Slipping Millions: A Case study of Tanzania's Informal Cross Border Fish Trade in the Eastern Africa Trade Corridor

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- Value of African fisheries sector in 2011 USD 24 billion
- This represents 1.26% of GDP of all African countries
- Employment over 12.3 million full-time fishers (2.1% of African population of between 15-64yrs)
- Africa’s participation in global trade of fish and fishery products stood at 4.9%
- Increasing intraregional trade from 11% (UNCTAD, 2013) to 27% (FAO, 2016)
- Fish was the second most traded commodity intra-regionally

Porta and Shleifer, 2014. Informality and development. ***National Bureau of Economic Research Working paper number 20205***

a) It is huge, reaching about half of the total in the poorest countries.

b) It has extremely low productivity compared to the formal economy: typically small, inefficient, and run by poorly educated entrepreneurs.

b) They are hard to change even if registration costs were lowered.

c) Informal firms rarely transition to formality, and continue their existence, often for years or even decades, without much growth or improvement.

d) Countries grow and develop, the informal economy eventually shrinks, and the formal economy comes to dominate economic life

Meghir, Narita and Robin (2012). ***National Bureau of Economic Research Working paper number 18347***

- informal labor markets in developing countries promote growth by reducing the impact of regulation (costs are lower)
- informality may reduce the amount of social protection offered to workers.

Other features

- Ease of entry
- Small scale in nature
- Provides self-employment, with a high proportion of family workers and friends
- Little capital and equipment investment
- Labour intensive
- Low skills
- Low level of organization

Informal economy

- Is informality an inefficient system in allocation of resources?
- Is it the case that informal markets often sell low quality products?
- Should informality be fought because actors in it often evade paying taxes?

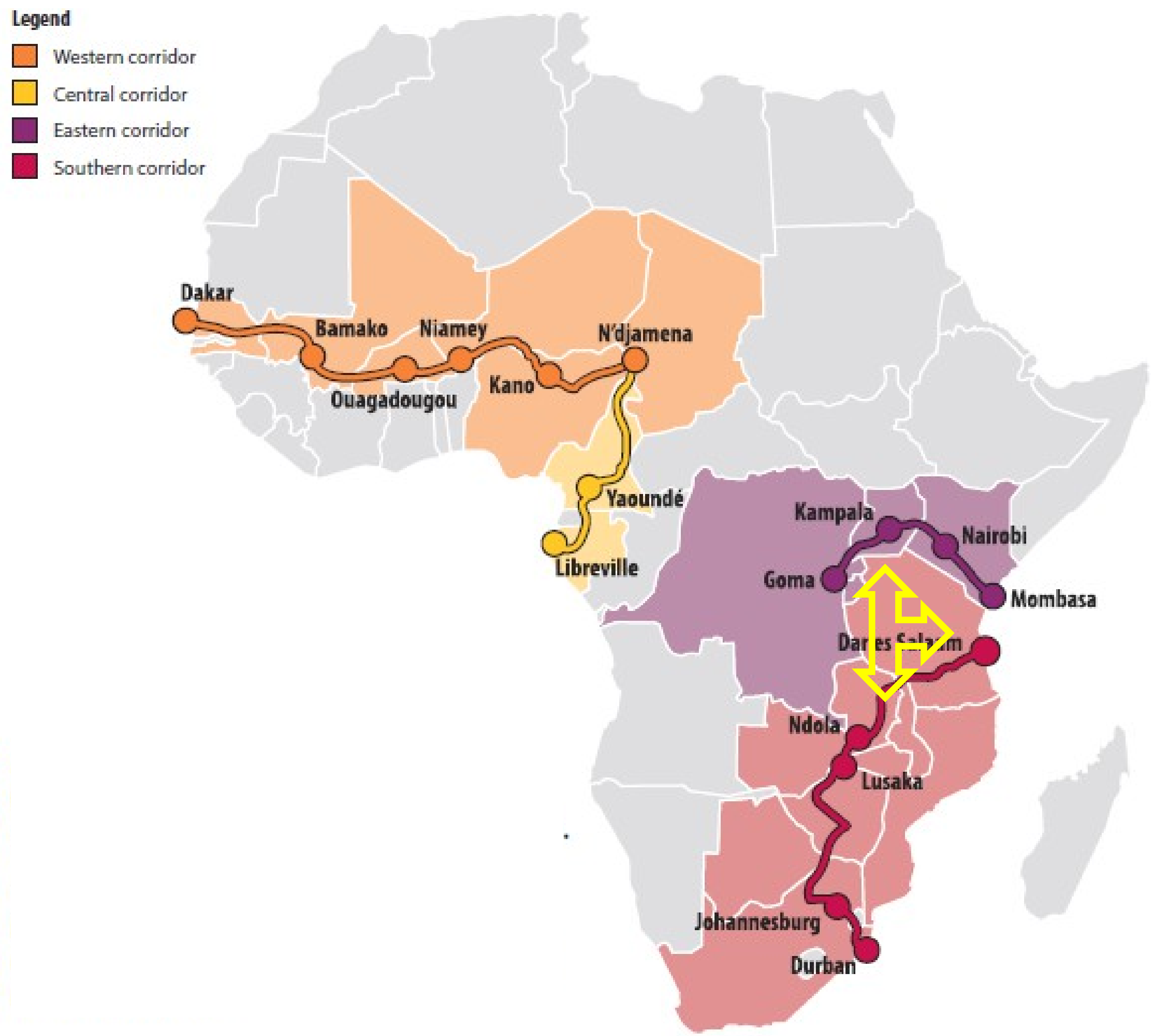
Methods used

- Survey
- Participatory and iterative methods
- Value chain methods
- Undercover method

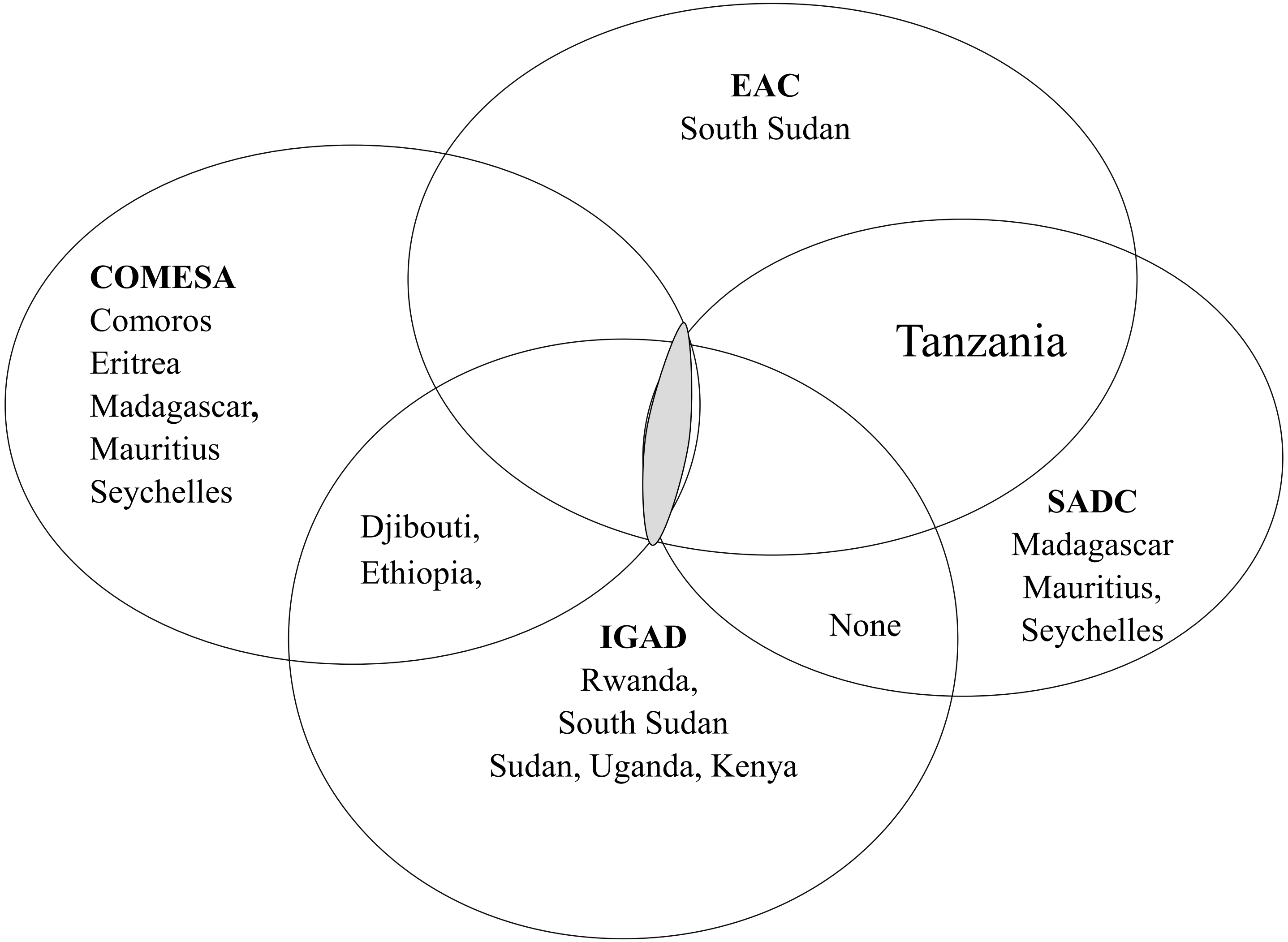
Key characteristics

Trade flows: Key species traded: Actors involved

The Four Africa Union Trade Corridors



Membership RECs

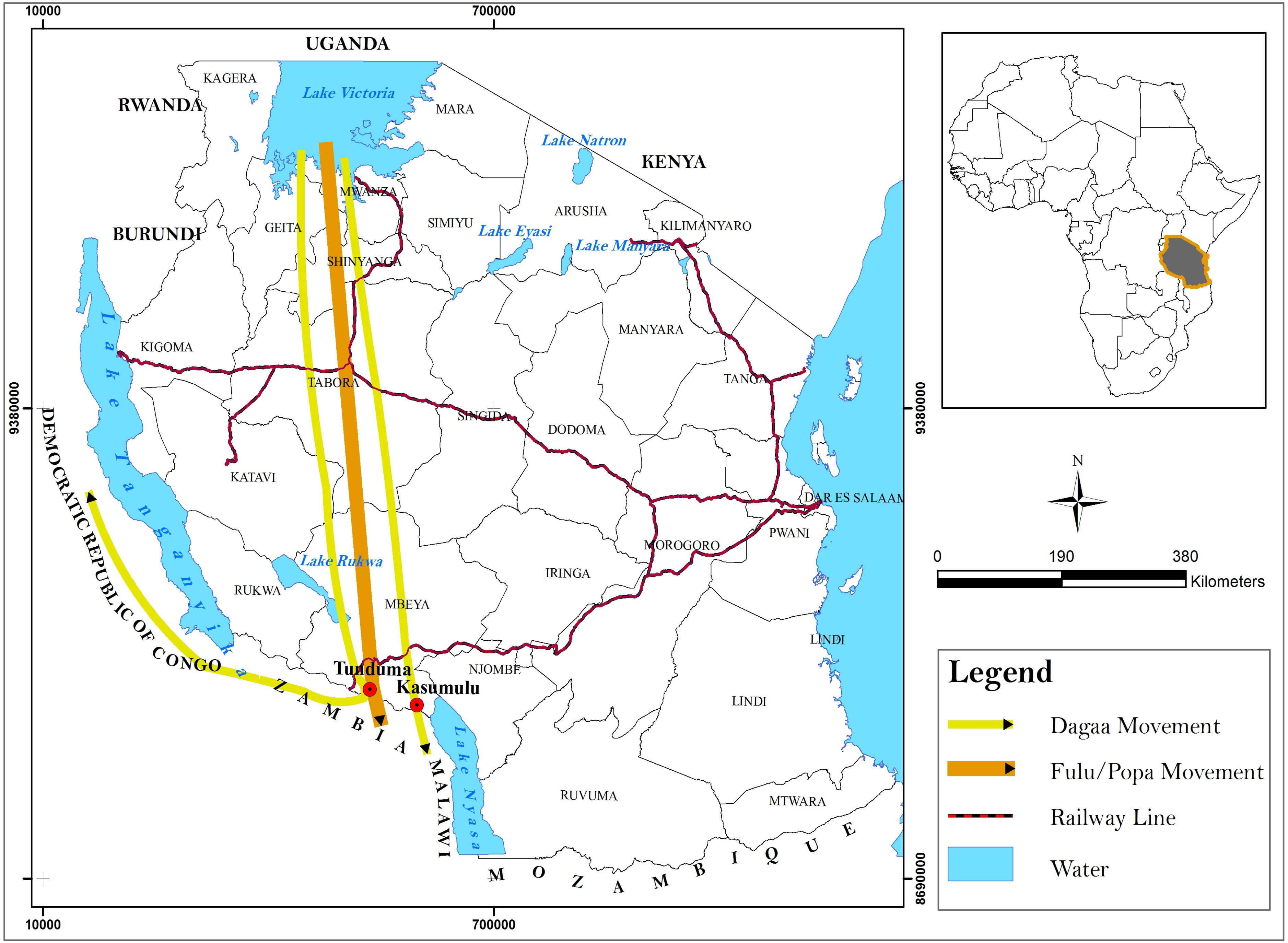


Species	State	Destination
From Lake Victoria		
Nile perch	Smoked	DRC, Rwanda
	Sun-dried	DRC, Rwanda
	Salted	DRC
	By-products	DRC
Tilapia	Fresh	Kenya
	Smoked	Kenya
	Sun-dried	
Dagaa	Sun-dried	Kenya, Zambia, Malawi, DRC, Rwanda
Haplochromines	Sun-dried	DRC, Zambia
From Indian Ocean		
Dagaa (Scomberomorus commerson)	Deep-fried, sun-dried	DRC and Zambia
From Lake Tanganyika		
Mgebuka (Lates stappersii)	Smoked	Burundi and DRC
Dagaa (Limnothrissa miodon and Stolothrissa tanganicae)	Sun-dried	DRC and Zambia

Node	Production (fishing)	Processing	Trading	Retailing	Consumers
Actors	Gear Owners (almost 100% male)	Wholesaler processors	Domestic traders	Fish traders	Household/family
	Company owners (e.g. Kapenta rigs)	Processor traders (over 90% women)	Export traders (over 90% women)	Fish retail shops	Institutional (hospitals, school feeding schemes, etc.)
	Crew members (100% male)	Intermediaries	Wholesalers (90% women)	Super markets Fish traders (80% women)	Recreational sector (restaurants and hotels)
	Input providers (e.g. Equipment sellers)	Drying rack smoking kiln owners	Transporters	Boat owners	
	Resource managers and policy makers	Accommodation owners	Accommodation owners	Individual crewmembers	
	NGOs and university researchers	Store room owners	Store room owners	State actors (regulators and enablers)	
	Donors	Input providers (e.g. packaging)	State actors (e.g.Customs officials, MoT, etc.)	Bureaus Standards	
		Govt. Extension officers	Bureaus Standards		
		NGOs and university researchers	Export permit providers		
		Donors	NGOs and university researchers		

Exports: Routes: Cross border trade

Routes


10000
700000
UGANDA
KAGERA
Lake Victoria
MARA
RWANDA
Lake Natron
KENYA
MWANZA
SIMIYU
ARUSHA
KILIMANYARO
BURUNDI
GEITA
Lake Eyasi
Lake Manyara
SHINYANGA
MANYARA
KIGOMA
TANGA
TABORA
SINGIDA
DODOMA
9380000
Lake Tanganyika
DEMOCRATIC REPUBLIC OF CONGO
KATAVI
DAR ES SALAAM
PWANI
MOROGORO
Lake Rukwa
IRINGA
RUKWA
MBEYA
LINDI
Tunduma
NJOMBE
Kasumulu
ZAMBIA
LINDI
Lake Nyasa
MALAWI
RUVUMA
MTWARA
MOZAMBIQUE
8690000
N
0
190
380
Kilometers
Legend
Dagaa Movement
Fulu/Popa Movement
Railway Line
Water

Pattern of fish trade in Africa

	2001	2005	2010	2011	2012	2013	2014
Share of RECs in Africa’s total fish trade							
AMU	6.38	3.38	7.43	14.49	21.37	19.48	28.19
EAC	7.55	9.85	5.43	3.21	2.22	1.65	2.98
SADC	49.36	49.44	67.84	63.87	59.55	60.57	47.7
ECCAS	0.08	0.04	1.14	0.31	0.47	0.09	0.46
ECOWAS	24.71	23.92	11.11	13.38	12.58	14.48	14.63
COMESA	11.93	13.37	7.05	4.74	3.81	3.72	6.04

Dagaa fish exported from three markets of Lake Victoria between 2010 and 2015

Source: TAFIRI and WorldFish Center, 2016

TRANSPORT


JAMESON

Dagaa undeclared at Tunduma border between 2013 and 2016 (in Kg)

Estimated value of fish crossing Tunduma border through informal route

Supply Period	Fish Species	No. of 70kg bags traded per day	Price of 70kg bags traded daily	Offloading and transport costs	Value (in TZS)	Value (in USD)
January-March	Popa/Fulu	120	75,000.00	144,000.00	9,144,000.00	4,354.30
January-March	Dagaa	30	160,000.00	36,000.00	4,836,000.00	2,286.00
April-December	Dagaa	60	160,000.00	72,000.00	9,672,000.00	4,605.70
April-December	Popa/Fulu	90	75,000.00	108,000.00	6,858,000.00	3,265,70
Total value of informal trade per day					30,510,000.00	14,511.70
Total Value of informal trade per month					915,300,000.00	435,351.00
Total value of informal trade per year					10,983,600,000.00	**5,224,212.00**

Source: field data, February 2017. ***1 USD = TZS 2,100***

Revenue not collected due to informal trade

Supply Period	Species traded	No. of 70kg bags traded daily	Royalty/kg (USD)	Not collected (in USD)
January-March	Fulu	120	0.025.00	210
January-March	Dagaa	30	0.084.00	176.4
April-December	Dagaa	60	0.084.00	352.8
April-December	Fulu	90	0.025.00	157.5
Total revenue lost per day				896.70
Total revenue not collected per month				26,901.00
Total revenue not collected per year				**322,812.00**

Source: estimation from field data

Where does this money go if not collected?

Is it lost or slipping off ?

- Created employment (Off-loaders, bicycle transporters, bicycle pushers)
- Functional shopping and convenience for traders
- Low administrative costs on the part of government
- Increases incomes for low skilled and poor populations
- Provides the economy with the operative and entrepreneurial spirit
- Indication of lower production performance

Should informality be fought because actors in it often evade paying taxes?

Is quantification of informality understood by measuring revenue not collected?

Can we think of a broader measure on the slipping millions contribution to the economy?