associations anticipating to enjoy from such benefits which vary with the type of association and the nature of business operations of the member.

4. LEGAL PROTECTION OF INFORMAL PROPERTIES AND BUSINESSES

In principle, the prevailing pieces of legislation, regulations and practice do not make any distinction between formal or informal sector in so far as protection is concerned. But in practice, formal enterprises are better organized and protected by formal laws and practices than informal properties and businesses. The issue of an ideal legal protection specifically tailored to suit informal properties and businesses has only recently begun to be given some semblance of recognition. Many pieces of legislation cover the vast property, commercial, trade, and other areas where informal properties and businesses operate.

LEGAL PROTECTION UNDER THE LAND LAWS

In Tanzania, informal properties refer to own occupied or rented buildings and lands available in un-surveyed areas. In so far as land is concerned in Tanzania, there are two main laws governing land matters in Tanzania Mainland. There is the Land Act, 1999 and the Village Land Act, 1999. These two pieces of legislation came into operation on 1st May 2001.

The two pieces of land legislation (Land Act and Village Land Act) have come up with several legislative innovations designed to protect informal properties.

4.1 Protection through Land Validation

Part VII of the Land Act, 1999 brought in its wake an innovation titled “Land Validation.” This innovation is designed to deal with the manifold problems of unauthorised land market transactions that have been taking place for many years.² The provisions on “Validation” were introduced on the assumption that a market for land has existed for several years and need legislative recognition. The innovation will validate those interests over land that had been acquired before the enactment of the two pieces of land legislation. A person occupying land under the validation provisions is deemed to be in lawful occupation of that land for a period of 6 years from the date of commencement of the Land Act, 1999 or any longer period which the Minister responsible for land may extend.

Failure to obtain a Validation Certificate within six years of operation of the Land Act, 1999 will have a number of adverse effects on a piece of land concerned. Expiry of six years will mean that the interest by which the land in question was occupied will be deemed to be a licence. This licence will remain valid and irrevocable until the end of the period of six years.³ Section 54 (2) envisages the possibility of the occupier, before the end of period of validity of the licence, applying to upgrade the licence into a right of occupancy. One wonders whether the informal property holders are well informed of this window of validation to protect their informal or customary or long-standing use and occupation of land. In any event, time is

² See paragraph 8.36, page 28 of the Clause-By-Clause Commentary of the Land Act.

³ Section 54 (1).

already running against those who acquired interests over land before the enactment of the two pieces of land legislation.

4.2 Protection through Regularisation

“Regularization” of land is yet another innovation brought under the Land Act, 1999⁴ to protect the informal property holders. The purpose of a scheme of regularization is to facilitate the recording, adjudication, classification and registration of the occupation and use of land in urban and peri-urban areas.

The process of recording, adjudication, classification and registration of the occupation and use of land will not only be drawn out but very expensive as well. Though attractive, implementation of the provisions on regularization may be hampered by the expenses involved.

4.3 Protection through Residential Licenses

The Land Act, 1999 came up with a system of “Residential Licences” designed to protect unregistered land interests. A derivative right in form of a “Residential Licence” has been introduced to confer upon the licensee the right to occupy land in non-hazardous land, land reserved for public utilities and surveyed land, urban or peri-urban area for the period of time for which the residential licence has been granted.⁵

Residential Licence over land reserved for public utilities or over surveyed land can be granted to a person who at the time of the commencement of the Land Act, 1999, had acquired and occupied land in urban or peri-urban area as his home for not less than three years without any official title.

A residential licensee is regarded by the Land Act to amount to the formal right to occupy that land as a residential licensee under a licence granted from year to year to that person by the local authority having jurisdiction in the area where that land is situated.

A local authority subject to such conditions as payment of fees or charges is given power to grant a residential licence:

- to any person [as his home] occupying land without official title or right within the area of local authority;
- for a term subject to renewal of between 6 months and 2 years.

A residential licence is subject to a number of conditions:

- A residential licence is not assignable by the licensee.⁶
- A residential licence will be binding on the successor in title to the licensor.⁷
- Where a person or family has occupied land in the same location under a residential licence for not less than 3 years, he or they shall be entitled to

⁴ Sections 56 to 60.

⁵ Section 23 (1).

⁶ section 23 (4).

⁷ Section 23 (5).

compensation under the Land Acquisition Act, 1967 where land is to be acquired for a public purpose.⁸

To enable the informal sector to enjoy the protection offered by the Land Act, 1999, more resources must be invested to facilitate the smooth operation of “Validation”, “Regularisation” and “Residential Licence”. Short of that, these provisions will remain in statute books without any meaningful help to the informal sector.

4.4 Protection through Register of Village Land

The Village Land Act, 1999 has provisions designed to protect the customary land holdings and resulting informal sector. Village Land Act brought about registers of village land as one of the means through which longstanding occupation; use and interests over village and customary lands will be protected.

For each village, respective Village Council is given the task of maintaining a register of village land in accordance with any rules, which may from time to time be prescribed by the Minister. Village Executive Officer will be responsible for keeping that register.⁹ The Minister has already under Village Land Regulations, 2001 prescribed that the register is to be divided into three parts covering:

- Certificate of Village Land;
- Title Register; and
- Public Charges Register.¹⁰

4.5 Protection through Grants of Customary Right of Occupancy

This is another innovation which makes possible the grants of customary right of occupancy. This in effect is to formalize the otherwise the informal tenure. Customary Right of Occupancy (CRO) means a right of occupancy created by means of the issuing of a certificate under section 25 of Village Land Act, 1999. In every respect the Customary Right of Occupancy will be regarded as equal in status and effect to a granted right of occupancy (GRO).

Like Land Act, 1999, the Village Land Act also needs more resources to enable the informal sector to enjoy any semblance of legal protection. In other words, adequate resources are necessary to enable the provisions of the Village Land Act to operate and provide protection to the informal sector.

⁸ Section 23 (6).

⁹ section 21, VLA.

¹⁰ GN 86 of 2001.

OTHER LAWS TO PROVIDE LEGAL PROTECTION TO INFORMAL SECTOR

Informal sector in Tanzania is affected by several pieces of legislation which needs specific amendment to specifically furnish legal protection to the informal sector. Formal sector is well protected and provided for by the laws. These laws operate to the advantage of the formal sector and they cover:

- Business Contracts, Law on Sale of Goods, Law on Hire Purchase, Laws on Export, Import, International Trade and International Sale of Goods;
- Real property disputes, including disputes over ownership/ use of land. Real Property Laws cover Rent Restriction Laws; Conveyancing; Mortgages; Leases;
- Disputes over credit/mortgages and the collection of debts;
- Formation and operation of business organizations and associations. These include: Partnerships, Law of Agency, Companies, Business Names & Registration, and Business Licensing, Monopolies and Mergers, Restrictive Trade Practices;
- Law on Bankruptcy & Insolvency;
- Disputes over landlord/ tenant relations;
- Employment Law affect commercial activities: Employment contracts; Employers' & Employees' rights; Trade Unions benefits, Pensions and Other contributions;
- Finance, Credits and Banking: Law governing negotiable instruments:
- Bills of Exchange; Cheques and Promissory Notes.
- Law on Commercial Securities: Bailment, Contracts of bailment, Pawn, Lien, Bills of Sale;
- Law of Insurance: Nature of contract, Regulation and Protection on insurance business;
- Carriages by land, sea and air: Common & private carriers; Carriage by Land-general, by rail, by road; Carriage by sea; Carriage by air;
- intellectual property covering- patents, trade marks, copy rights and designs;
- Bankruptcy Law, Insolvency & Receiverships;
- Tax Laws: Income Tax; Export Taxation; Import Taxation; Motor Vehicle Tax; Customs Duties; Value Added Tax; Etc;

These laws are more designed to offer protection to the formal sector rather than the informal. These laws require further amendments to take on board the necessity to offer legal protection to the informal sector as well.

4.6 Specific Legal Protection Required to Assist the Informal Sector

Like the South African Government, the Government of Tanzania may wish to commit itself to passing a number of enabling laws. South African experience recognizes that the small business sector to be a highly diverse, with structures, problems, and growth

potential and access to support differing widely between segments.¹¹ This calls for a coherent national small-business strategy providing a systematic national framework, within which the different policies and programmes at national, regional and local government levels can be coordinated.

South Africa has recognised a number of areas warranting legislative intervention if the ideal environment for informal sector is to be created.¹² Tanzania also needs:

- ◆ National Informal Sector Business Law-, which should give formal recognition to the government's involvement in informal sector business support.
- ◆ An Informal Sector Transaction and Procurement Law: to address access to markets for informal sector and small enterprises. It should lay down certain conditions and principles on such area as designated exclusive areas for informal sector;
- ◆ An Informal Sector Finance Law- could address a number of fundamental issues regarding the access to finance by the informal sector;

National Economic Empowerment Act, 2004¹³ establishes the National Economic Empowerment Council for the promotion and facilitation of ownership of income generating activities and assets by Tanzanians. But this law should be amended to specifically target the protection of informal sector which employs the majority of Tanzanians.

Though in many developing countries, the formal sector suffers from a patchwork of conflicting, confusing and bureaucratic rules and procedures that hinder economic development, informal sector suffers even more. Informal sector are locked out of recognized legal protections and economic benefits of the formal sector.

Any discussion of the private sector development in Tanzania must include an enabling legal and policy environment for informal sector.

Tanzania needs new legal protection specifically to provide legal protection to the informal sector. The proposed enabling legal environment for the informal should:

1. take into account that current legal environment and economic reforms are designed to benefit the formal sector rather than the informal. New laws should pay more attention to the needs of the informal sector in the economy;
2. note the high cost facing the informal sector to comply with formal laws and regulations. Potential informal entrepreneurs are discouraged from setting up their businesses, while driving some existing informal sectors out of business. Recent eviction of small scale traders from formal business areas of Dar es Salaam drove many informal businesses out of the economy;

¹¹ White Paper on National Strategy for the Development and Promotion of Small Business in South Africa, Paragraph 2.1.2.

¹² Paragraph 4.1: White Paper on National Strategy for the Development and Promotion of Small Business in South Africa.

¹³ Act No. 16 of 2004;

3. note that laws and regulations on collateral exclude most property of the informal sector, putting their businesses that own more of these assets into a disadvantage position vis-à-vis their formal sector counterparts;
4. ensure that the informal sector also enjoys better access to information about access to the market and credit.

5. Summary of Issues, Conclusions and the Way Forward

The baseline study has indicated that informal businesses are wide spread in Dar es Salaam. The extent of informality differs across major categories of business and within the categories as identified by the survey. The distribution of informal business activities in the three districts of the city does not show major differences with regard to concentration, gender involvement and the extent of informality.

5.1 Many business dealers in the informal sector do not register their businesses and business names. The distinction between personal names/attributes and the respective businesses is not there in practice.

5.2 To a large extent, informal businesses do not last long in the market; the entry-exit period is very short. And, as such, many informal businesses in Dar es Salaam are new.

5.3 Informal businesses rely heavily on unpaid labour that includes the owners of the business. Because much of the unpaid labour is not directly costed against the respective business, it is obviously difficult to recognize that a business entity is bankrupt.

5.4 The analysis has shown that the general rate of profits to turnover is 16.7%. Considering that many of those businesses do not pay tax, rely on unpaid labour services, and some operate in their own premises for which they do not pay rent; it is unlikely that many of those businesses would remain in business if they were to cost and pay for everything they enjoy. Many informal businesses are thus subsidized in their operations.

5.5 The survey shows that the main source of finance for business in the informal sector is own sources. Although commercial banks come second to own sources of finance, it is only 30% of the total capital that is obtainable from the banks. The rest of the sources (about 70%) are basically informal.

5.6 The proportion of informal businesses that apply for credit from commercial institutions is small. Those who manage to get credit constitute even a rather small proportion of those who apply for it. Thus, the Linkage between business finance in the informal sector and commercial credit is small.

5.7 The survey identified owners of informal businesses who also have properties that can be linked to the respective business. Generally, it is only 35% of informal business owners who have properties. The characteristics of those properties differ significantly, but in general, the proportion of properties that qualify as collateral against commercial credit is small. Most of

the properties are in unplanned and un-surveyed areas. Some of those properties operate in their own premises, including sharing one roof with their respective households.

5.8 Use of computer technology and books of accounts is rather small in the informal sector. This also applies to issuance of receipts. These are findings that are expressively informality in doing business.

5.9 The market of products of informal businesses is largely the sector itself. Trading with the formal sector is limited. The system also relies on arrangements cum connections with big dealers in the markets for price discounts and capital finance. Included in this arrangement is membership to associations that also appears to assist informal businesses in several ways as identified in the survey.

The results of the survey point to the need for increased formalization of informal businesses. This is likely to accelerate growth though of course the resulting competition will force a good number of businesses to close down.

The Way Forward

The way forward following from this report is to assess the attainment of the MKURABITA objectives, given the status of the informal sector as discussed in this report. To what extent can the current informal sector be formalized? What are the expected results and in which activities? What are the implied costs? Is there value for money? Isn't there any potential reversibility to informality once formalized? What will be the incentives to join the program from the business operators' point of view?

Really, further critical analysis on those issues is deemed crucial to guide implementation of the intended formalization program. This should carefully examine the results of the baseline study and assess the extent to which the envisaged formalization can be implemented, particularly the extent to which the informal sector will be responsive to the envisaged interventions in order to realize the anticipated benefits.

Appendix 1: Terms of Reference

Baseline Study of the Informal Sector

1. Background Information

- 1.1 The Informal Sector in Tanzania has been studied in several occasions for different specific purposes but often with an overarching objective of finding ways and means to improve its operations.

Amongst such previous studies is the Road Map Study of the informal sector in Tanzania (2000) whose objective was to identify the main regulatory constraints and analyze their coping mechanisms, the costs of coping and the impact this had on their formalization.

This study did among other things map out some groupings of actors in the informal sector.

The population census of 1988 and 2002 as well as the integrated Labour Force Survey of 2000/2001 provides information on the informal sector on household basis.

The 1995 survey of the informal sector in Dar es Salaam which was a follow up of the National Survey of the informal Sector done in 1991 provides information based on a household sample of 2,626 households out of a total of 325,447 households.

Segregation was also done on the basis of employment in specific industrial sector among other specific classifications.

- 1.2 The Property and Business Formalization Program is a government initiative seeking to establish an integrated system of Property Rights and business rules as a basis of transition of the urban, peri-urban and finally rural areas into a market economy where all Tanzanian will have equal opportunities in using their assets to access capital through credit or otherwise.

In other words the Program aims at systematically reducing the informal sector to an acceptable national limit to which the informal sector can be allowed to co-exist with the formal sector.

The Formalization Program is in its Reform design phase during which customary practices governing property and business ownership and operation will be improved and standardized on the one hand and the current laws and institutional set up governing property and business will be reviewed so as to remove current obstacles impacting negatively on the informal sector on the other hand.

The two systems will be harmonized and merged to produce the envisaged unified national legal framework. This legal framework is expected to be used to empower entrepreneurs in the informal sector to graduate to the formal sector.

The Program is thus principally targeted at property and business owners in the informal sector or better still in the extra legal sector.

- 1.3 The Informal studies of 1991 and 1995 for Dar es Salaam contain valuable information on the categories of actors in the informal sector and several other useful data on their characteristics.

However as the current thrust is on legal ownership of property and business it is important to build information on that score as well.

In the 1995 Dar es Salaam survey the age of an informal sector activity was also studied which is a good indicator of formalization.

In the proposed baseline study it will be necessary to document the factors that contribute to growth of specific category of enterprise or other undertakings.

2. Objective

The objective is to carry out a survey in Dar es Salaam and Zanzibar that will provide information on the informal sector as described below.

3. Scope of the Assignment

The Base line study of the Informal sector will be carried out in Dar es Salaam and Zanzibar so as to obtain the following information:

- 3.1 Number of informal real estate assets and land owners. (Houses and or land in the unplanned areas)
- 3.2 Number of informal business owners.
- 3.3 Location of the informal assets
- 3.4 Number of employees in an informal sector enterprise – (with gender specificity)
- 3.5 Needs assessment in order of importance
 - 3.5.1 Capital
 - 3.5.2 Working premises

- 3.5.3 Know how (technology etc)
- 3.5.4 Markets
- 3.5.5 Inputs including support and production services
- 3.5.6 Legal protection
- 3.5.7 Membership to group associations or other collaborative networks.
- 3.5.8 Access to credit from informal sources
- 3.5.9 Access to credit from formal financial institutions
- 3.5.10 Annual turnover and profits if books of accounts are maintained.
- 3.5.11 Number of entrepreneurs entering the market annually.
- 3.5.12 Number of entrepreneurs exiting from the market and reasons
- 3.5.13 Any other information relevant to the upgrading of members e.g. availability of skills upgrading facilities and programs.

4. Methodology

The Consultant will undertake literature review to obtain relevant information in particular information available in the study of the informal sector in Dar es Salaam (1995) as well as the 1991 study of the informal sector of Tanzania.

Other relevant studies including the integrated Labour Force Survey 2000/2001, Road map study of the Informal sector in Mainland Tanzania 2002, other studies on land use and real estate business, financing of the small and medium scale industries as well as policies on informal sector and small medium enterprises in both the mainland and Zanzibar.

The Consultant will use information obtained to develop an instrument for carrying out the study on the chosen representative samples of Dar es Salaam and Zanzibar where informal property and business are prevalent. Data collected from the chosen samples will be analyzed to produce information on the basis of defined or agreed scope/structure.

5. Output

The Consultant will produce separate Reports for Dar es Salaam and Zanzibar respectively.

6. Delivery Schedule

- 6.1 An Inception Report – One and half weeks after order.
- 6.2 1st Draft Report – 6 weeks after the approval of the Inception Report
- 6.3 Final – Report in 3 Hard copies and one electronic copy 3 weeks after receipt of comments on the 1st Draft.

Appendix 2: Identified Major Categories of Business

Major Categories of Business

General wholesale
General retail food stuffs
General retail electronic and domestic appliances
General retail others
Restaurants
Mamalishe/babalishe
Hotel and guest houses
Bars and pubs/grocery and refreshments
Hair salon/ barbershop
Garage and other repair shops
Stationeries/secretarial/communication services
Music and video stores
Cereal milling shops
Tailoring and dyeing
Carpentry
Wood carving
Spear parts dealer
Hardware and building materials
Butchery/ fish store
Electronic repair
Timber shop
Pharmaceuticals
Dispensary/ hospitals
Sands and cement blocks dealers
Entertainment services
Gardening and flowers
House brokers
Boutique
Footwear makers and repairs
Car and other transport hire services
Manufacturing of metal products
Manufacturing of other products
Poultry
Piggery
Other livestock
Mining and salt extraction activities
Manufacture of food products and drinks
Dealers in leather products
Sales of automotive fuel
Other retail sale in specialized stores
Other businesses
Clearing and forwarding
Money shops
Insurance services
Legal activities

Schools
Catering services and decorations
Music bands and cultural troupes
Taxi services
Wholesale dealers in food stuff from upcountry

Appendix 3: Structure of Ownership of Informal Business Entities by the Major Categories of Business

Major Categories of Business	Percentage Distribution			Total Number of Businesses in the Category
	Family	Individual	Joint	
General wholesale	14.7	85.3	0.0	34
General retail food stuffs	20.4	74.7	4.8	475
General retail electronic and domestic appliances	16.3	72.1	11.6	43
General retail others	17.8	76.7	5.5	673
Restaurants	18.0	72.0	10.0	50
Mamalishe/babalishe	13.9	75.6	10.6	180
Hotel and guest houses	21.2	75.8	3.0	33
Bars and pubs/grocery and refreshments	14.3	78.6	7.1	112
Hair salon/ barbershop	6.9	86.3	6.9	175
Garage and other repair shops	6.0	82.1	11.9	84
Stationeries/secretarial/communication services	11.1	80.6	8.3	72
Music and video stores	7.9	79.0	13.2	38
Cereal milling shops	19.4	74.2	6.5	31
Tailoring and dyeing	8.7	84.8	6.5	184
Carpentry	14.3	68.6	17.1	70
Wood carving	0.0	100.0	0.0	1
Spear parts dealer	20.8	64.2	15.1	53
Hardware and building materials	18.8	71.4	9.8	112
Butchery/ fish store	10.0	84.3	5.7	70
Electronic repair	2.8	75.0	22.2	36
Timber shop	12.5	75.0	12.5	8
Pharmaceuticals	10.9	84.1	5.1	138
Dispensary/ hospitals	10.3	58.6	31.0	29
Sands and cement blocks dealers	8.0	88.0	4.0	25
Entertainment services	0.0	74.2	25.8	31
Gardening and flowers	0.0	100.0	0.0	1
House brokers	0.0	71.4	28.6	7
Boutique	8.0	76.0	16.0	25
Footwear makers and repairs	0.0	100.0	0.0	5
Car and other transport hire services	0.0	66.7	33.3	3
Manufacturing of metal products	15.4	76.9	7.7	26
Manufacturing of other products	20.0	80.0	0.0	5
Poultry	33.3	53.3	13.3	15
Piggery	10.0	90.0	0.0	10
Other livestock	25.0	50.0	25.0	4
Mining and salt extraction activities	0.0	100.0	0.0	1

Manufacture of food products and drinks	0.0	100.0	0.0	1
Dealers in leather products	50.0	50.0	0.0	4
Sales of automotive fuel	3.7	92.6	3.7	27
Other retail sale in specialized stores	7.1	78.6	14.3	28
Other businesses	13.6	81.8	4.6	44
Clearing and forwarding	0.0	83.3	16.7	6
Money shops	0.0	0.0	100.0	1
Insurance services	0.0	85.7	14.3	7
Legal activities	6.3	75.0	18.8	16
Schools	8.3	66.7	25.0	24
Catering services and decorations	0.0	66.7	33.3	6
Music bands and cultural troupes	25.0	25.0	50.0	4
Taxi services	0.0	84.6	15.4	13
Wholesale dealers in food stuff from upcountry	0.0	100.0	0.0	2

Appendix 4: Reasons for exit from Business in the Informal Sector

	<i>Why did you exit from previous business?</i>								<i>Total</i>
	<i>did not have customers / profit</i>	<i>high competition</i>	<i>high / multiple taxes</i>	<i>corruption</i>	<i>went bankrupt</i>	<i>demolition of business premises</i>	<i>natural business growth</i>	<i>other</i>	
general wholesale	35.7	28.6	7.1	7.1			21.4		14
general retail food stuffs	20.0	10.0	2.2	1.1	12.2	10.0	22.2	22.2	90
general retail electronic and domestic appliances	40.0	20.0					40.0		5
general retail others	30.6	13.6	2.7	2.7	8.2	7.5	25.2	9.5	147
Restaurants	53.8	15.4	7.7				15.4	7.7	13
mamalishe/babalishe	28.6	19.0	4.8		11.9	14.3	7.1	14.3	42
hotel and guest houses	14.3	28.6					28.6	28.6	7
bars and pubs/grocery and refreshments	16.0	16.0	16.0		12.0	12.0	24.0	4.0	25
hair salon/ barbershop	11.5	19.2			19.2	19.2	15.4	15.4	26
garage and other repair shops	46.2	23.1			15.4		15.4		13
stationeries/secretarial/communication services	20.0	40.0				10.0	30.0		10
music and video stores	40.0	40.0				10.0	10.0		10
cereal milling shops	22.2	44.4				11.1	11.1	11.1	9
tailoring and dyeing	37.5	25.0	6.3			6.3	18.8	6.3	16
Carpentry	21.4	7.1	21.4		14.3	21.4		14.3	14
wood carving	100.0								1
spair parts dealer	14.3				28.6		57.1		7
hardware and building materials	37.5	16.7			8.3	4.2	25.0	8.3	24
butchery/ fish store	33.3	25.0	8.3		8.3	8.3	8.3	8.3	12
electronic repair	40.0	20.0		20.0		20.0			5
Pharmaceuticals	26.3	26.3	5.3		10.5	10.5	15.8	5.3	19
dispensary/ hospitals							66.7	33.3	3
sands and cement blocks dealers	20.0	20.0	20.0			20.0		20.0	5

	<i>Why did you exit from previous business?</i>								<i>Total</i>
	<i>did not have customers / profit</i>	<i>high competition</i>	<i>high / multiple taxes</i>	<i>corruption</i>	<i>went bankrupt</i>	<i>demolition of business premises</i>	<i>natural business growth</i>	<i>other</i>	
entertainment services	30.0	30.0	10.0			10.0	20.0		10
house brokers	100.0								1
Boutique	50.0	50.0							2
footwear makers and repairs		100.0							1
manufacturing of metal products		25.0				25.0	25.0	25.0	4
manufacturing of other products		100.0							1
Poultry	100.0								1
Piggery						100.0			1
other livestock	50.0							50.0	2
sales of automotive fuel	20.0	40.0					40.0		5
other retail sale in specialized stores						66.7		33.3	3
other businesses		38.5	7.7		15.4	15.4		23.1	13
clearing and forwarding		100.0							1
Schools		40.0				20.0	20.0	20.0	5
taxi services	100.0								1
	26.8	18.7	4.0	1.2	8.6	9.7	19.5	11.4	568

Appendix 5: Training Needs of Informal Business Activities by the Major Categories

<i>S/N</i>		<i>no response</i>	<i>entrepreneurship</i>	<i>capacity building</i>	<i>computer knowledge</i>	<i>business administration</i>	<i>business management</i>
1	General wholesale	19.4	3.2			3.2	32.3
2	General retail food stuffs	29.4	11.9	0.5	0.5	6.1	15.0
3	General retail electronic and domestic appliances	17.1	19.5			7.3	4.9
4	General retail others	25.3	11.3	0.3	0.8	10.0	13.0
5	Restaurants	17.0	12.8	2.1	2.1	8.5	4.3
6	Mamalishe/babalishe	19.5	13.4		1.8	3.0	7.9
7	Hotel and guest houses	23.3	23.3			6.7	13.3
8	Bars and pubs/grocery and refreshments	22.5	11.8			8.8	16.7
9	Hair salon/ barbershop	28.8	12.2	0.6		4.5	9.6
10	Garage and other repair shops	27.3	7.8	1.3	3.9	3.9	11.7
11	Stationeries/secretarial/communication services	27.5	10.1	1.4	8.7	7.2	10.1
12	Music and video stores	30.6	5.6		2.8	2.8	11.1
13	Cereal milling shops	50.0	3.8			3.8	7.7
14	Tailoring and dyeing	28.2	10.6	0.6	0.6	2.9	12.4
15	Carpentry	19.0	6.9	1.7		5.2	19.0
16	Spair parts dealer	14.3	8.2	4.1		6.1	16.3
17	Hardware and building materials	25.5	6.9		2.0	16.7	7.8
18	Butchery/ fish store	35.1	8.8	3.5		3.5	10.5

19	Electronic repair	12.5	12.5	3.1	6.3	3.1	3.1
20	Timber shop	28.6	14.3				14.3
21	Pharmaceuticals	32.3	6.3	2.4	2.4	3.1	4.7
22	Dispensary/ hospitals	48.1	11.1			3.7	3.7
23	Sands and cement blocks dealers	26.1	8.7			4.3	17.4
24	Entertainment services	40.7	25.9			3.7	14.8
25	Gardening and flowers	100.0					
26	House brokers	42.9				14.3	42.9
27	Boutique	4.5	31.8				
28	Footwear makers and repairs						
29	Car and other transport hire services	66.7					
30	Manufacturing of metal products	32.0	8.0			12.0	8.0
31	Manufacturing of other products	40.0				20.0	
32	Poultry			35.7			
33	Piggery	40.0		10.0			
34	Other livestock						
35	Mining and salt extraction activities						
36	Manufacture of food products and drinks		100.0				
37	Dealers in leather products	25.0	25.0				
38	Sales of automotive fuel	38.5	11.5			11.5	15.4
39	Other retail sale in specialized stores	16.0	12.0		4.0	12.0	16.0
40	Other businesses	22.0	19.5	4.9	9.8	7.3	7.3
41	Clearing and forwarding	40.0					
42	Money shops						
43	Insurance services			14.3			
44	Legal activities	23.1	7.7	23.1			15.4
45	Schools	19.0	14.3			4.8	14.3
46	Catering services and decorations						
47	Music bands and cultural troupes			25.0			
48	Taxi services	8.3				16.7	
49	Wholesale dealers in food stuff from upcountry					50.0	
50	Frequency	719	304	31	34	185	322

S/N		Tailoring and dyeing	Secretarial training	Electrical skills	Business skills	Hair design skills/saloon skills	Tailoring skills
1	General wholesale				22.6		
2	General retail food stuffs	0.2			15.2		
3	General retail electronic and Domestic appliances				17.1		
4	General retail others	0.2			16.4		0.2
5	Restaurants				14.9		
6	Mamalishe/babalishe			0.6	11.6		
7	Hotel and guest houses				13.3		

8	Bars and pubs/grocery and refreshments			21.6		
9	Hair salon/ barbershop	0.6		12.8	12.8	
10	Garage and other repair shops		1.3	14.3		
11	Stationeries/secretarial/communication services			21.7		
12	Music and video stores			19.4	2.8	2.8
13	Cereal milling shops			11.5		
14	Tailoring and dyeing	11.2		11.2	0.6	6.5
15	Carpentry					
16	Spare parts dealer			22.4		
17	Hardware and building materials		1.0	20.6		
18	Butchery/ fish store			14.0		
19	Electronic repair		6.3	15.6		
20	Timber shop					
21	Pharmaceuticals			10.2		
22	Dispensary/ hospitals					
23	Sands and cement blocks dealers			21.7		
24	Entertainment services			3.7		
25	Gardening and flowers					
26	House brokers					
27	Boutique			45.5		
28	Footwear makers and repairs			25.0		
29	Car and other transport hire services					
30	Manufacturing of metal products			12.0		
31	Manufacturing of other products					
32	Poultry					
33	Piggery					
34	Other livestock					
35	Mining and salt extraction activities			100.0		
36	Manufacture of food products and drinks					
37	Dealers in leather products					
38	Sales of automotive fuel			11.5		
39	Other retail sale in specialized stores		4.0	16.0		
40	Other businesses			4.9		
41	Clearing and forwarding			20.0		
42	Money shops					
43	Insurance services			42.9		
44	Legal activities			7.7		
45	Schools					
46	Catering services and decorations					
47	Music bands and cultural troupes			50.0		
48	Taxi services					
49	Wholesale dealers in food stuff from upcountry			50.0		

S/N		Medical/pharmacy/nurse/midwife training	Technical training / teaching training	Management skills	Book keeping	Sales on line knowledge	Marketing skills
1	General wholesale				16.1		
2	General retail food stuffs			0.7	3.7		5.8
3	General retail electronic and domestic appliances		2.4			2.4	4.9
4	General retail others			0.5	5.5		5.6
5	Restaurants				2.1		14.9
6	Mamalishe/babalishe			7.3	2.4		7.9
7	Hotel and guest houses				3.3		
8	Bars and pubs/grocery and refreshments				2.9		5.9
9	Hair salon/ barbershop	0.6			1.3		3.8
10	Garage and other repair shops		2.6				2.6
11	Stationeries/Secretarial/communication services						2.9
12	Music and video stores						2.8
13	Cereal milling shops				3.8		3.8
14	Tailoring and dyeing						7.1
15	Carpentry		1.7		1.7		8.6
16	Spair parts dealer				2.0	6.1	10.2
17	Hardware and building materials				2.9	1.0	9.8
18	Butchery/ fish store				7.0		8.8
19	Electronic repair				3.1		9.4
20	Timber shop						28.6
21	Pharmaceuticals	22.8		1.6	3.1	0.8	4.7
22	Dispensary/ hospitals	18.5		3.7			3.7
23	Sands and cement blocks dealers				8.7		8.7
24	Entertainment services						
25	Gardening and flowers						
26	House brokers						
27	Boutique						13.6
28	Footwear makers and repairs						
29	Car and other transport hire services						33.3
30	Manufacturing of metal products		4.0				
31	Manufacturing of other products						20.0
32	Poultry	7.1		7.1			
33	Piggery						10.0
34	Other livestock			25.0			50.0
35	Mining and salt extraction activities						
36	Manufacture of food products and drinks						
37	Dealers in leather products						25.0
38	Sales of automotive fuel						3.8
39	Other retail sale in specialized stores						12.0
40	Other businesses		2.4				4.9
41	Clearing and forwarding						

42	Money shops					100.0	
43	Insurance services					14.3	
44	Legal activities						
45	Schools		14.3	4.8			
46	Catering services and decorations						16.7
47	Music bands and cultural troupes						
48	Taxi services						25.0
49	Wholesale dealers in food stuff from upcountry						
50	Frequency	36	9	24	83	8	170

S/N	Type of Business	Accounting skills	Credit knowledge/skills	Business strategic skills	Mechanics	Media skills	Video shooting skills
1	General wholesale	3.2					
2	General retail food stuffs	4.0	4.2	1.2	0.5		
3	General retail electronic and domestic appliances	7.3	4.9				
4	General retail others	5.2	3.9	0.6			
5	Restaurants	2.1	2.1				
6	Mamalishe/babalishe	2.4	4.3	2.4			
7	Hotel and guest houses	6.7		3.3			
8	Bars and pubs/grocery and refreshments	4.9		1.0			
9	Hair salon/ barbershop	3.8	3.2				
10	Garage and other repair shops	2.6			10.4		
11	Stationeries/secretarial/communication services	2.9	4.3	1.4			
12	Music and video stores	5.6	2.8				8.3
13	Cereal milling shops	3.8	3.8		7.7		
14	Tailoring and dyeing	1.8	1.2	0.6			
15	Carpentry	1.7	5.2		1.7		
16	Spair parts dealer	2.0	2.0		4.1		
17	Hardware and building materials	2.9				1.0	
18	Butchery/ fish store	1.8	5.3				
19	Electronic repair		3.1	3.1			
20	Timber shop		14.3				
21	Pharmaceuticals	1.6	1.6	0.8		0.8	
22	Dispensary/ hospitals					3.7	
23	Sands and cement blocks dealers						
24	Entertainment services						3.7
25	Gardening and flowers						
26	House brokers						
27	Boutique			4.5			
28	Footwear makers and repairs		75.0				
29	Car and other transport hire services						
30	Manufacturing of metal products	4.0			8.0		
31	Manufacturing of other products						
32	Poultry	7.1		14.3			

33	Piggery						
34	Other livestock			25.0			
35	Mining and salt extraction activities						
36	Manufacture of food products and drinks						
37	Dealers in leather products		25.0				
38	Sales of automotive fuel		7.7				
39	Other retail sale in specialized stores	8.0					
40	Other businesses	4.9	9.8				
41	Clearing and forwarding	40.0					
42	Money shops						
43	Insurance services			28.6			
44	Legal activities			23.1			
45	Schools						
46	Catering services and decorations	33.3					
47	Music bands and cultural troupes						
48	Taxi services	16.7		8.3	16.7		
49	Wholesale dealers in food stuff from upcountry						
50	Frequency	101	85	29	19	3	4

<i>S/N</i>	<i>Type of Business</i>	<i>Dyeing skills</i>	<i>Cooking skills</i>	<i>Electronic skills</i>	<i>Carpentry skills</i>	<i>Photo journalism</i>	<i>Welding skills</i>
1	General wholesale						
2	General retail food stuffs	0.2					
3	General retail electronic and domestic appliances			4.9			
4	General retail others		0.2				
5	Restaurants		4.3	2.1			
6	Mamalishe/babalishe		9.1				
7	Hotel and guest houses						
8	Bars and pubs/grocery and refreshments						
9	Hair salon/ barbershop						
10	Garage and other repair shops						
11	Stationeries/secretarial/communication services						
12	Music and video stores					2.8	
13	Cereal milling shops						
14	Tailoring and dyeing	2.4				0.6	
15	Carpentry				15.5		
16	Spair parts dealer						
17	Hardware and building materials						2.0
18	Butchery/ fish store						
19	Electronic repair			9.4			
20	Timber shop						
21	Pharmaceuticals						
22	Dispensary/ hospitals						
23	Sands and cement blocks dealers						

24	Entertainment services						
25	Gardening and flowers						
26	House brokers						
27	Boutique						
28	Footwear makers and repairs						
29	Car and other transport hire services						
30	Manufacturing of metal products						
31	Manufacturing of other products						
32	Poultry						
33	Piggery						
34	Other livestock						
35	Mining and salt extraction activities						
36	Manufacture of food products and drinks						
37	Dealers in leather products						
38	Sales of automotive fuel						
39	Other retail sale in specialized stores						
40	Other businesses						
41	Clearing and forwarding						
42	Money shops						
43	Insurance services						
44	Legal activities						
45	Schools					4.8	
46	Catering services and decorations						16.7
47	Music bands and cultural troupes						
48	Taxi services						
49	Wholesale dealers in food stuff from upcountry						
50	Frequency	5	18	6	9	3	3

S/N	Type of Business	Micro financing	Catering skills	Vocational training	Business planning	Hair cutting training	Customer care
1	General wholesale						
2	General retail food stuffs			0.5			0.2
3	General retail electronic and domestic appliances		2.4	2.4	2.4		
4	General retail others	0.2		0.3	0.3		
5	Restaurants		8.5	2.1			
6	Mamalisha/babalisha		3.7	1.8			0.6
7	Hotel and guest houses		6.7				
8	Bars and pubs/grocery and refreshments	1.0					2.9
9	Hair salon/ barbershop			3.2		0.6	1.3
10	Garage and other repair shops			10.4			
11	Stationeries/secretarial/communication services			1.4			
12	Music and video stores						
13	Cereal milling shops						
14	Tailoring and dyeing			1.8			

15	Carpentry			12.1			
16	Spair parts dealer			2.0			
17	Hardware and building materials						
18	Butchery/ fish store						
19	Electronic repair			9.4			
20	Timber shop						
21	Pharmaceuticals						0.8
22	Dispensary/ hospitals						
23	Sands and cement blocks dealers			4.3			
24	Entertainment services			3.7	3.7		
25	Gardening and flowers						
26	House brokers						
27	Boutique						
28	Footwear makers and repairs						
29	Car and other transport hire services						
30	Manufacturing of metal products			12.0			
31	Manufacturing of other products			20.0			
32	Poultry						
33	Piggery						
34	Other livestock						
35	Mining and salt extraction activities						
36	Manufacture of food products and drinks						
37	Dealers in leather products						
38	Sales of automotive fuel						
39	Other retail sale in specialized stores						
40	Other businesses			2.4			
41	Clearing and forwarding						
42	Money shops						
43	Insurance services						
44	Legal activities						
45	Schools			19.0	4.8		
46	Catering services and decorations		16.7	16.7			
47	Music bands and cultural troupes						
48	Taxi services		8.3				
49	Wholesale dealers in food stuff from upcountry						
50	Frequency	2	15	49	5	1	8

S/N	Type of Business	Vetenary training	Communication skills	Frequency
1	General wholesale			31
2	General retail food stuffs		0.2	428
3	General retail electronic and domestic appliances			41
4	General retail others	0.2	0.2	621
5	Restaurants			47
6	Mamalishe/babalishe			164
7	Hotel and guest houses			30
8	Bars and pubs/grocery and refreshments			102

9	Hair salon/ barbershop			156
10	Garage and other repair shops			77
11	Stationeries/secretarial/communication services			69
12	Music and video stores			36
13	Cereal milling shops			26
14	Tailoring and dyeing			170
15	Carpentry			58
16	Spair parts dealer			49
17	Hardware and building materials			102
18	Butchery/ fish store	1.8		57
19	Electronic repair			32
20	Timber shop			7
21	Pharmaceuticals			127
22	Dispensary/ hospitals		3.7	27
23	Sands and cement blocks dealers			23
24	Entertainment services			27
25	Gardening and flowers			1
26	House brokers			7
27	Boutique			22
28	Footwear makers and repairs			4
29	Car and other transport hire services			3
30	Manufacturing of metal products			25
31	Manufacturing of other products			5
32	Poultry	28.6		14
33	Piggery	40.0		10
34	Other livestock			4
35	Mining and salt extraction activities			1
36	Manufacture of food products and drinks			1
37	Dealers in leather products			4
38	Sales of automotive fuel			26
39	Other retail sale in specialized stores			25
40	Other businesses			41
41	Clearing and forwarding			5
42	Money shops			1
43	Insurance services			7
44	Legal activities			13
45	Schools			21
46	Catering services and decorations			6
47	Music bands and cultural troupes		25.0	4
48	Taxi services			12
49	Wholesale dealers in food stuff from upcountry			2
50	Frequency	10	4	2771