



INFORMAL SECTOR SURVEY, 2019

KEY FINDINGS

DAR ES SALAAM - REGION





The United Republic of Tanzania

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DAR ES SALAAM REGION



National Bureau of Statistics
Ministry of Finance and Planning, Dodoma

November, 2019

Foreword

This report presents the results of the 2019 Informal Sector Survey (ISS) conducted in Dar es Salaam Region from August to September 2019. The survey was conducted by the National Bureau of Statistics (NBS) in collaboration with the Ministry of Finance and Planning and Prime Minister's Office-Labour, Youth, Employment and Person with Disability. The 2019 Informal Sector Survey is the third survey in series conducted in Tanzania Mainland since 1991 when the first post-independence survey was launched.

The main Objective of the 2019 Informal Sector Survey (ISS) was to obtain comprehensive data on informal sector output resulted from productive agricultural and non-agricultural activities and corresponding intermediate inputs used in the production process. The results have been used to update the size of informal sector, its contribution to the Dar es Salaam Gross Domestic Product and identification of economic activities with high employment in Dar es Salaam Region which is crucial for social- economic policy design and review. Findings of this report will also be used for monitoring the implementation of national, regional and global commitments such as Tanzania Development Vision 2025, National Second Five Development Plan II 2016/17 – 2020/21, East Africa Community Vision 2050, Africa Development Agenda 2063 and the Global Agenda 2030 on Sustainable Development Goals. This report presents a summary of key indicators observed in the 2019 ISS.

The success of this survey depended on cooperation and contribution of several groups of stakeholders and individuals during various stages of implementation. In this regard, I wish to extend my sincere gratitude to the Government of the United Republic of Tanzania particularly, the Ministry of Finance and Planning for providing financial support in this survey and the Prime Minister's Office-Labour, Youth, Employment and Person with Disability for substantial technical contribution in this survey. I would like to extend gratitude to respondents, particularly Operators of informal businesses who supplied the requested information. NBS looks forward to their continuing cooperation and support in future surveys.

Special thanks should go to the 2019 ISS Technical Committee team for their close supervision in all stages of execution of this survey. Appreciations are particularly extended to Ms Ruth D. Minja, Acting Director for Population Census and Social Statistics for managing properly this survey with joint technical support from Mr Gregory Millinga, Acting Manager for Labour and Price Statistics; Mr. James Mbongo, Principal Statistician; Mr. Seif Kuchengo, Principal Statistician; Mr. Novati Buberwa, Principal Statistician and Programmer; Mr. Paskas Sawaki, Senior Statistician; Mr. Opiyo Mamu, Senior Statistician; Mr. Hashim Njowe, Senior Statistician; Mr. Omari Mdoka, Senior Statistician; Mr. Saruni Njipay, Statistician; Mr. Philbert Mrema, Statistician; Mr. David Mwaipopo, Statistician and Bakar Omary, Programmer for their dedication and commitment which led to successful completion of the survey and come up with this report.

It is my hope that, this Key Indicators Report will provide useful information to policy makers and other stakeholders until the main report is made available.



Dr. Albina Chuwa
STATISTICIAN GENERAL
November, 2019

Introduction

This report presents the key indicators of the Informal Sector Survey (ISS) for Dar es Salaam region in the year 2019. The key indicators of the informal sector are useful for formulating policies that aim at promoting and improving informal sector environment in Tanzania Mainland.

Characteristics of Informal Sector Activities

The 2019 ISS reveals that, there are 1,023,520 informal sector operators in Dar es Salaam region engaged in at least one informal business. The industry of Whole sale and retail trade; repair of motor vehicles and motorcycles has the highest proportion (47.6 percent) of the total informal sector operators. Administrative and support services activities account for the smallest proportions of informal sector operators (0.1 percent).

Overall about 767,904 households, equivalent to 58.0 percent of households surveyed operate at least one informal sector activity. Kigamboni Municipal Council has the largest proportion of such households with 61.5 percent and the smallest proportion of households are in Ubungo Municipal Council (53.7 percent).

On the business premises, the result shows a significant difference in proportions of businesses conducted in permanent and non-permanent locations. It is revealed that, out of 1,023,520 informal sector activities conducted in Dar es Salaam, the highest proportion (76.6 percent) are conducted in non-permanent premises, while 40.1 percent are conducted in permanent premises.

The main overriding reasons for male and female operator's engagement in the informal sector activities are the inability to find other work (55.2 percent) and the need for families to get additional income by 54.3 percent.

On the capital investment, it is depicted that the current capital investment in the informal sector in Dar es Salaam amounts to TZS 901.5 Billion. The results further show that, industries with the largest current capital investment are: - Whole sale and retail trade, repair of motor vehicles and motorcycles (TZS 346.6 Billion), Agriculture, forestry and fishing (TZS 188.7 Billion) and Accommodation and food services activities (TZS 81.1 Billion).

The average current capital investment per informal sector operator in Dar es Salaam is TZS 880,830 with an average current capital per male operator recording almost twice (TZS 1,321,688) that of female operator (TZS 553,293).

The results indicate that out of the total operators with at least one informal sector business, 41.9 percent are youth aged 15 to 35 years.

In considerations to Informal Sector Activities and Future Plans, the result indicates that a small proportion of informal sector operators (4.1 percent) have indicated to have plans to engage more manpower in the next twelve months, with expectation to employ 114,868 persons.

Total Employment in the Informal Sector

The findings indicate that, 1,267,082 persons (aged 5 years or older) are employed in informal sector in Dar es Salaam Region. It is indicated that Ilala municipality has the largest proportion of employment (32.7 percent) and Kigamboni municipality has the lowest proportion of employment in the informal sector (5.2 Percent).

Results further reveal that employment in informal sector in Dar es Salaam region for persons aged 15 years or older has decreased from 1,208,250 in 2014 to 1,125,064 in 2019. This is equivalent to 61.5 percent and 41.5 percent of total employment in Dar es Salaam respectively. This could be attributed to expansion of employment in the formal sector.

Employment by industrial groups indicate that the industry of wholesale and retail trade, repair of motor vehicles and motorcycles has the largest proportion of total employment in informal sector with 44.8 percent. The findings further indicate that about half of persons engaged in informal sector in Dar es Salaam region (44.8 percent) are elementary occupation workers.

Total Output Productivity and Capital Formation

The total annual value added in goods and services produced in informal sector in Dar es Salaam is TZS 6.2 Trillion. The largest proportion of value added are in Wholesale and retail trade, repair of motor vehicles and motorcycles (48.1 percent) followed by Agriculture, forestry and fishing with 9.9 percent.

Informal Sector Contribution to Dar es Salaam GDP; result reveals that the current informal sector GDP in Dar es Salaam stands at TZS 6.2 Trillion with a contribution of 22.5 percent to total DSM GDP as opposed to the estimated contribution of 15.4 percent.

The results indicate that overall, annual gross output per person across all industries in the informal sector for Dar es Salaam region is estimated at TZS 11.4 million.

Informal Sector Linkages with Other Sectors

The findings show that almost all goods produced in the informal sector activities are traded to households or individuals, where 98.6 percent are sold without transformation. Goods traded to other destination account for less than one percent each.

It is further revealed that household or individual is the dominant domestic market competitor in informal sector activities accounting for 95.0 percent. Public or para-public sector and big enterprises are least competitors to the informal sector activities with less than one percent each.

The result shows that about 10,216 operators cooperated with or received services from institutions whereby 43.8 percent received such services or cooperation from private sector.

Informal Sector Challenges and Assistance Received

The findings indicate that, about eight in ten (82.6 percent) of informal sector activities cited lack of or inadequate capital as the most pertinent challenge to their operations. It is shown that, majority of operators in informal sector needed assistance on access to loan as their first priority (61.9 percent). Access to information on the market ranked second needed assistance stated by 46.4 percent of operators.

Furthermore, 41,420 operators of informal sector activities in Dar es Salaam received business loans, with more females (30,922) than males (10,498).

Summary of Key Findings			
Region and Municipal Council	Total Household	Household with Informal Sector	Proportional of Household with Informal Sector (%)
Dar es Salaam Region	1,322,995	767,904	58.0
Kinondoni MC	269,806	152,354	56.5
Ilala MC	371,472	226,091	60.9
Temeke MC	350,590	207,018	59.0
Ubungo MC	270,871	145,402	53.7
Kigamboni MC	60,255	37,039	61.5
Informal Sector Operators for Selected Industries (%)	Both Sexes	Male	Female
Agriculture, forestry and fishing	9.1	9.9	8.6
Manufacturing	7.2	8.7	6.1
Construction	4.2	9.5	0.3
Whole sale and retail trade repair of motor vehicles and motorcycles	47.6	41.8	51.8
Accommodation and food services activities	12.9	4.3	19.3

Summary of Key Findings			
Number of Operators	1,023,520	436,286	587,234
Reasons for Engaging in Informal Sector	Both Sexes	Male	Female
Can't find other work	55.2	55.4	55.1
Family needs additional income	54.3	48.9	58.4
Business/activity provides good income opportunities	16.2	18.8	14.2
Business/activity does not require much capital	20.2	18.3	21.7
Wants to be independent from his/her own master	14.6	17.0	12.8
Number of Businesses	1,064,998	463,046	601,952
Informal Sector Activities without Permanent Premises	Both Sexes	Male	Female
Percent	76.6	75.2	77.6
Informal Sector Activities with Permanent Premises	Both Sexes	Male	Female
Percent	40.1	41.9	38.7
Current Capital Investment in the Informal Sector	Both Sexes	Male	Female
(TZS Billion)	901.5	576.6	324.9
Average Current Capital Investment per Informal Sector Operator	Both Sexes	Male	Female
(TZS)	880,830	1,321,688	553,293
Persons Employed in Informal Sector	Both Sexes	Male	Female
Total Employment	1,267,082	578,239	688,843
Operators	1,029,736	446,503	583,233
Employees	237,346	131,736	105,610
Contribution of Informal Sector Employment in Dar es Salaam	Both Sexes	Male	Female
2014	61.5	39.0	67.8
2019	47.2	37.7	58.8
Employment by Age Group of Operators	Both Sexes	Male	Female
Less than 15	0.03	0.1	0.0
15 - 35	41.9	41.1	42.5
36 - 59	53.3	52.8	53.6
60+	4.8	6.1	3.9
Informal Sector Production (TZS Billion)	Annual Gross Output	Annual Intermediate Consumption	Annual Value Added
Dar es Salaam	14,404.7	8,216.4	6,188.3
Kinondoni MC	2,372.6	1,289.0	1,083.6
Ilala MC	4,967.4	2,651.5	2,315.9
Temeke MC	4,239.6	2,642.2	1,597.4
Ubungo MC	2,096.6	1,346.1	750.4
Kigamboni MC	728.6	287.6	440.9
Contribution of Informal Sector Activities to GDP (Percent)			

Summary of Key Findings	
1995	41.2
2019	22.5
Assistance Needed by Informal Sector Operators	
Access to loans	61.9
Access to information on the market	46.4
Access to large business orders	45.6

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Abbreviation

DSM	Dar es Salaam
GDP	Gross Domestic Product
ICLS	International Conference of Labour Statistician
ILO	International Labour Organization
ILFS	Integrated Labour Force Survey
ISS	Informal Sector Survey
MC	Municipal Council
NBS	National Bureau of Statistics
SNA	System of National Accounts
TZS	Tanzania Shilling

Concepts and Definition

Informal Sector: The definition of Informal Sector as adopted from the 15th International Conference of Labour Statisticians (ICLS) of 1993 includes enterprises owned by individuals or households that are not constituted as separate legal entities independent of their owners and have no complete set of accounts and produce some of their goods for sale and their employment size is below five (5) employees. On the other hand, in order to suit requirements for National Accounts statistics, the ILO definition was customized to use legal registration as the only criteria for informal sector identification.

Gross Output: Gross output represents the total value of sales by producing enterprises (turnover) in an accounting period before subtracting the value of intermediate goods used up in production.

Intermediate Consumption: Intermediate consumption consists of the value of the goods and services consumed as inputs by a process of production, excluding fixed assets whose consumption is recorded as consumption of fixed capital; the goods or services may be either transformed or used up by the production process.

Value Added: Is the difference between gross output and intermediate consumption.

Capital Investment: The term capital investment refers to money used by a business to purchase fixed assets, such as land, machinery and buildings or is the money invested in a business with intension to purchase fixed assets and not for business's day-to-day operating expenses. Capital investments generally are meant to increase operational capacity, capture a larger share of the market and generate more revenue. The current capital investment is the actual value of fixed assets during the accounting period after taking into account the value of assets in the beginning of the period, acquisitions and depreciations.

Para-public: Refers to all establishments where the ownership is both public and private.

Big private enterprise: Business or industry that is managed by independent companies or private individuals rather than being controlled by the state, with 10 or more employees.

Small and medium private enterprise: Business or industry that is managed by independent companies or private individuals rather than being controlled by the state, with less than 10 employees.

Household: One (or more) people who live in the same dwelling and share meals.

Direct exportation: Exporting goods/ service directly to buyers outside the country.

Own final use: Consists of goods or services that are retained for their own final use by the owners of the enterprises in which they are produced.

CHAPTER ONE

Characteristics of Informal Sector Activities

1.0 Introduction

The informal sector contributes significantly to Tanzania's economy, particularly in terms of employment by providing economic opportunities to those displaced from or who cannot be absorbed by the formal sector. Specifically, the sector provides critical economic opportunities for Tanzanians as it allows people with small capital to engage in economic activities to make a living. Therefore, the informal sector provides jobs and reduces unemployment and ultimately reducing poverty. Given the significance of informal sector in the economy, there is a need of continual support from the Government and other stakeholders to enable informal sector businesses to graduate into formal sector. This will improve decent work conditions, enhance rapid economic growth and alleviate poverty in the country.

1.1 Definition of Informal Sector in Tanzania Context

The definition of Informal Sector as adopted from the 15th International Conference of Labour Statisticians (ICLS) of 1993 includes enterprises owned by individuals or households that are not constituted as separate legal entities independent of their owners and have no complete set of accounts and produce some of their goods for sale and their employment size is below five (5) employees. On the other hand, in order to suit requirements for National Accounts statistics, the ILO definition was customized to use legal registration as the only criteria for informal sector identification.

1.2 Distribution of Informal Sector Operators

Informal Sector Survey (ISS) acquired information on persons who own informal sector activities, referred to as operators and employees furnishing labour into these activities. This section provides distribution of informal sector operators engaged in at least one informal business in Dar es Salaam by industry, location and sex of operator.

Table 1.1: Percentage Distribution of Informal Sector Operators Engaged in at least one Informal business by Industry and Sex, Dar es Salaam 2019

Industry	Male	Female	Both Sexes
Agriculture forestry and fishing	9.9	8.6	9.1
Mining and quarrying	1.8	0.7	1.2
Manufacturing	8.7	6.1	7.2
Electricity, gas, steam and air conditioning supply	0.9	0.1	0.4
Water supply sewage waste management and remediation activities	0.9	0.1	0.5
Construction	9.5	0.3	4.2
Whole sale and retail trade repair of motor vehicles and motorcycles	41.8	51.8	47.6
Transport and storage	6.7	0.1	2.9
Accommodation and food services activities	4.3	19.3	12.9
Information and communication	0.5	0.5	0.5
Financial and insurance activities	0.6	0.2	0.4
Professional scientific and technical activities	1.6	0.6	1.0
Administrative and support services activities	0.3	0.0	0.1
Education	0.7	0.5	0.6
Human health and social work activities	0.2	0.6	0.4
Arts entertainment and recreation	1.2	0.7	0.9
Other services activities	10.4	9.8	10.1
Total Percentage	100.0	100.0	100.0
Number	436,286	587,234	1,023,520

Table 1.1 shows that, there are 1,023,520 informal sector operators in Dar es Salaam region engaged in at least one informal business with more females 587,234 than males 436,286. Additionally, the industry of Whole sale and retail trade; repair of motor vehicles and motorcycles has the highest proportion 47.6 percent of the total informal sector operators. The second and third industries with the highest proportions of the informal sector operators are: Accommodation and food services activities with 12.9 percent; and Other services activities with 10.1 percent. It is also observed that Agriculture, forestry and fishing industry account for 9.1 percent of operators in Dar es Salaam with slightly larger proportion for males 9.9 percent than females 8.6 percent. Industries of Electricity gas steam and air conditioning supply; Financial and insurance activities; and Human health and social work activities account for the smallest proportions of informal sector operators, with 0.4 percent for each industry.

It is further observed that, proportions for male and female operators are more or less the same across all industries. However, the largest male-female gap is observed in industries of Construction and Transport and storage with 9.6 and 6.6 percentage points differences, respectively.

Table 1. 2: Distribution of Households in the Informal Sector by Council: Dar es Salaam 2019

Council	Total Household from listing exercise	Household with Informal Sector	Proportional of Household with Informal Sector
Kinondoni MC	269,806	152,354	56.5
Ilala MC	371,472	226,091	60.9
Temeke MC	350,590	207,018	59.0
Ubungu MC	270,871	145,402	53.7
Kigamboni MC	60,255	37,039	61.5
Total	1,322,995	767,904	58.0

Map 1.1: Distribution of Households in the Informal Sector by Council: Dar es Salaam 2019

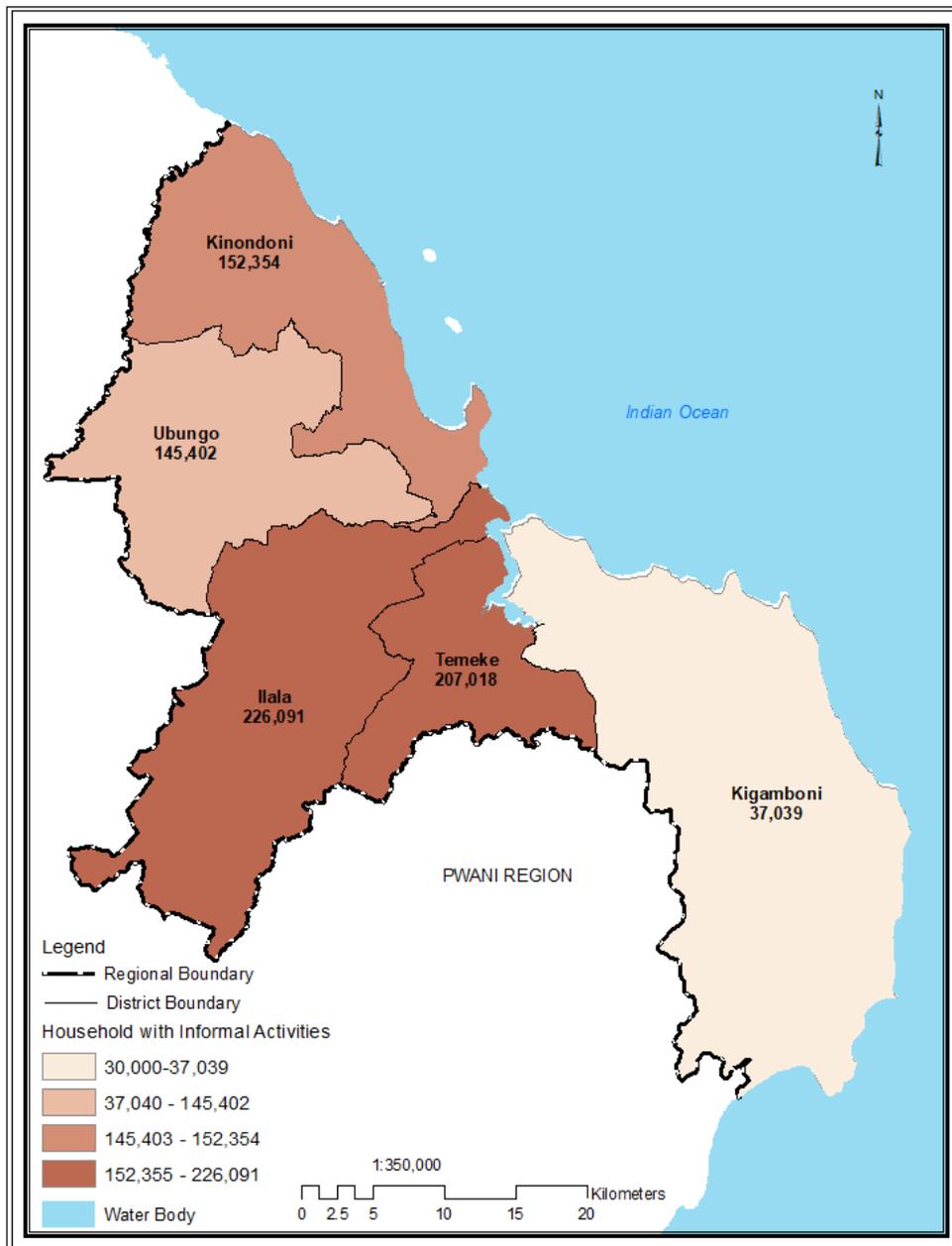


Table 1.2 and Map 1 indicate that, overall about 767,904 households, equivalent to 58.0 percent of households surveyed operate at least one informal sector activity. Kigamboni Municipal Council has the largest proportion of such households with 61.5 percent, followed by Ilala Municipal Council (60.9 percent) and Temeke Municipal Council (59.0 percent). On the other hand, Ubungo Municipal Council has the smallest proportion of households which operate informal sector activities, with 53.7 percent.

1.3 Business Premises

One of the objectives of ISS in Dar es Salaam is to find out the characteristics of informal sector operators. Analysis in this section provides policy makers with information concerning locations of businesses which is vital for formulation of programs to improve working environment for informal sector activities.

Table 1.3: Informal Sector Activities by Type of Business Premises and Sex of Operator, Dar es Salaam, 2019

Location	Male	Female	Both Sexes
Without Permanent Premises			
Hawking/mobile	28.7	27.9	28.3
Improvised post on the road	2.5	1.4	1.9
Permanent post on the road	2.5	1.4	1.9
Vehicle (motor bike Tricycle Bicycle)	4.2	0.4	2.1
Customer's home	14.1	9.2	11.3
In my own/partner's home without special installation	7.3	22.4	16.0
In my own/partner's home with special installation	4.1	6.0	5.2
Improvised post in a market	2.8	1.3	1.9
Garbage area	0.0	0.1	0.1
Construction sites	1.6	0.6	1.0
Other	7.4	6.7	7.0
Total	75.2	77.6	76.6
With Permanent Premises			
Permanent premises in a market (shop kiosk shed)	17.9	16.1	16.9
Workshop shop restaurant hotel	5.7	7.0	6.5
Taxi station in permanent structure/ Public transport with fixed route	3.7	1.1	2.2
Vehicle (motor bike Tricycle Bicycle)	1.3	0.2	0.7
Mining site	0.2	0.1	0.1
Farm/fishing or grazing area	3.3	1.7	2.4
Industrial area	0.5	0.1	0.2
Other	9.3	12.4	11.1
Total	41.9	38.7	40.1

Percentage exceeds 100 due to multiple responses

Map 1.2: Location of Business in the Informal Sector by Council: Dar es Salaam 2019

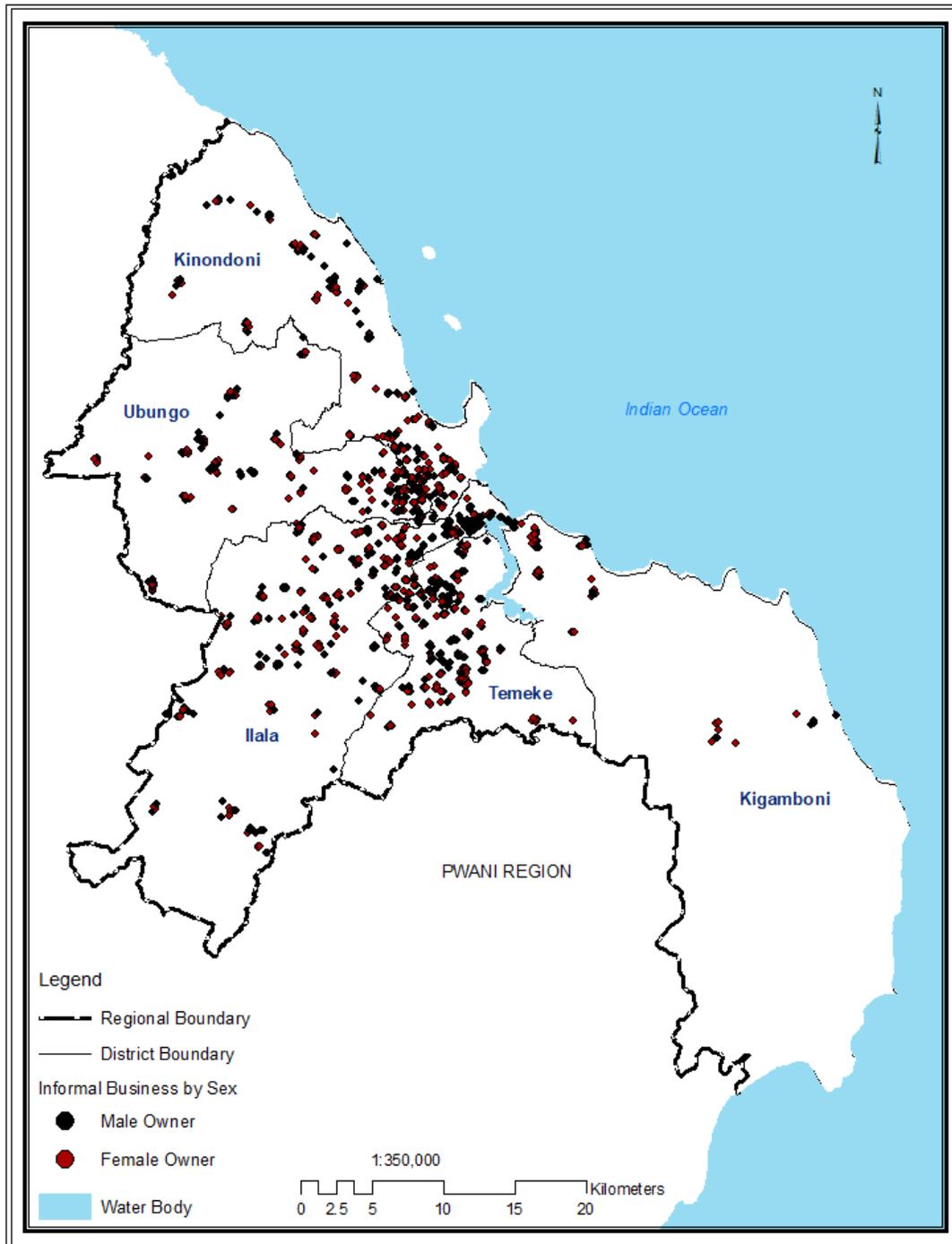


Table 1.3 shows a significant difference in proportions of businesses conducted in permanent and non-permanent locations. It is revealed that, out of 1,023,520 informal sector activities taking place in Dar es Salaam, the highest proportion (76.6 percent) are conducted in non-permanent premises, while 40.1 percent are conducted in permanent premises. Results also show that slightly more females (77.6 percent) operate informal sector businesses in non-

permanent premises compared to males (75.2 percent). On the other hand, less than half informal sector operators conducts their businesses in permanent premises with slightly more males (41.9 percent) than females (38.7 percent).

In addition, the largest share of operators conducting their informal businesses in non-permanent premises are hawker accounting for 28.3 percent with slightly higher proportion of male operators (28.7 percent) compared to females (27.9 percent). It is followed by activities operated in owner's or partner's home without special installation with the largest proportion among female operators (22.4 percent) than male operators (7.3 percent).

Furthermore, the largest proportion of informal sector businesses in permanent premises are conducted in a market or shop kiosk shed accounting for 16.9 percent with slightly larger proportion of male operators (17.9 percent) than female operators (16.1 percent). The informal sector activities conducted in workshop, shop, restaurant and hotels ranked second with 6.5 percent (7.0 percent for female operators and 5.7 percent for male operators). In general, the smallest proportion (0.1 percent) of operators in permanent and non-permanent premises conducts businesses in mining sites and garbage areas respectively.

1.4 Reasons for Engaging in Informal Sector

Reason of engaging in Informal sector provides a direct point of policy intervention aimed at averting the situation. This section analyzes multiple reasons stated by informal sector business owners for engagement in informal sector activities.

Table 1.4: Informal Sector Activities by Reasons for Engaging in Informal Sector and Sex of Operators: Dar es Salaam 2019

Reasons for Engaging	Male	Female	Both Sexes
Can't find other work	55.4	55.1	55.2
Released from other employment or reduction of working time	6.4	3.1	4.6
Retirement from other employment	4.3	2.8	3.4
Family needs additional income	48.9	58.4	54.3
Business/activity provides good income opportunities	18.8	14.2	16.2
Business/activity does not require much capital	18.3	21.7	20.2
Can keep production cost low	2.5	2.2	2.4
Wants to be independent from his/her own master	17.0	12.8	14.6
Can choose his/her own hours and place of work	11.8	12.5	12.2
Can combine business/activities with household or family responsibilities	16.0	25.8	21.5
Bureaucracy in formalizing business/activity	0.5	0.5	0.5
Traditional line of business/activities of respondent or family/tribe	2.3	1.4	1.8
Other	7.4	6.9	7.1
Total Operators	463,046	601,952	1,064,998

Percentage exceeds 100 due to multiple responses

Table 1.4 shows that the main overriding reasons for male and female operator’s engagement in the informal sector activities are the inability to find other work (55.2 percent), the need for families to get additional income (54.3 percent) and that they can combine business or activities with household or family responsibilities (21.5 percent). Moreover, 20.2 percent of the business operator stated that a business does not require much capital as the main reason for engaging in this sector.

In addition, 58.4 percent of females consider the need for families to get additional income as an important reason to be involved in the informal sector activities than males (48.9 percent). In contrast, a larger proportion of male operators (18.8 percent) are motivated by businesses that provide good income and opportunities than females (14.2 percent). Bureaucracy in formalizing business or activity reflected the least share among the reasons given by both male and female operators (0.5 percent) in engagement in the informal sector activities.

1.5 Capital Investment

The term capital investment refers to money used by a business to purchase fixed assets, such as land, machinery and buildings or is the money invested in a business with intension to purchase fixed assets and not for business's day-to-day operating expenses. Capital investments generally are meant to increase operational capacity, capture a larger share of the market and generate more revenue. The current capital investment is the actual value of fixed assets during the accounting period after taking into account the value of assets in the beginning of the period, acquisitions and depreciations.

This section presents the current capital investment (in TZS) of informal sector operators in Dar es Salaam by industry and sex. The results further analyses the average current capital investment per informal sector operator across industries and sex of operator.

Table 1. 5: Current Capital Investment in the Informal Sector by Industry and Sex of operator: Dar es Salaam 2019

Industry	Current Capital (Billion TZS)		
	Male	Female	Both Sexes
Agriculture forestry and fishing	78.1	110.6	188.7
Mining and quarrying	6.5	0.9	7.4
Manufacturing	32.5	16.6	49.1
Electricity gas steam and air conditioning supply	5.3	0.4	5.7
Water supply sewage waste management and remediation activities	2.7	1.1	3.8
Construction	16.1	0.3	16.4
Whole sale and retail trade repair of motor vehicles and motorcycles	243.6	103.1	346.6

Industry	Current Capital (Billion TZS)		
	Male	Female	Both Sexes
Transportation and storage	58.5	0.0	58.6
Accommodation and food services activities	30.9	50.2	81.1
Information and communication	1.3	0.7	2.0
Financial and insurance activities	2.6	1.3	3.9
Professional scientific and technical activities	4.7	2.4	7.2
Administrative and support services activities	1.1	-	1.1
Education	23.8	1.3	25.2
Human health and social work activities	6.0	9.5	15.6
Arts entertainment and recreation	17.6	3.1	20.7
Other services activities	45.3	23.4	68.7
Total	576.6	324.9	901.5

Table 1.5 shows that the current capital investment in the informal sector in Dar es Salaam amounts to TZS 901.5 Billion. The results further show that, industries with the largest current capital investment are: - Whole sale and retail trade, repair of motor vehicles and motorcycles (TZS 346.6 Billion) followed by Agriculture, forestry and fishing (TZS 188.7 Billion) and Accommodation and food services activities (TZS 81.1 Billion).

In addition, despite higher proportion in the informal sector (57.4 percent), the female operator's current capital investment (TZS 324.9 Billion) is less than that of male operators (TZS 576.6 Billion).

Across industries, male operators have the highest current capital investment (TZS 243.6 Billion) in Whole sale and retail trade, repair of motor vehicles and motorcycles, while female operators have the highest current capital investment (TZS 110.6 Billion) in Agriculture, forestry and fishing.

Table 1. 6: Average Current Capital Investment per Informal Sector Operator by Industry and Sex; Dar es Salaam 2019

Industry	Average Current Capital Investment Per Operator. (TZS)		
	Male	Female	Total Average
Agriculture forestry and fishing	1,803,070	2,199,948	2,016,240
Mining and quarrying	825,520	230,744	623,847
Manufacturing	860,075	462,214	666,079
Electricity gas steam and air conditioning supply	1,366,818	680,302	1,283,557
Water supply sewage waste management and remediation activities	677,177	1,347,907	790,985
Construction	386,181	212,397	379,782
Whole sale and retail trade repair of motor vehicles and motorcycles	1,334,831	338,215	711,590
Transportation and storage	2,006,842	90,077	1,981,739

Industry	Average Current Capital Investment Per Operator. (TZS)		
	Male	Female	Total Average
Accommodation and food services activities	1,637,460	443,133	613,608
Information and communication	566,317	245,948	389,257
Financial and insurance activities	1,066,360	1,032,441	1,054,690
Professional scientific and technical activities	698,216	710,786	702,487
Administrative and support services activities	716,294	0	716,294
Education	8,382,469	473,904	4,445,637
Human health and social work activities	6,743,614	2,616,478	3,426,605
Arts entertainment and recreation	3,427,041	750,852	2,238,910
Other services activities	995,655	404,585	665,021
Average current capital per operator	1,321,688	553,293	880,830

Table 1.6 shows that average current capital investment per informal sector operator in Dar es Salaam is TZS 880,830. This is inline with reasons provided by operators that informal sector businesses requires small capital. Average current capital per male operator is almost twice (TZS 1,321,688) that of female operator (TZS 553,293). The findings also shows that the highest average current capital investment per operator is in Education (TZS 4,445,637); Human health and social work activities (TZS 3,426,605); and Arts, entertainment and recreation (TZS 2,238,910).

1.6 Informal Sector Operators by Age Group and Education Level

This section describes characteristics of informal sector operators by age group and education level. Information on age group is crucial in evaluating participation of persons in various age groups in production of goods and services, particularly involvement of youth (15-35 years) which constitutes a large proportion of the labour force in the country.

Table 1. 7: Number and Percentage of Informal Sector Operators by Age Group, Education level and Sex: Dar es Salaam, 2019

Age Group/Level of Education	Male	Female	Both Sexes
Less than 15	0.1	0.0	0.03
15 - 24	9.2	11.3	10.4
15 - 35	41.1	42.5	41.9
25 - 35	32.0	31.2	31.5
36 - 44	24.7	29.4	27.4
45 - 59	28.1	24.2	25.9
60+	6.1	3.9	4.8
Never Attended	2.5	4.8	3.8
Vocational training	4.1	2.7	3.3
Primary Education	66.3	67.4	66.9
Secondary Education	23.4	23.1	23.2
University Level	3.7	2.1	2.7
Percentage (Education Level)	100.0	100.0	100.0
Total Number of Informa Sector Operators	436,286	587,234	1,023,520

Table 1.7 shows that out of the total operators with at least one informal sector business, 41.9 percent are youth aged 15 to 35 years with slightly higher proportion among female operators (42.5 percent) than males (41.1 percent). Young aged operators with less than 15 years and old aged operators (60+ years) constitutes the lowest proportion of 0.03 percent and 4.8 percent respectively. Furthermore, the results show that all informal sector operators aged less than 15 years are male operators (0.03 percent).

Additionally, results indicate that the highest proportion of informal sector operators attained primary education (66.9 percent) followed by secondary education (23.2 percent). About four percent of informal sector operators never attended schools, with slightly larger proportion for females (4.8 percent) than males (2.5 percent). The results also show that the proportion of operators with university level of education is higher among males (3.7 percent) than females (2.1 percent).

Table 1. 8: Informal Sector Activities and Future Plans for Engaging More Manpower: Dar es Salaam 2019

Industry	Percent of operators with plans to engage more Manpower	Number of additional manpower
Agriculture forestry and fishing	6.9	26,211
Manufacturing	7.0	26,748
Construction	3.5	3,435
Whole sale and retail trade repair of motor vehicles and motorcycles	2.6	23,117
Accommodation and food services activities	6.8	14,195
Arts entertainment and recreation	21.4	12,855
Other services activities	4.9	8,309
Total	4.1	114,868

Table 1.8 indicates that a small proportion of informal sector operators (4.1 percent) have indicated to have plans to engage more manpower in the next twelve months, with expectation to employ 114,868 persons. The small absorption capacity could be attributed to inadequacy of capital and accessibility to markets. The industry of Arts, entertainment and recreation has the largest proportion of informal sector operators (21.4 percent) with plans to engage more man power in future followed by Manufacturing industry (7.0 percent) and Agriculture, forestry and fishing with 6.9 percent.

CHAPTER TWO

Total Employment in the Informal Sector

2.1 Employment in Informal Sector

This section presents employment in the informal sector including operators and employees engaged in the production of goods and services in Dar es Salaam region.

Table 2. 1: Total Persons Aged Five Years or Above Employed in Informal Sector by Council, Employment Status and Sex: Dar es Salaam 2019

Council	Male	Female	Both Sexes
Kinondoni MC	18.5	20.2	19.4
Ilala MC	33.1	32.5	32.7
Temeke MC	27.0	25.1	25.9
Ubungo MC	16.4	17.0	16.7
Kigamboni MC	5.0	5.3	5.2
Total	100.0	100.0	100.0
Employment Status			
Operators	77.2	84.7	81.3
Employees	22.8	15.3	18.7
Percentage	100.0	100.0	100.0
Total Operators	446,503	583,233	1,029,736
Total Employees	131,736	105,610	237,346
Total	578,239	688,843	1,267,082

Table 2.1 indicates that, 1,267,082 persons (aged 5 years or older) are employed in informal sector in Dar es Salaam Region. It is indicated that Ilala municipality has the largest proportion of employment (32.7 percent) followed by Temeke municipality (25.9 percent) and Kinondoni (19.4 percent). On the other hand, Kigamboni municipality has the lowest proportion of employment in the informal sector (5.2 Percent).

Results further show that, the composition of the total employment is dominated by operators with about 8 in 10 persons engaged in the informal sector. However, there are more females (84.7 percent) operators than males (77.2 percent).

Table 2. 2: Total Employment in Informal Sector for Persons Aged 15+ in Main and Secondary Activities by Sex: Dar es Salaam 2019

Sex	ILFS 2014 DSM			ISS PHASE I 2019		
	Main	Secondary	Total	Main	Secondary	Total
Male	50.0	61.7	50.2	43.8	46.7	44.2
Female	50.0	38.3	49.8	56.2	53.3	55.8
Percent	100.0	100.0	100.0	100.0	100.0	100.0
Both Sexes	1,185,134	23,116	1,208,250	987,720	137,345	1,125,064

Total employment values presented in Table 2.2 is according to the 15th ICLS definition ¹ of informal sector. Results reveal that employment in informal sector in Dar es Salaam region has decreased from 1,208,250 in 2014 to 1,125,064 in 2019. This could be attributed to expansion of employment in the formal sector. Results further indicate that more females are employed in the informal sector (55.8 percent) in 2019 than males (44.2 percent) unlike in 2014 were males are had slightly higher proportions than females. Females accounted for over 50 percent of employees in both main and secondary activities.

Figure 2.1: Proportion of Employment in Informal Sector to Total Employment by Sex: Dar es Salaam 2019

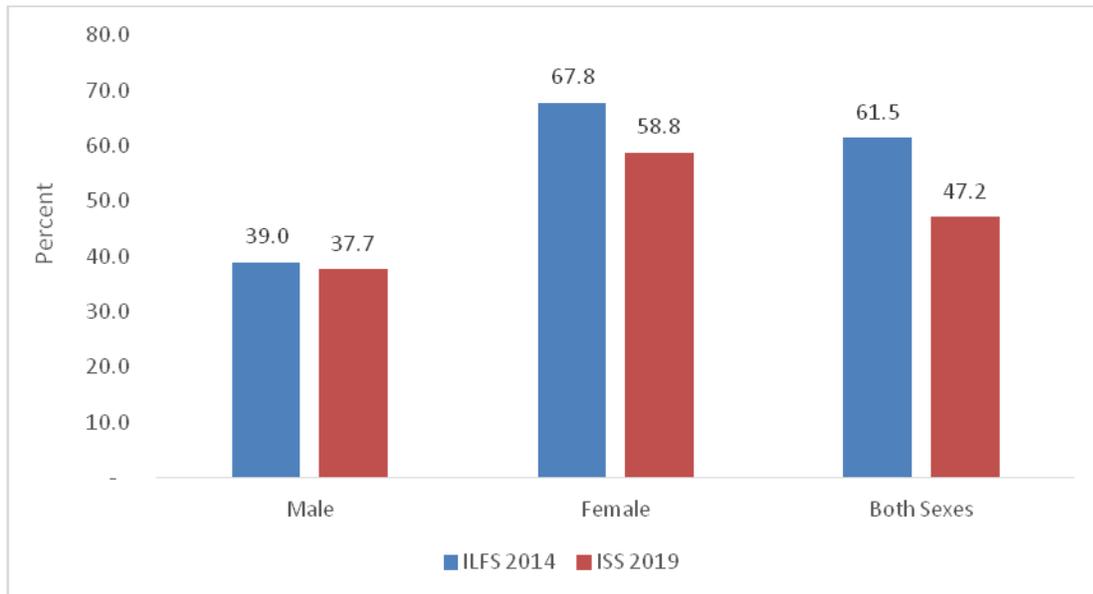


Chart 2.1 reveals that, the share of employment in informal sector to total employment in Dar es Salaam region has decreased from 61.5 percent recorded in 2014 to 47.2 percent in 2019. Females share have been relatively higher than males in both year but have also decreased from 67.8 in 2014 to 58.8 percent in 2019. Results also indicate that male’s participation in informal sector has also slightly decreased from 39.0 percent to 37.7 percent in 2019.

¹ The definition of Informal Sector as adopted from the 15th International Conference of Labour Statisticians (ICLS) of 1993 includes enterprises owned by individuals or households that are not constituted as separate legal entities independent of their owners and have no complete set of accounts and produce some of their goods for sale and their employment size is below five (5) employees.

Table 2. 3: Percentage of Total Employment in Informal Sector by Industry and Sex: Dar es Salaam 2019

INDUSTRY	Sex		
	Male	Female	Both Sexes
Agriculture forestry and fishing	12.8	9.7	11.1
Mining and quarrying	1.4	1.2	1.3
Manufacturing	8.6	5.1	6.7
Electricity gas steam and air conditioning supply	0.8	0.2	0.5
Water supply sewerage waste management and remediation activities	0.5	0.5	0.5
Construction	10.7	0.2	5.0
Whole sale and retail trade repair of motor vehicles and motorcycles	39.1	49.6	44.8
Transportation and storage	5.1	0.1	2.4
Accommodation and food services activities	5.3	20.8	13.7
Information and communication	0.6	0.1	0.3
Financial and insurance activities	0.7	0.3	0.5
Professional scientific and technical activities	1.4	1.0	1.2
Administrative and support services activities	0.4	-	0.2
Education	0.5	0.6	0.6
Human health and social work activities	0.1	0.5	0.3
Arts entertainment and recreation	0.8	0.5	0.7
Other services activities	11.2	9.4	10.2
Total Number of Employment	578,238	688,844	1,267,082

Table 2.3 indicates that the industry of whole sale and retail trade, repair of motor vehicles and motorcycles has the largest proportion of total employment in informal sector with 44.8 percent. This is followed by Accommodation and food services activities (13.7 percent) and Agriculture, forestry and fishing with 11.1 percent.

Results further reveal that the largest male-female gaps in employment are observed in accommodation and food services activities (15.5 percentage points) followed by construction industry (10.5 percentage points) and Whole sale and retail trade, repair of motor vehicles and motorcycles with 10.5 percentage points.

Table 2. 4: Total Employment in Informal Sector by Occupation and Sex, Dar es Salaam 2019

Occupation	Male	Female	Both Sexes
Legislators administrators and managers	1.8	0.8	1.3
Professionals	0.9	0.9	0.9
Technicians and associate professionals	3.5	0.6	1.9
Clerks	0.3	0.2	0.3
Service workers and shop sales workers	18.7	32.8	26.4
Agricultural and fishery workers	7.0	4.1	5.4
Craft and related workers	25.6	11.2	17.8
Plant and machine operators and assemblers	2.5	0.3	1.3
Elementary occupations	39.8	49.0	44.8
Total	100.0	100.0	100.0
Total Employment	578,238	688,844	1,267,082

Table 2.4 indicates that about half of persons engaged in informal sector in Dar es Salaam region (44.8 percent) are in elementary occupations. It is followed by service workers and shop sales workers which accounts for 26.4 percent of the total employment in the informal sector. Other occupations with relatively higher proportions of total employment in the informal sector are Craft and related workers (17.8 percent); and agricultural and fishery workers with 5.4 percent. Occupational category of professionals has the smallest share of total employment with 0.9 percent.

The results reveal no much difference in distribution of employment by sex across occupations. However, there are more females in service workers and shop sales workers with 32.8 percent compared to males with 18.7 percent. Elementary occupation has the second highest proportion of females (49.0 percent) compared to 39.8 percent for males. On the other hand, there are more males (25.6 percent) than females (11.2 percent) in occupation categories of craft and related workers.

CHAPTER THREE

Total Output Productivity and Capital Formation

3.1 Annual Gross Output and Annual Value Added

Gross output represents the total value of sales by producing enterprises (turnover) in an accounting period before subtracting the value of intermediate goods used up in production. Value Added is the difference between gross output and intermediate consumption.

Table 3. 1: Annual Gross Output, Intermediate Consumption and Value Added (TZS Billion) in Informal Sector: Dar es Salaam 2019

Industry	Gross Output	Intermediate Consumption	Value Added	Value Added (%)
Agriculture forestry and fishing	1,601.7	989.7	612	9.9
Mining and quarrying	255.4	2	253.4	4.1
Manufacturing	736.4	247	489.4	7.9
Electricity gas steam and air conditioning supply	11.6	8.8	2.8	0.1
Water supply sewage waste management and remediation activities	182.2	148.8	33.5	0.5
Construction	364.1	81.4	282.7	4.6
Whole sale and retail trade repair of motor vehicles and motorcycles	8,203.80	5,233.20	2,970.60	48.1
Transportation and storage	148	52.9	95.1	1.5
Accommodation and food services activities	1,719.3	1,171.0	548.3	8.9
Information and communication	22.7	2.8	19.9	0.3
Financial and insurance activities	39	14.6	24.4	0.4
Professional scientific and technical activities	69.8	37.9	31.8	0.5
Administrative and support services activities	11.3	1.5	9.8	0.2
Education	24	3.1	20.9	0.3
Human health and social work activities	34.3	16.4	17.9	0.3
Arts entertainment and recreation	25.9	5.5	20.3	0.3
Other services activities	955.3	199.8	755.5	12.2
Total	14,404.7	8,216.4	6,188.3	100

Results in Table 3.1 shows that total annual value added in goods and services produced in informal sector in Dar es Salaam is TZS 6.2 Trillion. The largest proportion of value added are in Wholesale and retail trade, repair of motor vehicles and motorcycles (48.1 percent) followed by Agriculture, forestry and fishing with 9.9 percent. On the other hand, electricity, gas, steam and air conditioning supply has least proportion of annual value added with only 0.1 percent.

Table 3. 2: Annual Contribution of Informal Sector Activities to GDP (TZS): Dar es Salaam 2019

Category		Value in TZS ‘Trillion’	
		1995	2019
DSM GDP		0.5	25.3
Estimated Informal Sector Size in current GDP		0.2	3.9
Actual Informal Sector Size from 2019 Informal Sector Survey			6.2
Difference			2.3
Actual Current DSM GDP			27.6
Contribution of Informal Sector to DSM GDP	Estimated Informal Sector		15.4
	Actual Informal Sector	41.2	22.5

The 2019 estimated GDP stands at TZS 25.3² Trillion comprising Informal Sector worth of 3.9 Trillion estimated in 2019, this accounts for 15.4 percent. The estimation of the informal sector in the current GDP was developed using statistical methods basing on the employment ability of the Informal Sector and its productivity. This is one of the best approaches recommended by the IMF and is used in many developing countries where informal sector statistics are limited. However, the prolonged estimates tend to accumulate errors producing unreliable estimates.

Results from the Informal sector survey carried in 2019 in Dar es Salaam region reveals that the current informal sector GDP in Dar es Salaam stands at TZS 6.2 Trillion with a contribution of 22.5 percent to total DSM GDP as opposed to estimated contribution of 15.4 percent. Therefore, the informal sector is underestimated by TZS 2.3 Trillion. In 1995 the contribution of Informal sector to Total Dar es Salaam GDP was 41.2 percent.

Table 3. 3: Annual Gross Output, Annual Intermediate Consumption and Annual Value Added (TZS Billion) by Council: Dar es Salaam 2019

Council	Gross Output	Intermediate	Value Added	Value Added (%)
Kinondoni MC	2,372.6	1,289.0	1,083.6	17.5
Ilala MC	4,967.4	2,651.5	2,315.9	37.4
Temeke MC	4,239.6	2,642.2	1,597.4	25.8
Ubungu MC	2,096.6	1,346.1	750.4	12.1
Kigamboni MC	728.6	287.6	440.9	7.1
Total	14,404.7	8,216.4	6,188.3	100.0

² This is estimated using the trend of annual growth rate of previous DSM GDP at current prices for the previous three years.

Table 3.3 indicates that Ilala Municipal Council has the largest proportion of value added for goods and services produced accounting for 37.4 percent, followed by Temeke MC with 25.8 percent. Kigamboni MC accounted for the smallest share (7.1 percent) of the total annual value added.

3.2 Annual Gross Output per Person

Gross Output per Person is an important macroeconomic indicator as it serves as a measurement of stability and wealth within an economy. It can be used to determine the average per person income for an area and to evaluate a standard of living and quality of life which are important for investment decisions.

Table 3. 4: Annual Gross Output (TZS Million) Per Person in Informal Sector: Dar es Salaam 2019

Industry	Gross Output	Number of Employed Person	Annual Gross Output Per Person
Agriculture forestry and fishing	1,601,690.10	140,587	11.4
Mining and quarrying	255,389.50	16,397	15.6
Manufacturing	736,401.40	85,034	8.7
Electricity gas steam and air conditioning supply	11,639.20	6,422	1.8
Water supply sewage waste management and remediation activities	182,237.10	6,444	28.3
Construction	364,058.70	63,716	5.7
Whole sale and retail trade repair of motor vehicles and motorcycles	8,203,786.80	568,067	14.4
Transportation and storage	148,025.60	29,943	4.9
Accommodation and food services activities	1,719,279.00	173,971	9.9
Information and communication	22,676.60	4,143	5.5
Financial and insurance activities	38,978.70	5,884	6.6
Professional scientific and technical activities	69,766.80	14,873	4.7
Administrative and support services activities	11,310.10	2,322	4.9
Education	23,995.60	7,415	3.2
Human health and social work activities	34,318.40	3,812	9
Arts entertainment and recreation	25,863.90	8,487	3
Other services activities	955,308.50	129,565	7.4
Total	14,404,725.90	1,267,082	11.4

Table 3.4 indicates that overall, annual gross output per person across all industries in the informal sector for Dar es Salaam region is estimated at TZS 11.4 million. Water supply, sewage, waste management and remediation has significant annual gross output per person (TZS 28.3 million) followed by mining and quarrying (TZS 15.6 million) and Whole sale and retail trade, repair of motor vehicles and motorcycles with TZS 14.4 million. On the other hand, electricity, gas, steam and air conditioning supply has the lowest annual gross output per person (TZS 1.8 million) followed by Arts, entertainment and recreation (TZS 3.0 million).

CHAPTER FOUR

Informal Sector Linkages with Other Sectors

This chapter discusses findings on linkages between informal sector and other sectors. The linkages are important for a number of reasons including marketing, sources of raw materials and channeling services such as financial and technology.

Table 4. 1: Percentage Distribution of Informal Sector Activities by Final Destination of Goods or Services Produced and Status of Goods or Services: Dar es Salaam 2019

Final Destination	Status of Goods/ Services		
	Goods without transformation	Goods with transformation	Services
Public or para-public sector	0.1	0.0	0.0
Big private enterprise	0.6	0.8	0.0
Small private enterprise	0.4	0.5	0.9
Household/individual	98.6	98.0	98.7
Direct exportation	0.1	0.7	0.0
Own final use*	0.3	0.0	0.5
Total percent	100.0	100.0	100.0
Total Number	1,263,857	157,853	325,204

**Part of the goods or services were for sale or for final use*

Table 4.1 shows that almost all goods produced in the informal sector activities are traded to households or individuals with 98.6 percent sold without transformation and 98.0 percent with transformation. The remaining proportions of goods traded to other destination account for less than one percent each. The similar pattern is observed for services across all destinations.

Figure 4. 1: Informal Sector Main Competitors in Domestic Market: Dar es Salaam 2019

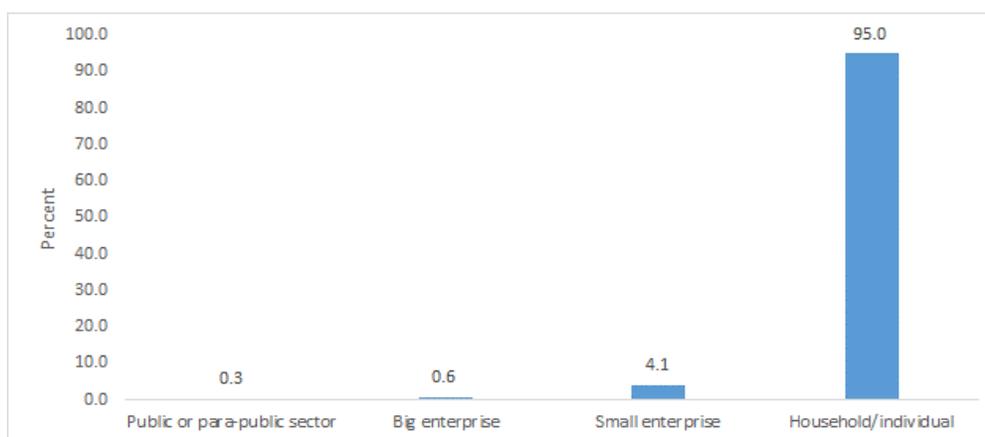


Table 4.1 indicates that household or individual is the dominant domestic market competitor in informal sector activities accounting for 95.0 percent, followed by small enterprises (4.1 percent). Public or para-public sector and big enterprises are least competitors to the informal sector activities with less than one percent each.

Table 4. 2: Percentage Distribution of Informal Sector Operators Cooperated with or Received Services from Institutions by Industry: Dar es Salaam 2019

Industry	Local Government	Public institutions	Public cooperation	Private sector	Civil societies organisation	Faith based organisation	Other	Total (%)	Number
Agriculture forestry and fishing	15.1	10.6	25.7	29.6	19.1	0.0	0.0	100.0	3,839
Manufacturing	0.0	0.0	0.0	100.0	0.0	0.0	0.0	100.0	1,418
Construction	0.0	0.0	0.0	100.0	0.0	0.0	0.0	100.0	942
Transportation and storage	0.0	63.3	0.0	36.7	0.0	0.0	0.0	100.0	787
Accommodation and food services activities	58.7	0.0	0.0	0.0	0.0	0.0	41.3	100.0	938
Professional scientific and technical activities	0.0	0.0	0.0	36.4	0.0	36.4	27.3	100.0	1,887
Other services activities	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	405
Percent	11.1	8.9	9.6	43.8	7.2	6.7	12.8	100.0	10,216
Total Number	1,129	905	985	4,472	732	686	1,307		

Table 4.2 shows that about 10,216 operators cooperated with or received services from institutions whereby 43.8 percent received such services or cooperation from private sector. In addition, 11.1 percent of operators received services or cooperation from local government followed by public cooperation with 9.6 percent.

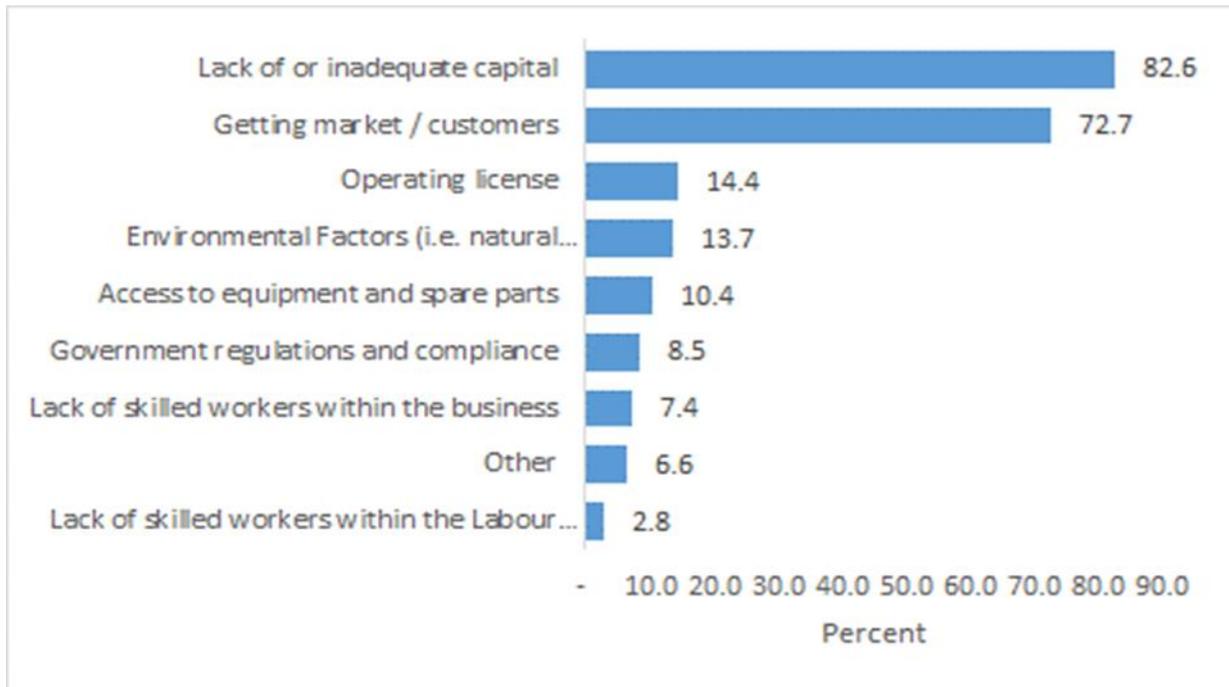
Moreover, it is indicated that all operators in manufacturing and construction activities cooperated with or received services from private sector. Majority of operators in transportation and storage (63.3 percent) cooperated with or received services from public institutions. In addition, operators in accommodation and food services activities (58.7 percent) cooperated or received services from local Government.

CHAPTER FIVE

Informal Sector Challenges and Assistance Received

Chapter five presents analysis of various attributes affecting operations of activities in informal sector. These relate to challenges hampering performance, assistance needed to address such challenges and access to business loans. Information derived from the analysis can be used to inform designing of programs targeted to address the observed imperfections.

Figure 5.1: Informal Sector Activities by Challenges in Operations of Business: Dar es Salaam 2019



Multiple responses do not necessarily add up to 100

Figure 5.1 indicates that, about eight in ten (82.6 percent) of informal sector activities cited lack of or inadequate capital as the most pertinent challenge to their operations. The second and third most common challenges cited to hamper informal sector businesses are getting market or customers (72.7 percent) and finding suitable premises for the business (35.5 percent).

Figure 5. 2: Informal Sector Activities by Industry and Type of Assistance Needed to Solve Present Problems: Dar es Salaam 2019

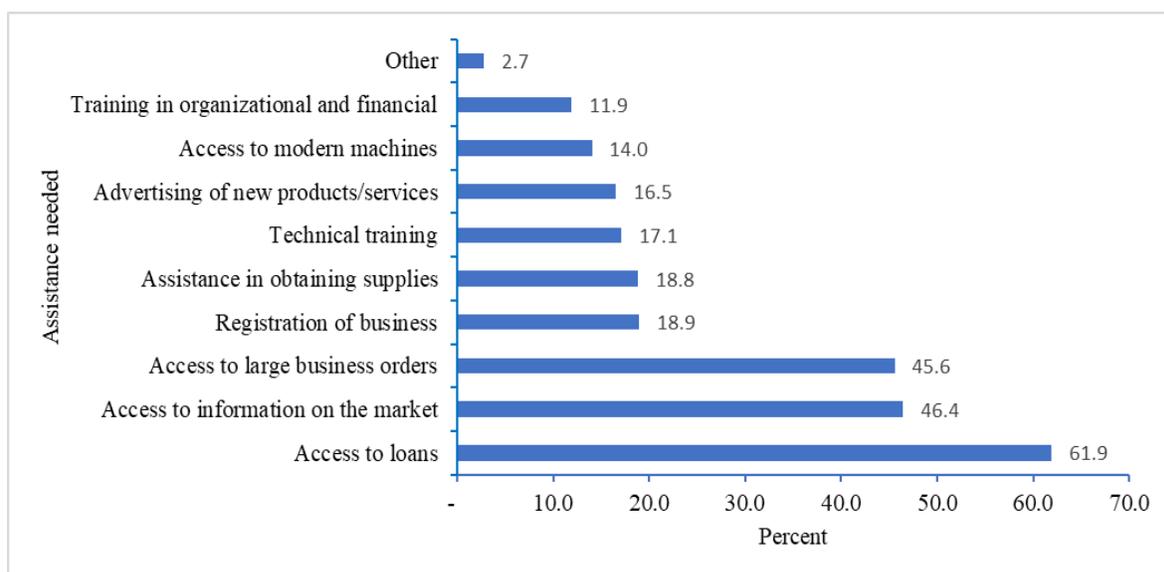


Figure 5.2 shows that, majority of operators in informal sector needed assistance on access to loan as their first priority (61.9 percent). Access to information on the market ranked second needed assistance stated by 46.4 percent of operators followed by access to large business orders (45.6 percent). Training in organization and financial was the least required assistance reported by 11.9 percent of operators.

Table 5. 1: Informal sector activities by type of required assistance and assisting institutions: Dar es Salaam 2019

Type of Assistance	Local government	Government program/project	Professional association/NGO
Technical training	0.0	4.7	0.0
Training in organizational and financial management	10.9	5.0	0.0
Assistance in obtaining supplies	6.2	0.0	0.0
Access to modern machines	23.3	4.1	4.7
Access to information on the markets	11.0	6.2	0.0
Access to large business orders	17.4	0.0	0.0
Registration of business	12.4	0.0	0.0
Others	9.9	0.0	0.0
Total	91.1	20.1	4.7

Table 5.1: indicates that 91.1 percent of operators seeking assistance from local government, followed by government program or project (20.1 percent) and professional association or non-government organization (4.7 percent).

The results further show that highest proportions of operators seeking assistance from Local Government needs assistance on access to modern machines (23.3 percent) followed by assistance to access large business orders (17.4 percent). On the other hand, largest proportion of operators who seek assistance from government program or project needed assistance on access to information on the markets (6.2 percent).

Table 5. 2: Informal Sector Activities that received Business Loan by Industry: Dar es Salaam 2019

Industry	Male	Female	Both Sexes
Agriculture forestry and fishing	0	3,990	3,990
Mining and quarrying	514	0	514
Manufacturing	0	317	317
Construction	515	0	515
Whole sale and retail trade, repair of motor vehicles and motorcycles	6,142	17,371	23,513
Transportation and storage	1,038	0	1,038
Accommodation and food services activities	494	8,560	9,054
Real estate activities	708	0	708
Arts entertainment and recreation	515	0	515
Other services activities	573	684	1,257
Total	10,498	30,922	41,420

Table 5.2 reveals that 41,420 operators of informal sector activities in Dar es Salaam received business loans, with more females (30,922) than males (10,498). Most of loans recipients were in Whole sale and retail trade, repair of motor vehicles and motorcycles (23,513 operators) followed by accommodation and food services activities (9,054 operators) and Agriculture forestry and fishing (3,990 operators)

