

**UNITED NATIONS RESEARCH INSTITUTE FOR SOCIAL
DEVELOPMENT**

DP 75

**PASSING THE BUCK
STRUCTURAL ADJUSTMENT
AND THE NIGERIAN
URBAN INFORMAL SECTOR**

**by Kate Meagher
and
Mohammed-Bello Yunusa**

UNRISD Discussion Papers are preliminary documents circulated in a limited number of copies to stimulate discussion and critical comment.

May 1996

◆ Preface

In recent years, the informal sector in Africa has been celebrated for its ability to generate employment, income and skills outside of the regulatory framework of the state. Much of this optimism has been fed by the rapid expansion of the informal economy as the state and formal enterprises fail to adjust rapidly to the structural adjustment policies of the 1980s. Thus, rather than the informal sector playing its previous supplementary role in the provision of employment and welfare, it is now expected to be the primary medium for sustaining the livelihoods of millions of people who have been retrenched from their jobs, or whose incomes are no longer sufficient to support basic needs. Whether the informal sector can deliver a basic level of well-being under conditions of far-reaching economic decline, and become a basis for renewed growth remains, however, an open question.

Much of the literature on adjustment and the informal sector adopts a dualistic framework in studying the relations between formal and informal economies. It also glosses over the complex ways resources and power are being redistributed within the informal sector, and the changing relations between informal economic agents and other groups in society. This Discussion Paper, which is the product of original field research, seeks to correct these problems, by locating the analysis of the informal sector within a broad political economy framework that takes into account the variety and complexity of pressures, incentives and responses that adjustment policies have created within the sector. It examines the coping strategies of a wide range of informal sector groups, from the enterprise to the household and community levels. It asks several important questions: To what extent, and for which groups, has structural adjustment increased the capacity for economic flexibility and innovation? Are any groups, such as migrants, women, children, apprentices and informal sector labourers, further disempowered by changes in the informal economy? Can the informal sector compete successfully with large-scale manufacturers and exporters for the use of local raw materials? Are informal organizations being formed as alternative ways of mobilizing resources, or are such organizations breaking down under the economic weight of adjustment? Does the expansion of the informal economy enhance economic freedom, or does it simply shift the burden of employment creation and social provisioning onto the weakest groups in society?

The authors use a medium-sized town in northern Nigeria to probe these sets of questions. Nigeria has the largest, and arguably the most dynamic, informal sector in sub-Saharan Africa. Informal activities are estimated to have increased from approximately 50 per cent of the urban workforce in the late 1970s to 65 per cent by the late 1980s. Even during the oil boom period of the 1970s, the informal sector continued to grow as rising urban wages encouraged rural migration to the cities. However, expansion was linked to increasing differentiation and a trend towards income stagnation at the lower end of the informal economy. Women and informal labourers were particularly affected by this dynamic. The economic crisis of the 1980s, and policies of wage restraint, devaluation and retrenchment, significantly raised the rates of open and disguised unemployment.

The study highlights new patterns of entry into Nigeria's informal sector. First, entry has intensified from the traditional sources of participation, particularly low income wage earners and the unemployed. Second, the category of the unemployed now includes not only retrenched workers and civil servants, but secondary school and university graduates. Third, there is an increase in female participation as part of a household level survival strategy. Finally, a growing number of employed civil servants are becoming very active in the informal economy. However, resource constraints have concentrated entry in the lower end of the sector, where there are increased levels of competition and declining returns. Competition has been much

less of a problem in high income activities, such as modern crafts and services, owing to rising capital costs of entry in these activities. Female participation is overwhelmingly concentrated at the lower end of the sector.

The study indicates that demand within the informal sector has been contracting under crisis and adjustment, owing largely to increased competition and falling real incomes among the urban and rural poor. In some activities, demand has been further threatened by external competition, largely from the increased level of trade in second-hand goods. However, despite the erosion of real incomes, adjustment policies have generated pockets of rising demand, which is associated with the rising cost of imported goods and formal sector services. There is an increase in demand for low cost essential services among low income consumers and enterprises that are ill-equipped. In addition, there is growing demand for modern goods and services of quality and variety from middle class consumers and large formal enterprises. The study shows that strategies for coping with adjustment on the demand side involve targeting one or the other of these two expanding market niches. On the supply side, informal sector entrepreneurs are faced with dramatic increases in the prices of equipment, raw materials and spare parts. The study indicates that supply-side adjustment has largely been a question of cutting corners, improvising inferior substitutes and gerry-rigging ageing equipment.

The study demonstrates that the impact of adjustment on informal incomes has been highly uneven, and has tended to widen the gap between low income and high income activities, and between male and female incomes. A growing number of informal agents are unable to generate incomes sufficient for basic survival, thus increasing the importance of engaging in more than one income activity. The study points out that there is a declining capacity among informal employers to absorb labour, a fall in real informal sector wages, and a growing labour shortage. At the same time, there is a noticeable drop in the efficiency of informal technical training despite a trend towards higher levels of education among informal sector workers. Although informal sector agents have tried to supplement individual coping strategies with collective approaches through unions and associations, the authors argue that trade-based unions appear significantly less important under adjustment than ethnic and religious unions.

The study concludes that the state needs to take an active role in supporting the informal sector in efforts to meet the economic challenges that have been thrown up by market liberalization.

Kate Meagher is a lecturer in the department of Agricultural Economics and Rural Sociology, and Mohammed-Bello Yunusa is a research fellow at the Centre for Social and Economic Research. Both institutions are at the Ahmadu Bello University in Nigeria. This study has come out of the UNRISD research programme on **Crisis, Adjustment and Social Change** in Africa, co-ordinated by Yusuf Bangura.

May 1996

Dharam Ghai
Director

◆ Contents

1. INTRODUCTION	
1	
◆ 1.1 SAP and Formal Sector Contraction in Nigeria	2
◆ 1.2 The History of Informal Sector Development in Nigeria	3
2. CONCEPTUAL FRAMEWORK AND METHODOLOGY	
4	
◆ 2.1 From Informal Sector to Informalization	4
◆ 2.2 Methodology	5
3. THE CHANGING STRUCTURE OF THE INFORMAL SECTOR	
7	
◆ 3.1 New Patterns of Informal Sector Entry	7
◆ 3.2 New Forms of Ownership	
10	
◆ 3.3 Formal Sector Employees and Other Middle Class Entrants	
10	
4. COPING ON THE DEMAND SIDE	
11	
◆ 4.1 The Low Income Market	
12	
◆ 4.2 Middle Class Niche Markets	
13	
◆ 4.3 Linkages with Formal Sector Firms	
14	
◆ 4.4 The Recomposition of Demand	
15	
5. COPING ON THE SUPPLY SIDE	
16	
◆ 5.1 The Import Trap	
16	
◆ 5.2 Inputs	
16	
◆ 5.3 Equipment	
17	
◆ 5.4 Utilities, Rent and Taxation	
18	
◆ 5.5 Credit and Capital	
19	

6. INCOMES AND INCOME STRATEGIES

20

◆ 6.1 Developments in Income Generation

20

◆ 6.2 The Multiple Modes Strategy

21

◆ 6.3 Informal Sector Unions

22

7. INFORMAL SECTOR LABOUR AND PROSPECTS FOR LABOUR ABSORPTION

24

◆ 7.1 Coping Strategies and the Informal Labour Supply

24

◆ 7.2 Informal Sector Wages under SAP

25

◆ 7.3 Skill Formation and Cheap Labour Strategies

26

◆ 7.4 Strategies for Starting Up under SAP

28

◆ 7.5 The Impact of Coping Strategies on Labour Absorption

29

8. COPING AT THE HOUSEHOLD AND COMMUNITY LEVELS

30

◆ 8.1 Categorizing Informal Sector Households

30

◆ 8.2 Income Maximization Strategies

31

◆ 8.3 Consumption Strategies

33

◆ 8.4 Coping with Education and Marriage

35

◆ 8.5 Support Networks and Migration Strategies

36

9. CONCLUSION: THE STRUCTURAL ADJUSTMENT OF THE INFORMAL SECTOR

38

◆ 9.1 Informal Sector Autonomy and Productivity

38

◆ 9.2 Gender, Household and Community Relations

39

◆ 9.3 Policy Options

40

◆ Bibliography

43

◆ Abbreviations and Acronyms

IDC	Industrial Development Centres
N	naira
NDE	National Directorate of Employment
NTC	Nigerian Tobacco Company
SAP	structural adjustment programme
TCC	Technology Consultancy Centre

The emerging policy...seems to be one of shrinking government responsibility in providing economic and social protection to the African people.... Governments are passing... the buck to the informal sector.¹

1. INTRODUCTION

For over two decades, the informal sector in African countries has been celebrated for its ability to generate employment, income and skills outside the regulatory framework of the state. Where such freedom from economic regulation was previously possible only at the margins of society, the deregulation of economic activity now taking place under the auspices of structural adjustment programmes (SAP) is expanding the scope of informality into the heart of the official economy. In the process, the previously supplementary role of the informal sector in employment and social welfare provision is being stretched toward a replacement of the role of the state in these matters, and this in a context of the unprecedented rates of inflation and unemployment created by SAP. The ability of the informal sector to deliver even a basic level of livelihood under these conditions, let alone a basis for renewed growth, remains an open question.

In much of the current structural adjustment literature, the dualistic framework within which the relationship between the formal and informal sectors is commonly analysed glosses over the more complex redistribution of resources and power taking place within the informal sector, and between informal actors and other social groups. In order to penetrate this ideological facade, it is necessary to locate the analysis of the informal sector within an appropriate historical and theoretical framework, which will take account of the variety and complexity of pressures, incentives and responses which SAP has created within the sector. To what extent, and for which groups within the informal sector, has SAP increased the capacity for economic flexibility and innovation? Are any groups, such as migrants, women, children or informal sector labour, further disenfranchised in the process? Can the informal sector compete successfully with stronger social groups, such as manufacturers and exporters, for the use of local raw materials? At the enterprise and community levels, are informal organizations being formed as alternative channels of resource mobilization and social welfare provision, or are such organizations breaking down under the mounting economic pressures of SAP? More fundamentally, is the process of informalization itself a popular bid for economic freedom, or a process of shifting the burden of employment generation and social welfare provision onto those least able to defend their interests?

These questions will be addressed here in the context of a study of the Nigerian informal sector conducted in the northern Nigerian town of Zaria in 1991-1992. The study will begin with an analysis of the economic and historical background of the informal sector in Nigeria, followed by a presentation of the methodology of the field study. At the level of informal sector enterprises, the study will consider the impact of SAP on the class and

¹ C. Grey-Johnson "The African Informal Sector at the Crossroads: Emerging Policy Options", **Africa Development**, XVII(1), 1992, pp.79-80.

gender composition of the informal sector, on the structure of informal sector demand and supply, on informal incomes, and on labour absorption. This will be followed by a consideration of the strategies of informal actors at the level of the household and the community. Finally, a brief conclusion will attempt to draw out some of the social and policy implications of the findings.

◆ 1.1 SAP and Formal Sector Contraction in Nigeria

The Nigerian informal sector is the largest and arguably the most dynamic in sub-Saharan Africa. Since the imposition of Nigeria's Structural Adjustment Programme in 1986, informal activity has expanded from an estimated 50 per cent of the urban workforce in the late 1970s to 65 per cent by the late 1980s (Sethuraman, 1981; ILO, 1988). The deterioration of conditions in the formal sector goes a long way to explaining the rapid rate of informal sector expansion. Successive devaluations have reduced the exchange rate from N1.2 (naira) to the US dollar in 1985 to 19 naira to the dollar in 1992. Prices of domestic goods quintupled between 1985 and 1992, and those of imported goods have risen by a factor of 20. Severe wage restraint and high rates of retrenchment in the public and private sectors have significantly increased the rates of open and disguised unemployment. In the process, the composition of the under- and unemployed has changed. A growing cadre of unemployed graduates and professionals has begun to swell unemployment statistics (Dike, 1992).

Among those able to retain formal employment, real wages have been badly eroded, particularly in the working and middle classes. By 1987, real wages at the lowest ranks of the public sector were worth 37 per cent of their 1975 value, while those of middle level civil servants had fallen to only 20 per cent of what they were in 1975 (Birks and Sinclair, 1991:47). Most working and middle class wage-earners have turned to moonlighting in a variety of informal activities in order to make ends meet. Declining expenditure on social services has constituted a further pressure on poor, working and middle class households. The same policies that have provoked a severe contraction in formal sector employment and social welfare provision were expected to increase the ability of the informal sector to fill the economic vacuum. Devaluation, market liberalization and privatization were expected to eliminate the privileged access to resources enjoyed by inefficient state-owned industry, and free up resources for more dynamic informal entrepreneurs. In addition, the government embarked on the local sourcing and export promotion drives to encourage integration between the informal sector and local industry, and to create incentives for informal enterprises to move into the export market. New institutions were introduced to promote informal sector access to training and credit, including the National Directorate of Employment (NDE) set up in 1987 to provide training to unemployed youth and retrenched workers, and the People's Bank created in 1989 to provide accessible loans to informal enterprises.

◆ 1.2. The History of Informal Sector Development in Nigeria

An assessment of the ability of the informal sector to rise to the challenge of structural adjustment depends on a critical assessment of the historical and economic context in which the informal sector has developed. The central question is whether the informal sector has been able to develop the skills, technology and access to credit necessary for a dynamic response to the savage economic conditions created by SAP.

During the 1960s and 1970s, the development of the Nigerian informal sector took place in a policy environment in which the formal sector was regarded as the real engine of economic growth. Low levels of technology and productivity in the informal sector were felt to limit its potential for contributing to development, except as a temporary soakpit for the unemployed. The limited policy initiatives addressed to the informal sector were largely undermined by underfunding, political lending and inappropriateness to the needs of informal actors (Meagher, 1991b). Despite a lack of effective state support, the informal sector continued to grow, fuelled by neglect of the agricultural sector and the more attractive climate created by rising urban wages, resulting in high rates of rural-urban migration. These trends were accelerated during the oil boom in the 1970s.

In the absence of serious state initiatives to break the low productivity trap, informal sector expansion led to a build-up of market pressures within the narrow productive niche to which the sector was confined. By the mid-1970s, these pressures were showing up in increasing differentiation, labour shortage and a trend towards stagnation of incomes at the lower end of the informal sector — and this despite a situation of rising demand in its principal market, that of low income consumers (Fapohunda, 1981:72-8). The capital and skills necessary for entry into the more lucrative informal activities were often obtained through formal sector employment rather than accumulation within the informal sector. The poor and unemployed became increasingly concentrated in low income activities, where incomes were barely adequate for survival, let alone accumulation. Women and informal sector labour (made up of employees, day-workers, apprentices and family workers) were particularly adversely affected by this dynamic (Becker et al., 1986:164; Sethuraman, 1981:74,86). In addition, high rates of informal sector entry depressed wages, contributing to a growing labour shortage (Sethuraman, 1981; Oyeneke, 1987:10; Birks and Sinclair, 1991:71-3).

The low quality of production in the informal sector, and the low cost and ready availability of imported goods during the oil boom, perpetuated the dependence of the informal sector on the low income consumer market, which made up 87 per cent of informal sector demand in the period prior to the economic crisis of the early 1980s (Sethuraman, 1981:76,87). The economic environment of the oil boom thus gave rise to an informal sector which, though expanding, energetic and diversified, was also highly vulnerable on the supply side to formal and international market conditions, and, on the demand side, dependent on the buoyancy of working class incomes. Market pressures and the nature of the relationship with the formal

sector were already beginning to undermine the ability of the informal sector to generate incomes and absorb labour.

Escape from this low productivity trap would have required the development of a capacity for producing higher quality consumer and intermediate goods, as well as light capital goods — all developments that the market was incapable of producing and the state was uninterested in promoting. With the onset of economic crisis in the early 1980s, any possibility of making such a transition evaporated. The formal sector was seized by a severe foreign exchange shortage caused by a fall in oil prices and a surge in debt servicing obligations. Far from purging the informal sector of its reliance on formal sector distortions, the crisis only exposed the extent of informal sector dependence. On the demand side, unemployment and falling real wages in the formal sector brought about a collapse of the traditional informal market. On the supply side, skyrocketing inflation in the formal sector pushed up informal production costs, while the collapsing conditions of formal sector employment intensified entry and competition within the informal sector, resulting in a dramatic squeeze on informal incomes.

These were the conditions under which the structural adjustment programme was imposed. Within this context, the capacity of the informal sector to respond productively to a programme of deregulation is placed in doubt. However, the capacity of the informal sector to respond productively to SAP cannot be determined *a priori*; it is the product of an interlocking web of social struggles, coping strategies and the feedback effects of these processes on the access of informal actors to resources. It is with these concrete social processes that this study is concerned.

2. CONCEPTUAL FRAMEWORK AND METHODOLOGY

◆ 2.1 From Informal Sector to Informalization

Since the late 1980s, a methodological shift has taken place in the study of informality. Under the impact of crisis and adjustment, the focus has shifted from the “informal sector” to “informalization”, an active process rather than a sector. Three main theoretical approaches deal with the relationship between structural adjustment and informalization, raising issues which help to provide a context within which the specific experiences of the Nigerian informal sector can be located. The neo-liberal perspective focuses on the potential of the informal sector for economic independence and democratization, and the ability of liberalization to promote these tendencies. The ILO perspective draws attention to the negative effects of rapid deflation and deregulation on the informal sector, and emphasizes the need for enlightened state intervention in order to facilitate a positive response to structural adjustment. Finally, the more structural-historical “informalization” approach draws attention to the increasing trend toward informal sector differentiation under SAP, the impact of SAP on the development of linkages with the formal economy, and the active rather than

passive role of the state in the process of informalization. “Informalization” analyses also indicate that the increased pressures on household survival created by SAP, far from generating greater economic autonomy for women, tend to increase the vulnerability of women to exploitation both within and outside the household. The informalization approach, with its more careful attention to historical and socio-economic processes, will guide the current inquiry.

◆ 2.2 Methodology

2.2.1 The social setting of the Zaria informal sector

The fieldwork for this study was conducted between May 1991 and March 1992 in Zaria, a town in northern Kaduna State in the north of Nigeria. The population of Zaria is approximately 250,000 people. Zaria is composed of a number of distinct settlements, three of which were selected for the study. The first was the walled city, where a number of traditional crafts are still practised by the Muslim Hausa-Fulani indigenes. The second was Sabon Gari, the commercial centre of Zaria, populated largely by migrants from the south of the country who practise a variety of modern craft and service activities. The third was the village of Samaru, with a mixed Hausa and migrant population, directly opposite the main campus of the largest university in northern Nigeria, where informal service and production activities are directly linked to the fortunes of the university population.

2.2.2 The informal sector as a social category

The informal sector of the 1970s referred to a very specific social group, that of the unemployed, migrants and low income wage earners who engaged in production and service activities “unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated” (Portes et al., 1989:12). However, economic crisis and deregulation have significantly altered the range of activities and the social composition of informal activity. The socio-economic category identified as the informal sector would now be better defined as the category of legal but unregulated economic activities which, in the 1970s, were accessible on the basis of the resources and skills available to the unemployed, migrants and low income wage earners. In the study undertaken, the appropriate range of activities was identified with the help of local government lists of “minor industries”, referring essentially to activities too small to be formally registered.²

2.2.3 Sampling and data collection

Table 2.1
The Composition of the Informal Sector in Zaria, 1991

Sub-sector	% of total informal sector	Activities in sub-sector	% of sub- sector
------------	----------------------------	--------------------------	------------------

² From the list of minor industries were eliminated all activities that had to be licensed at the state level, that were included only on the basis of the property occupied rather than the activity pursued, or involved retailing functions above the level of petty trade. To this was added the additional category of motorcycle, or “express” taxis, which were excluded from the official list because they are technically illegal.

Hawkers	47.0	Small load carriers	11.1
		Petty traders	88.9
Textiles and traditional activities	16.6	Male tailor	23.8
		Female tailor	15.6
		Hand embroidery	51.9
		Cap washing	1.8
		Leather workers	6.9
New activities	16.2	Photography, photocopying and typing services	6.0
		Scrap collecting and repair	12.2
		Express taxi	81.8
Hair services	6.3	Hair dressers	28.5
		Hair plaiters	39.5
		Barbers	22.7
		Traditional barbers	9.3
Mechanics, metal working and carpentry	5.4	Mechanics	21.6
		Modern metal workers	20.8
		Blacksmiths	11.4
		Carpenters	46.2
Food processing	4.7	Grinding machines	60.4
		Eating houses	39.6
Modern repair	3.8	Shoe	18.2
		Electrical	81.8

Source: Fieldwork

On the basis of the list of enterprises compiled, a census of informal entrepreneurs, employees and apprentices was carried out in the months of July-September 1991 in the main concentrations of informal activity of each of the three study areas, the results of which are presented in Table 2.1.³ 120 semi-structured interviews were held with entrepreneurs and household members. Based on the interviews, separate questionnaires were drawn up for each activity, and were administered to a stratified sample of 300 enterprises. This constituted the main sample. A separate questionnaire was administered to a sub-sample of 116 employees and apprentices, randomly selected from the enterprises in the main sample. An additional sub-sample of 92 entrepreneurs, employees and apprentices were given a second questionnaire concerning household and community level coping strategies. Where possible, this involved going to the place of residence and speaking to the wives of the male respondents.

Using the income data from the questionnaires, activities were categorized as low income or high income activities using the statistical technique of clustering. Low income activities were defined as those with reported incomes of less than N1,000 per month (most fell in the range of N300-600), while high income activities had reported incomes of N1,000 and above.

Data were also collected through interviews with local government officials, officials and field officers of the Zaria branch of the People's Bank, heads of existing and defunct informal sector unions, and relevant personnel of the

³ Because the census was performed during the rainy season, it is likely to under-represent the importance of itinerant activities, particularly hawkers and small load carriers, and possibly express taxis, the ranks of which are swelled in the dry season by cyclical migrants from the rural areas.

major formal sector manufacturing and distributive firms in Zaria. Newspapers, journal articles and official documents were also consulted where possible.

2.2.4 Limitations of the study

Given the enormously complex character of the informal sector, it was not possible to capture all of the groups involved. Important groups omitted from the study include domestic servants, brewers of local alcohol, and various other groups operating from the home in residential areas. Most of these categories involve women, who are therefore likely to be under-represented in the study as a whole. As the most invisible, and in many cases the most vulnerable groups in the informal sector, their absence constitutes a serious gap. Although this renders the study less than fully representative, the information gathered was nonetheless felt to capture important processes taking place within the informal sector in the economic climate of SAP.

3. THE CHANGING STRUCTURE OF THE INFORMAL SECTOR

A glance at the structure of the Zaria informal sector calls into question the notion that the informal sector is a “seedbed of entrepreneurs” (World Bank, 1989). Heads of enterprises constitute only 43 per cent of informal actors, and nearly half of these so called “entrepreneurs” (20 per cent) are hawkers. The remaining 57 per cent of the sector is made up of workers in informal enterprises. This corresponds with ILO observations that entrepreneurs make up less than half of informal sector participants in the African context (Vandemoortele, 1991). Within this context, an attempt will be made to analyse the impact of the various pressures and opportunities created by SAP on low income and high income activities, and on male-headed and female-headed enterprises.

◆ 3.1 New Patterns of Informal Sector Entry

For an increasing variety of social groups, entry into the informal sector has been an important strategy for coping with SAP. First, entry has intensified from the traditional sources of informal sector participation, particularly low income wage earners and the unemployed. Secondly, the contraction of both private and public sector employment has widened the category of the unemployed to include not only retrenched workers and civil servants, but secondary school and university graduates. Thirdly, falling real incomes and the rising cost of living have forced an increasing number of women into the informal sector as part of a household level coping strategy. Finally, these same pressures have resulted in the entry of a growing number of employed civil servants, given the particularly serious erosion of real incomes in the public sector.

The new structure of entry has changed the face of the informal sector in important ways. Limited access to resources among the bulk of recent entrants has tended to concentrate entry, and its attendant problems of

increased competition and declining returns, in the low end of the informal sector. Increased entry and hence intensified competition have been much less of a problem in the high income activities such as modern crafts and services, owing to the rising capital costs of entry in these activities.

Table 3.1
Patterns of Informal Sector Entry

Enterprise category	% of total	% of category entering sector since SAP	% in high income activities	% in low income activities
High income	16	8	100	0
Low income	84	92	0	100
Female-headed	41	41	4	96
Male-headed	59	59	23	77

Source: Fieldwork

As Table 3.1 indicates, 84 per cent of the Zaria sample was engaged in low income activities, and only 16 per cent in high income activities. If the focus is directed to the structure of informal sector entry since the beginning of SAP, the trend toward differentiation appears even more pronounced. Entrepreneurs in high income activities account for only 8 per cent of those who have entered the informal sector since SAP, while low income entrepreneurs account for 92 per cent of post-SAP entrants. The increasing concentration of informal entrants in low income activities appears to be due to the dramatic rise in the cost of entry into high income activities, combined with falling real incomes from which to fund entry.

An even more skewed pattern is evident in the relationship between male and female entrants. Women accounted for 41 per cent of enterprise heads and 45 per cent of informal labour. Owing to the omission of some of the more invisible activities from the study, this is likely to understate the real level of female participation, which may now be greater than male participation.. As Table 3.1 illustrates, there is an overwhelming concentration of female participation at the low end of the informal sector: 96 per cent of female entrepreneurs were involved in low income activities, compared to 76 per cent among males. Aside from hawking, the area of the most dramatic expansion in female participation is in the highly labour-intensive hand embroidery of men's traditional gowns.

By contrast, only 4 per cent of female entrepreneurs were engaged in high income activities. The combination of poor access to capital and a relatively strict gender division of labour gives the influx of female informal actors very little access to the more lucrative informal activities. Furthermore, men are now moving into the only two women's activities that show some growth potential: tailoring and hair dressing.⁴ The men invading women's activities in the Zaria informal sector are predominantly Ghanaian, but southern Nigerian men are also beginning to move into the profitable niche of female tailoring that targets the middle class market.

In addition to the increasing participation of women in the informal sector, there has been a growing entry of participants with secondary and even

⁴ According to the classification used in this study, tailoring is not a high income activity, but niche marketing strategies are turning a small proportion of tailors into high income earners.

tertiary education, owing to declining employment opportunities in the formal sector. This is evident in the increasing levels of education among informal sector entrepreneurs. A study of the Lagos informal sector in the 1970s found that only 10 per cent of informal entrepreneurs had more than primary education (Sethuraman, 1981:73). As Table 3.2 shows, the proportion of informal entrepreneurs with some secondary education is now 11 per cent in low income activities and 40 per cent in high income activities, which translates into 16 per cent in the informal sector overall. In high income activities, 5 per cent had some form of post-secondary education, though these were largely from polytechnics or some other form of formal technical education rather than from the university. Even the Ghanaian men who are entering into women's tailoring and hairdressing all appear to have received secondary-level vocational training in tailoring and hair dressing back in Ghana.

Table 3.2
Levels of Education of Informal Entrepreneurs (per cent)

Enterprise	None	Attending or completed		
		Primary	Secondary	Tertiary
High income	32	23	40	5
Low income	55	34	11	0
Female-headed	51	38	11	0
Male-headed	52	27	19	2
Total sector	51	32	16	1

Source: Fieldwork

The regional, or ethnic, composition of the Zaria informal sector indicates significant imbalances with a potential for increased tension within the sector. While Hausa indigenes of Zaria and the rest of the North make up well over half of informal sector entrepreneurs, they are seriously under-represented in high income activities, where they constitute only 42 per cent of entrepreneurs (Table 3.3). By contrast, migrants from southern Nigeria, who make up only 15 per cent of informal entrepreneurs as a whole, represent 39 per cent of high income entrepreneurs. Migrants from the Nigerian "Middle Belt" are also slightly over-represented among high income entrepreneurs.

Table 3.3
Regional Origin in the Zaria Informal Sector

Regional origin of entrepreneurs	% of total sector	% of high income category	% of low income category
Northern Nigeria (Zaria)	73 (50)	42 (26)	79 (54)
Southern Nigeria	15	39	10
Middle Belt	11	18	10
Foreign	1	1	1

Source: Fieldwork

◆ 3.2 New Forms of Ownership

In addition to concentrating entry in low income activities, high capital costs have created a trend toward alternative forms of enterprise ownership. In low income activities, there has been an increasing recourse to entry as “commission workers”. Commission workers are those who possess the skills necessary for independent operation, but lack the capital. They are provided with inputs or essential equipment by an outside party, and are paid a proportion of the earnings from their work. This arrangement appears most common among low income activities. Commission workers made up 21 per cent of enterprise operators in low income activities, with a particular concentration in hawking, hand-embroidery and express taxis. By contrast, commission workers made up only 7 per cent of high income enterprise operators.⁵

In high income activities, a small percentage of businesses were rented by the operator, equipment and all, for a fixed monthly sum. This was particularly common among Ghanaians running hair dressing salons. After paying the rent, the operator would then keep all of the proceeds of the business. Some informal photocopy shops also had their machines on hire-purchase.

Both the rental and the commission arrangements represent the coming together of two sets of coping strategies: the strategies of informal actors for coping with high capital costs, and strategies of the middle class to supplement their incomes by setting up informal businesses which are operated by others.

◆ 3.3 Formal Sector Employees and Other Middle Class Entrants

In the Zaria sample, entry into the informal sector from the formal sector constituted a relatively small percentage of informal entrepreneurs. Only 14 per cent of entrepreneurs entered from the formal sector, 8 per cent of whom were from the civil service, and the other 6 per cent from private sector firms. Only half of the informal entrepreneurs entering from the civil service did so because of retrenchment. The other half have retained their civil

⁵ The classification of commission workers as a category of ownership is admittedly problematic, since they fall somewhere in between proprietors and workers. However, their independent form of operation makes it difficult to distinguish them from full-fledged entrepreneurs in the selection of samples.

service jobs, and entered into the informal sector in order to supplement their declining real incomes. Retrenched civil servants constituted 4 per cent each of low income and high income entrepreneurs, but moonlighting civil servants, with the benefit of an additional income, were significantly more concentrated among high income entrepreneurs (9 per cent) than among low income entrepreneurs (3 per cent). Entrants from the civil service were particularly concentrated among express taxi operators.

Former employees in private sector firms, who normally enter the informal sector with some sort of technical training, constituted 15 per cent of entrepreneurs in high income activities, but only 5 per cent of those in low income activities. The main reasons for entry into the informal sector were low incomes and retrenchment.

Entry by civil servants and unemployed members of the middle class constitutes the “new competition” in the informal sector, especially in skilled activities. On the one hand, these groups have contributed to the growth of “small-small operators” — entrepreneurs who enter skilled activities with insufficient training or equipment, and survive by under-cutting better established firms. These have become a serious threat to profits in such activities as photography, hair dressing and shoe repairs, which are susceptible to being turned into low cost front-room or itinerant operations. The main actors in this new wave of competition are unemployed civil servants and the wives of civil servants.

On the other hand, employed civil servants and unemployed secondary school and university graduates from middle class families are also constituting a new competitive pressure from above. The entry of these groups into skilled activities, either as owner-operators or absentee owners, has become a competitive threat to owner-operated firms from the traditional informal sector, especially in activities such as hair dressing, photography and tailoring (fashion design). With their superior access to capital, employed civil servants and graduates are better able to afford equipment and more adequate facilities. Thus the middle classes, which were supposed to constitute a new source of demand for the informal sector, have become a new source of competition.

4. COPING ON THE DEMAND SIDE

In general, demand within the informal sector has been contracting under SAP, owing largely to increased competition and falling real incomes among the urban and rural low income classes (Meagher, 1991b). In some informal activities, demand has been further threatened by competition from outside the sector, largely from the increased level of trade in second-hand goods. Trade in used clothes has become a serious threat to tailors, and metal workers complain of an increasing trade in used beds.

Despite the erosion of real incomes, however, SAP has managed to generate pockets of rising demand, as a result of the rising cost of imported goods and formal sector services. The first area of rising demand is in low cost essential services for low income consumers and ill-equipped informal businesses. However, this increase in demand is dependent on a situation of severe

contraction in incomes, and cannot be sustained in the event of recovery. The second area of rising demand arises from the upward shift of demand for modern goods and services of quality from middle class consumers and formal sector firms. Strategies for coping with the impact of SAP on informal sector demand involve targeting one or the other of these two expanding market niches.

◆ 4.1 The Low Income Market

At the level of the low income market, the activities which are doing best are those performing the most basic services, such as grain or tomato grinding, cap washing, and repair of basic household goods. Grinding machine operators are benefitting from the high cost of bread and rice, as low income and middle class consumers turn to the grinding of dry and soaked grains for the preparation of local dietary alternatives. Similarly, cap washers and repairers of used goods are benefitting from the shift of low income and middle class consumers away from the purchase of new goods. In 1991, profits in the latter two activities compared favourably with the salaries of middle-level civil servants.

There has also been an increase in low income demand emanating from informal sector firms themselves, owing to the increased entry of small ill-equipped operators, and the failing capacity of many longer established operators to purchase costly inputs or replace equipment. This has led to the growth of subcontracting arrangements between ill-equipped firms and better established informal firms, as in the case of itinerant photographers who develop their film in the shops of more successful photographers. As a result, better equipped enterprises report an increase in business under SAP, not only because of their ability to do better quality or more complex jobs for consumers, but precisely because of the increased entry of smaller “competitors”. This trend is most pronounced in high income activities. 30 per cent of high income entrepreneurs reported that increased entry into their activity has improved business for them, compared to only 4 per cent of low income entrepreneurs.

Another strategy for benefitting from the increased entry of small operators is to go into training as a source of income (see also Birks and Sinclair, 1991; Steel and Webster, 1991). In Zaria, the shift into training has become most common in women’s activities, particularly tailoring and typing, owing to the very high rate of entry of young women into these activities. In the face of a lack of business, some female tailors take on five to ten fee-paying apprentices who do nothing more than hand-sew practice garments cut out of brown paper, while typing establishments put idle machines to use training aspiring office workers and free-lancers.

Among all enterprises that depend on the low income market, sustaining one’s share of the market depends on the ability to keep down prices, largely through reductions in quality. Over 30 per cent of the entrepreneurs in the main sample reported that since SAP, the demand of customers was for less well designed, lower quality goods, or simply for repair of goods that they would have replaced before SAP. The shift of low income demand away from more innovative, high quality goods is particularly pronounced among high income activities, where it affected over 50 per cent of entrepreneurs. In

low income activities, declining effective demand shows up primarily in a demand for smaller quantities.

Discounts have become an important instrument for attracting demand from the low income market, with 76 per cent of enterprises indicating that they now give more discounts to attract customers, cutting profits to the bone. Granting credit is a riskier strategy, particularly for low income entrepreneurs; not only do squeezed profits make it more difficult for them to grant credit under SAP, but low income customers are less able to pay, leading to more problems with default. As a result, only 24 per cent of low income entrepreneurs indicated that they grant more credit under SAP, compared to 51 per cent of high income entrepreneurs. This increases the ability of high income activities to attract demand from civil servants, who increasingly defer payments until the end of the month.

◆ 4.2 Middle Class Niche Markets

Capturing the new markets of middle class consumers and private companies requires a strategy opposite to that used in maintaining one's share of the low income market. In the case of the middle class, the shift in demand into the informal sector does not simply swell the low income market; it constitutes a new structure of demand which is responsive to improvements in quality, variety, service and decor. Thus, SAP has resulted in the emergence of niche markets within the informal sector in which there is an expanding demand for more costly, higher quality goods and services. These market niches are particularly concentrated in modern services such as tailoring, hair dressing salons and barber shops, and photography. Entrepreneurs with insight and capital have turned tailor's shops into fashion houses, and dingy salons or photography studios into well decorated establishments with an emphasis on personal service and high quality finishing (see also Omulolu, 1990).

The capacity to attract high income demand affects only a small proportion of the informal sector: those who are able to afford higher quality inputs and better equipment. Less than 20 per cent of entrepreneurs indicated that they faced a demand for higher quality goods, but this was concentrated in the areas of textiles and hair dressers, where over 50 per cent of the enterprises had experienced an increased demand for quality and variety since SAP. The majority of those who faced a demand for quality improvements indicated that they were unable to respond because of the high cost of materials under SAP.

◆ 4.3 Linkages with Formal Sector Firms

Formal sector firms have been turning increasingly to the informal sector since SAP — not in the area of actual production, but in terms of peripheral services, such as vehicle maintenance, production of uniforms and canteen services. In Zaria, international firms as well as former state enterprises, such as John Holt, A.J. Seward and the Nigerian Tobacco Company (NTC), now employ informal enterprises for at least some of these services. Leventis, an international distributing firm, now buys local snacks from women who have found ways of packaging them in attractive and innovative ways. In addition, the local sourcing drive and the high cost of imported inputs has forced large formal sector steel and plastic manufacturers in Kano and Kaduna to turn to the informal sector for the collection of recyclable scrap.

The access of informal enterprises to subcontracts from the formal sector is limited by two factors. The first is that large companies give business only to established, experienced informal enterprises, with adequate equipment and labour. Requirements of speed and quality are fairly strict. This excludes the bulk of new entrants, and most of the older enterprises that have been hard-hit by rising labour and supply costs. In addition, many formal enterprises require that subcontracting informal firms be able to grant credit for two weeks or more after the completion of the job, in addition to the necessity of meeting the initial outlay for jobs larger than those given by consumers. This cuts out most informal sector participants, who are facing increasing difficulties even in granting small consumer credit.

Not surprisingly, only informal enterprises that were already fairly large and successful before SAP are able to capture this sector of demand, while the female-dominated activities such as canteen services and the packaging of local snacks tend to be captured by the wives of civil servants and of military personnel. Even in the case of scrap collection, only collectors who have the use of vehicles are able to collect scrap in sufficient quantity to secure direct contracts with industry. Most of these collectors were already established before SAP. New entrants into scrap collecting are increasingly forced — by the rising competition for and cost of scrap — into the low profit end of the collection chain.

A second factor that restricts the growth potential of linkages with the formal sector is the inability of most firms in the informal sector to meet the quality requirements for subcontracting of production activities. Most of the companies interviewed rejected out of hand the notion of increased linkages with the informal sector. Consistently, the reason given was the lack of quality control in informal sector firms, which companies felt would threaten demand in an increasingly competitive market. A Zaria-based bicycle manufacturing firm had actually tried subcontracting the production of simple components to local metal workers, but found that they could not meet standards of precision necessary for fitting the parts onto standardized frames. The inability to meet quality standards is being intensified by the increasing dilapidation of equipment in the informal sector.

At the distribution end, formal sector manufacturers of such goods as toiletries and cigarettes have become more favourably disposed toward hawkers, although they do not sell to them directly. Instead, they encourage

their distributors to sell to hawkers, who have become an important extension service, particularly into the rural areas. In addition, hawkers buy up expired and near-expired goods that would otherwise have to be destroyed. Distributors of toiletries also enter arrangements with informal hair dressing salons that display goods for sale to their customers, thus reducing overhead costs.

◆ 4.4 The Recomposition of Demand

The recomposition of demand under SAP clearly favours better established firms and new entrants with superior access to capital over small operators who remain confined to the low income consumer market. The superior ability of the former category to grant credit, to provide services to ill-equipped informal firms and to meet demands for higher quality from middle class consumers and formal sector firms allows them to enjoy a situation of rising demand and incomes, despite the general contraction of traditional informal sector demand. They are also more able to raise prices in accordance with increases in input costs without the fear of driving away customers. Table 4.1 presents an indication of the recomposition of demand between low income and high income enterprises produced as a result of these various factors.

Low income activities show an increasing dependence on low income demand, and a declining incidence of demand from the middle class. The reverse is true of high income enterprises, given that low income consumers are less able to afford their goods and services, and middle class consumers increasingly forced to resort to them. In terms of linkages with other businesses, the increased proportion of low income activities enjoying such linkages largely involves local traders buying informal goods for onward sale, while that of high income activities involves demand from other small-scale enterprises and formal sector firms.

Table 4.1
Informal Enterprises Receiving More or Less of Various
Types of Customers Under SAP (per cent)

Enterprise category	Customer category*					
	Low income		Middle class		Other businesses	
	Less	More	Less	More	Less	More
Low income	31	60	30	16	19	26
High income	52	46	20	32	14	43
Total	35	58	29	19	18	28

* Percentages for non-responses and enterprises indicating "no change" are not indicated.

Source: Fieldwork

5. COPING ON THE SUPPLY SIDE

The removal of market distortions through the liberalization of trade, exchange and interest rates has not produced the positive informal sector supply response anticipated by economic theory (Liedholm, 1990:39). If anything, liberalization has revealed the dependence of the informal sector on the market distortions of the previous era for access to affordable equipment and inputs. The result has been that informal entrepreneurs are faced with dramatic increases in the prices of production goods in a situation of contracting effective demand for their output. For much of the informal sector, therefore, coping with SAP on the supply side has been essentially a rear-guard action of cutting corners, improvising inferior substitutes and jerry-rigging ageing equipment — strategies targeted at cutting production costs rather than increasing prices.

◆ 5.1 The Import Trap

One important, and often ignored, factor in the negative supply response is the high import dependence of many informal enterprises. Particularly in the so-called “modern activities”, a substantial proportion of inputs and equipment have no local substitutes. These include the varnish and glue used by carpenters, the chemicals and film used by photographers, and some of the hair products used by hair dressers. Even the scrap used by blacksmiths and collected by junk collectors is largely made up of imported metal. Similarly, there are no Nigerian made sewing machines, motorcycles, grinding machine engines, cameras, hair dryers, or metal drilling and bending machines — all basic equipment in various informal enterprises.

Of the enterprises in the sample, 69 per cent claimed they could not shift away from the use of imported goods because no local substitutes were available. Surprisingly, this was higher among low income enterprises (72 per cent), owing largely to the importance of tailors and express taxis in that group, as well as to the high import content of male hawkers’ goods. A further 6 per cent had shifted to locally made inputs and equipment because of the cost, but found them uneconomically inferior. This was more prevalent among high income enterprises (19 per cent), especially mechanics (67 per cent), who have the option of tools and counterfeit spare parts manufactured by small-scale enterprises in south-eastern Nigeria. Only 18 per cent of informal enterprises had no difficulty avoiding the use of imported inputs and equipment, and these were heavily concentrated in food processing, and traditional crafts and services.

◆ 5.2 Inputs

The principal strategy used in coping with high input costs has been a reduction in the quantity and quality of inputs bought, and the sourcing of inputs from retailers within Zaria in order to cut down on transport costs. These trends are particularly pronounced among high income enterprises, whose higher resource position made them more prone before SAP to buying in bulk in Kaduna, Kano or southern Nigeria. 30 per cent of high income entrepreneurs, compared to only 2 per cent of low income entrepreneurs,

indicated that they now travel less to buy inputs because of the high cost of travelling. Similarly, 39 per cent of high income entrepreneurs, and 28 per cent of low income entrepreneurs claim they now buy in smaller quantities than before SAP. Many enterprises, including high income activities like carpentry, now buy only enough for a single job or a single day's work. As a cost-cutting strategy, however, buying in smaller quantities has the self-defeating consequence of higher unit costs.

Only 7 per cent of enterprises confessed to using cheaper quality inputs, but it is clear from their output that the real proportion is certainly in excess of 50 per cent. Locally made spare parts, inferior adhesives, low quality wood or accessories, and watered down chemicals are now standard hazards of doing business with the informal sector.

While 83 per cent of enterprises identify cost as the most serious input problem, 30 per cent of high income enterprises, and slightly under 10 per cent of low income enterprises claim that there are more problems with scarcity and counterfeiting of inputs under SAP. Scarcity is largely a function of high import and transport costs, and of the reduced ability of entrepreneurs to invest the time and travelling in finding what they need. Counterfeit and adulterated goods — known locally as “fake” — have become a particular problem under conditions of economic desperation and lack of formal regulation. For the less experienced, coping has become a game of Russian roulette. Experienced entrepreneurs are more adept at distinguishing fakes, and complain only of the inconvenience of looking for the “originals”.

◆ 5.3 Equipment

The central strategy for coping with the cost of equipment is simply to maintain what one has. The majority of enterprises with costly equipment bought it before SAP. This is particularly noticeable in low income activities. 71 per cent of express taxis and over 40 per cent of tailors are using machines bought before the devaluation of the naira, largely for household use, but turned to commercial purposes under economic pressure. In high income activities as well, members of the informal sector who have costly equipment are more likely to have acquired it before SAP. This poses the problem of what happens when equipment breaks down or wears out. The answer is evident in the number of broken-down machines set quietly aside in hope of better days. One photocopy shop in the study contained two broken photocopiers, a set of broken recording equipment, and a broken-down generator, and was staying in business with a photocopier brought in on hire-purchase. 21 per cent of low income, and 33 per cent of high income entrepreneurs reported having less equipment now than they did a few years ago, while only 5 per cent overall claimed to have more, and these were concentrated in traditional crafts where the equipment is locally made.

Strategies for obtaining equipment include buying used or locally made equipment, borrowing, and repairing wherever and however possible. Many of those who switch from imported to locally made equipment point out that the local variety, though cheaper, breaks or breaks down very easily. The cumulative effect is an erosion of the previous advances in informal sector

technology so applauded by those who held up the emergence of “modern activities” as a sign of the developmental potential of the sector.

Table 5.1
Percentage Change in Basic Input, Equipment
and Output Prices, 1986 - 1992

Enterprise category	Inputs	Equipment	Output
Low Income	240	1637	91
High Income	331	449	228
Female-Headed	205	879	93
Male-Headed	273	1121	221
Total	251	1075	119

Source: Fieldwork

Table 5.1 summarizes in price terms, both the problem of access to inputs and equipment under SAP, and the relative success of various categories of entrepreneurs in coping with that problem. Overall, input costs have increased at more than twice the rate of output prices, despite shifts to cheaper materials and other cost-cutting strategies. High income and male entrepreneurs have faced greater increases in input costs, but have on the whole been more successful in defending profits by raising prices.

The relationship between the increases in equipment costs and output prices stands as a particular warning of the growing danger of technological decline in the informal sector. It is particularly significant that the increase in equipment costs has been higher among low income than among high income entrepreneurs. This is largely because of the importance of tailors and express taxis in the low income category, and the particularly dramatic rise in the prices of sewing machines and motorcycles, both of which lack local substitutes. Given that tailoring and express taxis constitute a full 20 per cent of the informal enterprises in the Zaria sample, the prohibitive cost of replacing the necessary equipment could have serious consequences for labour absorption in the sector. Furthermore, these are only stark examples of what is clearly a general problem. The need to replace ageing equipment will become an increasingly serious challenge to the sustainability of all but the most technologically basic informal activities.

◆ 5.4 Utilities, Rent and Taxation

With regard to facilities, the high costs of rent and electricity were two difficulties most frequently cited by informal entrepreneurs. Electricity has risen approximately 200 per cent and rents have approximately doubled. In addition, landlords now frequently demand three to six months payment in advance. As land values rise, informal entrepreneurs face greater insecurity of tenure. Coping has consisted basically in meeting payments as best they can, retreating to operating from their homes (where it is more difficult to attract business), or sharing shops with one or more fellow operators. One further area of concern was local government taxation. In addition to paying taxes on their businesses, informal entrepreneurs pay taxes on operating certain machines (including sewing machines), on the use of local government premises, and on signboards. Under SAP, tax rates are being raised owing to the increased financial responsibilities being shifted onto local governments under the new federal fiscal arrangement in Nigeria.

Markets and informal sector enterprises are seen as one of the easiest ways of increasing local government revenue. This is likely to lead to increased tension between informal entrepreneurs and local government officials, particularly in the context of a continuous decline in services.

◆ 5.5 Credit and Capital

In the face of dramatic increases in the cost of equipment, inputs and facilities, the capital costs of starting up an informal sector enterprise have risen by an average of 500 per cent. At the same time, the minimum wage has increased by only 133 per cent. Against a minimum wage of N350 per month, it now costs over N2,500 to start up a tailoring business, over N10,000 to start up a salon or a basic photography studio, and on the order of N20,000 to start up as a metalworker. The result is a situation in which the cost of starting a business has, for most activities, moved beyond the range of the low income classes, who have, until now, been the traditional occupants of the informal sector, and its principal source of capital. In the sample, 57 per cent of the enterprises got their start-up capital from their own savings, and 34 per cent from a relative, who, in most cases, was a private sector employee or a junior civil servant.

Despite the much publicized creation of institutions for providing external sources of credit and training to informal enterprises, access to credit in the informal sector has generally declined under SAP. Revolving credit groups have been springing up to fill the credit gap, but, given the level of incomes in the informal sector, the resources they generate are woefully inadequate. Furthermore, increased household pressures are causing many of these groups to collapse.

The NDE and the People's Bank, set up to assist the development of informal enterprises, have actually contributed to the marginalization of the vast majority of them. From the beginning, the resources offered were well below the cost of starting up a viable enterprise, except at the pettiest level. By 1991, only 2 per cent of the 104,370 apprentices trained through the NDE's Open Apprenticeship Scheme had managed to start up their own businesses, owing to the high cost of equipment. This forced the NDE to institute a "resettlement loans scheme" to provide cash and equipment to aspiring entrepreneurs. People's Bank loans, with their original ceiling of N2,000, were barely enough to start up the most marginal enterprises. The ceiling was quickly raised to N5,000, and recently to N10,000, but it is not clear whether the target group can generate sufficient resources to repay loans of this size.

The core of the problem, however, is that the target group has very little access to these loans in the first place. The People's Bank initially refused to lend to itinerant actors or roadside operations which lacked a verifiable address, and applicants complained that officials had to be paid before they would grant loans (**National Concord**, 13 October 1989). These institutions have thus functioned largely to channel funds to members of more privileged classes who have the necessary resources and connections to obtain loans for entry into the more lucrative informal activities. A substantial proportion of the loans available from these institutions have gone to non-mandate groups; nearly N20 million of People's Bank loans went to the Better Life

Programme, military officers' wives and transporters, and additional amounts were lent to police officers' wives and civil servants, especially in the federal ministry of finance (**National Concord**, 7 April 1991:2; **Tell**, 22 April 1991:14). Not surprisingly, the plan to recycle loans has run up against extremely high rates of default in both the NDE and the People's Bank (**Guardian**, 24 March. 1992). Thus, the populist credit strategy of the Nigerian government has contributed, not to the promotion of the informal sector, but to its recomposition in favour of new entrants from the middle class.

6. INCOMES AND INCOME STRATEGIES

The impact of structural adjustment on informal incomes has been highly uneven, and has tended to widen the gap between low income and high income activities, and between male and female incomes. Overall, however, informal incomes have not performed well under SAP; an increasing proportion of informal entrepreneurs are unable to generate incomes sufficient for basic survival, increasing the importance of engaging in more than one income-generating activity.

◆ 6.1 Developments in Income Generation

Table 6.1 shows the monthly earnings in the main categories of informal enterprises.⁶ Incomes in low income activities are only 28 per cent of those in high income activities. Similarly, female incomes are only 62 per cent of male incomes.

In comparison with formal sector incomes, 46 per cent of the Zaria sample was found to earn below the existing minimum wage, rising to 53 per cent among low income activities, and 64 per cent among activities run by women. Given the erosion of official income guarantees under SAP, however, it is misleading to use the minimum wage as a standard for comparison, since the minimum wage has failed to keep pace with inflation. Given official rates of inflation, what the minimum wage of N60 could buy in the mid-1970s would require N990 by the end of 1991, nearly three times the 1991 minimum wage. When compared to this adjusted figure for the value of the 1970s minimum wage, all categories of informal enterprise perform distinctly worse. On average, 84 per cent of informal entrepreneurs now earn below the inflation-adjusted value of the 1975 minimum wage. The proportion below the adjusted 1975 minimum wage is more than twice as high for low income as for high income entrepreneurs, and 15 per cent more among women than among men. When compared to a basic survival minimum for 1992, informal incomes fare still worse. 90 per cent of informal incomes fall below this level, rising to 98 per cent among low income activities, and 97 per cent among women.

Table 6.1

⁶ In calculating income levels, an attempt was made to take account of seasonal peaks and troughs in each activity. However, the figures quoted may over-represent overall income levels somewhat, particularly in low income activities where business lulls have become much more severe under SAP.

**Average Monthly Incomes in the Informal Sector in 1992
and their Relationship to Official and Survival-Level Minimum Wages**

Enterprise category	Average monthly income (N)	% of category below current minimum wage	% of category below adjusted value of 1975 minimum wage	% of category below basic survival wage*
Low Income	435	53	91	98
High Income	1534	10	42	51
Female-Headed	487	64	92	97
Male-Headed	787	33	77	85
Total	600	46	84	90

* In 1992, the basic survival wage was calculated at N1,250 by the Academic Staff Union of Universities (ASUU) (*The Punch*, 25 May 1992).

Source: Fieldwork

On the basis of these figures, it is difficult to sustain the argument that the informal sector represents a dynamic arena for income generation under SAP. On the contrary, the figures simply demonstrate the collapse of the low income formal sector as a viable alternative, without the development of significantly better opportunities in the informal sector.

◆ 6.2 The Multiple Modes Strategy

The multiple modes strategy — the taking on of more than one income-earning activity — has become increasingly central to attempts to cope with declining real incomes in both the formal and informal sectors. In the informal sector, contracting demand and increasing competition, especially in low income activities, have been sufficiently severe that increasing the number of working hours within the same enterprise has ceased to be a viable strategy. In fact, average working hours show a marginal decline under SAP within the informal sector as a whole, although this translates into a marginal increase of 8 per cent among women, and a decline of 3 per cent among men.

The success of the multiple modes strategy in sustaining income levels varies according to the resources available for entering more lucrative secondary activities (Mustapha, 1991; Vandemoortele, 1991). Among different categories of informal actors, a multiple modes strategy is pursued to varying degrees both at the household and at the individual level, depending on the resources available and the level of access to family labour. Only the individual-level strategies will be discussed here; the household level dynamic will be taken up in the final section on household-level coping strategies.

Table 6.2
Distribution of Additional Income-Earning Activities
within Different Categories of the Informal Sector (per cent)

Enterprise category	Farming *	Other informal sector	Civil service	Private sector employment	None
Low income	52 (14)	32	3	0	33
High income	37 (10)	14	9	0	51
Female-headed	43 (13)	48	1	0	29
Male-headed	52 (14)	17	6	0	41
Total	49 (14)	29	4	0	36

Totals of over 100 per cent are the result of multiple responses.

* The number in parentheses indicates the percentage of the category that took up farming since SAP.

Source: Fieldwork

At the individual level, a commitment to a multiple modes strategy is largely confined to the lower end of the informal sector, where demand is weak and often seasonal. In the Zaria sample, 67 per cent of low income entrepreneurs were involved in at least one other low income activity, including farming (52 per cent) and/or other petty informal activities (32 per cent) (Table 6.2). Involvement in all of these activities is significantly lower among high income actors. In fact, 51 per cent of high income entrepreneurs pursued no other income-earning activity, since concentration on their main activity was more lucrative than diversification into farming and other affordable options. The only multiple modes activity that is concentrated primarily in the high income category is employment in the civil service. The main reason given by high income entrepreneurs for not following a multiple modes strategy was lack of capital to engage in an additional activity that would yield returns equal to or greater than their current occupation.

◆ 6.3 Informal Sector Unions

Participation in informal sector unions represents a more co-operative strategy for coping with low incomes and rising costs. In general, trade-based unions appear significantly less important under SAP than ethnic and religious unions. Only 8 per cent of the sector was found to participate in trade-based unions (Table 6.3). These were concentrated overwhelmingly in high income activities, where the proportion was 23 per cent, compared to only 9 per cent in low income activities. Participation in ethnic unions was double this proportion: 19 per cent of the sector as a whole, breaking into 16 per cent of low income enterprises, and 37 per cent of high income enterprises. 15 per cent, almost exclusively from low income activities, belonged to religious unions.

Ethnic and religious unions focused essentially on assistance with household problems, while trade-based unions were concerned with a wider spectrum of household and business-related issues. These included such issues as enforcing minimum price levels, buying inputs in bulk, protecting members from trouble with the police and government, and helping members with household problems.

Table 6.3
**Informal Sector Participation in Trade-Based,
 Ethnic and Religious Unions**

Enterprise category	% of category in trade-based union	% of category in ethnic union	% of category in religious union
Low income	5	16	18
High income	23	37	4
Female-headed	5	20	17
Male-headed	9	18	14
Total	8	19	15

Source: Fieldwork

The trade-based unions in existence at the time of the study fall into three basic categories. The strongest category comprised unions formed in activities which had become significant in Zaria since the beginning of the economic crisis, particularly modern hair dressing, express taxis and scrap collectors. A second category involved the flagging remains of unions formed in better days, or fragments of old unions trying to start up again. These could be found among such failing activities as barbers and photographers. A third category, which are not unions in strict terms, consisted of small groups formed primarily for the purposes of getting a loan from the People's Bank. Trade-based unions in the most lucrative informal activities, such as mechanics and carpenters, were reported to have collapsed during the mid-1980s in the face of rising economic pressures and religious disturbances.

In general, trade-based interests formed a basis for co-operation only among the better-off members of unionized activities. Unions were increasingly running up against a sharp divide between the trade-based interests of the more established operators and the often contrary interests of small operators whose major concern, as one union leader put it, was "just to eat". The established enterprises argued that the new entrants did not undergo the correct periods of training, did not hire labour, used inferior or adulterated inputs, and used these short-cuts to undermine the profitability of those who tried to maintain quality standards. Within a given activity, most non-members of the union were small operators, particularly in activities where the competition was highest.

The response of the union leadership was essentially authoritarian, rather than "participatory and democratic". Attempts were made to force non-members to join the union and abide by its standards. In 1991, the Zaria hair dressers' union went so far as to get the local government to agree to threaten with arrest any hair dressers who refused to join the union. The same union also used the threat of calling in immigration authorities against the Ghanaian members of the profession.

Among the bulk of low income activities, organization around trade-based interests is virtually non-existent. The main interests of these groups are focused primarily on household survival rather than on trade-based concerns. Intensifying competition erodes any basis for common interests, and many are suspicious of anything that requires the payment of dues. Others simply cannot afford the time or the money to attend meetings.

7. INFORMAL SECTOR LABOUR AND PROSPECTS FOR LABOUR ABSORPTION

Of the 57 per cent of the Zaria informal sector made up of informal labour, 16 per cent are wage-workers (employees and day-workers), 20 per cent are apprentices and 21 per cent are family labourers. Under SAP, the pressures of unemployment, household survival, rising school fees and the high capital costs of becoming self-employed are pushing an increasing number of people into the informal labour market. This expanding informal proletariat is coming up against a declining capacity among informal employers to absorb labour. The result of these pressures has been a decline in real informal sector wages, which is associated with a growing labour shortage. At the same time, there is a decline in the efficiency of informal technical training despite a trend toward higher levels of education among informal sector workers. The often conflicting attempts of employers and of labour to secure their livelihoods in the midst of these pressures have created a cross-cutting pattern of coping strategies with varying effects on the potential for labour absorption of various categories of informal activity.

◆ 7.1 Coping Strategies and the Informal Labour Supply

7.1.1 Employees and day-workers

The supply of informal sector labour under SAP varies according to the different categories of informal activity and of informal labour. Scarcity of informal employees and day-workers has been most pronounced in low income activities such as eating houses, where weak markets and poor profits have kept wages too low to attract labour, and there is no tradition of apprenticeship to fall back on. Of this category, 47 per cent complained that employees were less available now than before SAP, while less than 25 per cent claimed they were more available. Conversely, over 50 per cent of textile and high income informal enterprises claimed that employees and day-workers were more available now, largely because many who have completed their training find the costs of starting up an independent business unaffordable. However, high income activities expressed an increasing preference for apprentices rather than day-workers, in order to cut wage costs.

7.1.2 Apprentices

The impact of SAP on the availability of apprentices is complicated by the more varied coping strategies of apprentices and their families. Among informal sector entrants, SAP has intensified the tension between the need for immediate earnings and the desire to enter more lucrative activities. Most low income activities that have traditionally depended on apprentices for

labour, such as hair plaiting and barbing, now complain of an acute shortage of labour. Apprentices are shifting to salons, fashion barbers and textiles, where income opportunities are better. The labour shortage created in female low income activities is partially made up by a reserve army of poor married women, especially those in *purdah*, who are moving into these activities as a result of increasing household pressures, and lack of capital and mobility.

In high income informal activities, the availability of apprentices is affected by two opposite pressures. On the one hand, high unemployment and low wages in the formal sector are encouraging more members of the working and lower-middle classes to turn to apprenticeship in the better paying informal activities. On the other hand, many of those who might have entered high skilled apprenticeships before SAP are now deterred by the long training periods, high level of fees and high cost of starting up. The effect of these contrary trends on the supply of apprentices varies according to how successful an enterprise appears to be — the more successful and well-equipped enterprises attract more apprentices, since they have the technical capacity to train apprentices well, and sufficient business to provide them with practical experience and opportunities to earn a little on the side as they train. Conversely, enterprises with insufficient equipment or little business have experienced a scarcity of apprentices.

◆ 7.2 Informal Sector Wages under SAP

SAP has had an essentially negative, but highly uneven impact on the incomes of informal sector labour. On top of the effects of inflation, the attempts of informal sector employers to defend their own incomes against the ravages of SAP have generally translated into additional pressures on the real incomes of informal sector labour. However, the countervailing pressures of labour scarcity in certain subsectors, largely in high income activities, have helped to cushion the downward pressure on wages for certain categories of labour. The impact of these pressures has tended to fall hardest on labour in low income activities, and especially on women.

Between the beginning of SAP and 1991, wage increases for informal employees have been on the order of 90-150 per cent, as against an increase of over 250 per cent in the cost of living. Both employees and apprentices have witnessed a decline in benefits provided by the employer; tips, holiday bonuses and a mid-day meal have been cut down or eliminated in less profitable enterprises in an attempt to cut costs. It has become common in informal manufacturing and repair services for employers to institute a commission arrangement, so that employees are paid according to a percentage of what they produce, rather than offered a flat monthly wage, thereby shifting the risks of falling demand onto the employee.

In general, workers in high income activities are better able to defend themselves against these pressures than workers in low income activities. In high income activities, there are more lucrative opportunities for doing jobs on the side and over-charging on materials and parts, not to mention increasing recourse to stealing equipment, materials or customers' goods.

Table 7.1 shows the monthly incomes received by apprentices and employees/day-workers in the Zaria informal sector. The incomes quoted

include an average level of tips or dashes received from the employer and from customers. The data confirm that informal labour in high income activities has been significantly more successful in defending their income levels than workers in low income activities. Employees and day-workers in high income activities earn an average of N442 per month, which is above the official minimum wage, as well as being slightly higher than the average income of entrepreneurs in low income activities. By contrast, employees/day-workers in low income activities receive an average income of N180/month, which is just over half the official minimum wage. In the same vein, the average income of female informal sector workers was found to be only 30 per cent of the earnings of their male counterparts.

Table 7.1
Incomes of Informal Sector Labour in Zaria, 1992

	(A)	(B)		(C)	(D)	
	Low income informal (N)	High income informal (N)	A as % of B	Female (N)	Male (N)	C as % of D
Apprentice	67	189	35	52	209	25
Employee/ day-worker	180	442	41	138	430	32
Total labour	142	275	52	89	291	30

Source: Fieldwork

◆ 7.3 Skill Formation and Cheap Labour Strategies

There has been a great deal of emphasis on the potential of the apprenticeship system for skill formation in the face of contracting formal sector opportunities for training and employment (Becker et al., 1986:184-5; Lubell, 1990:11; Birks and Sinclair, 1991). A contrasting perspective points to the potential for increased exploitation of young workers as a source of cheap and vulnerable labour, particularly under conditions of crisis (Portes et al., 1989:308; Weiss, 1987:224-225; Rathgeber, 1987:11). Evidence from Zaria suggests a declining capacity for adequate training in the face of slow business, reduced access to tools and household pressures. At the same time, there is a trend toward older and better educated employees and apprentices. (Ogunrinola, 1991:151; Birks and Sinclair, 1991:33).

7.3.1 Education and skill formation

The sub-sample of informal sector workers in Zaria indicates a rising level of education among informal labour. Only 21 per cent of informal labour had no education, while 44 per cent had at least some secondary education. The level of education of informal labour was found to be generally higher than that of enterprise owners, 51 per cent of whom had no formal education, and only 16 per cent of whom had secondary education. This suggests a significant change in the situation noted in earlier informal sector studies, in which informal workers had lower levels of education than their employers (Sethuraman, 1981:73; Becker et al., 1986:185). This is in general the result of declining opportunities in the formal labour market, and the emergence of a strategy in better-off informal households of training children as apprentices while sending them to school so as to maximize their

employment options. Of informal labour in the sub-sample, 22 per cent were still in school, the majority (19 per cent) in secondary school.

The higher educational level of informal workers has not, in general, led to a higher level of skill formation within the informal sector. Instead, adequate training has been undermined by a lack of adequate tools, a shortage of businesses from which to gain practical experience, and interference from other activities, including schoolwork, other jobs and household responsibilities. The lack of tools was felt to be particularly serious among male informal workers, nearly one third of whom named it as a barrier to adequate training, as compared to less than 5 per cent of female workers. Female workers felt their training was more seriously affected by interference from other work, particularly domestic work. Nearly one quarter of them cited this as a problem, as compared to less than 10 per cent of male workers.

Financial pressure on apprentices has also become an obstacle to training. The pressure to get out and start earning money, either for their own needs or to supplement household incomes, is causing apprentices to rush through their training. As Table 7.2 shows, 51 per cent of entrepreneurs in high income activities felt that apprentices were in more of a hurry to complete their training now than before SAP, and 25 per cent claimed that they were emerging less well trained as a result. In low income activities, apprentices' haste to begin earning was generally felt to be less of a problem, since training periods are only a matter of months in most of these activities. The only exception to this is in tailoring, where training can be as long as two years. There, 71 per cent indicated that apprentices were more in a hurry, and 24 per cent felt this negatively affected their skills.

Table 7.2
Changes in Training Behaviour of Apprentices
before and after SAP

Enterprise category	% of enterprises who find apprentices more in a hurry	% of enterprises who find apprentices learn less well	% change in training period
Low income	14	5	- 7
High income	51	25	-14
Total sector	20	9	-11

Source: Fieldwork

The tendency to exploit apprentices' labour by making them stay on longer than the required time does not appear to be particularly widespread in Zaria. On the contrary, the coping strategies of apprentices — which may include increased stealing of tools and materials — have exacerbated the tendency of employers to keep them less long under SAP. Some masters have turned their apprentices haste into an income-generating strategy of their own by certifying apprentices to have completed the requisite training period well before that period has been completed, thereby shortening the turnover time for the same fee.

7.3.2 Child labour

Among the sampled activities, there is little evidence of increased exploitation of children in the Zaria informal sector. It must be remembered, however, that the sample excluded domestic servants, which appears to be an area where the exploitation of children is increasing as economic pressures erode the familial mechanisms that once ensured their protection. A different set of economic pressures appear to have contributed to a reduction in child labour in the rest of the informal sector. In the combined samples of entrepreneurs (including hawkers) and informal labour, only 10 per cent were under 15 years of age, compared to over 15 per cent of informal actors found to be under 14 years of age in a 1970s study conducted in Kano (Sethuraman, 1981:83).

The shift away from the use of very young apprentices appears to be due to a combination of factors, including the spread of primary education, higher apprenticeship fees, and the desire of masters to have workers old enough to minimize the risk of damaging costly tools. These factors seem to be shifting the use of child labour from skilled to unskilled activities such as hawking, load carrying and petty scrap collection. Even in these activities, the level of exploitation appears to have declined. Owing to poor markets, apprentices and hawkers now work on average only 6-8 hours per day, as compared to 9-12 or more hours said to be worked by apprentices in the 1970s (Mabawonku, 1981:165).

Overall, the evidence of this study suggests that the focus of informal sector cheap labour strategies has shifted away from children to women. The enormous rise in the proportion of women working in the informal sector, their limited access to capital, and the extreme household pressure under which many of them enter have made women a convenient cheap labour force. However, significant further expansion of the use of women as cheap labour is restricted by the traditional division of labour that still exists in the informal sector.

◆ 7.4 Strategies for Starting Up under SAP

In the face of low wages and high certification and start-up costs, the ability of apprentices or day-workers to start up independent businesses has been severely curtailed under SAP. Despite the difficulties of starting up, however, over 70 per cent of informal workers still aspire to do so. Of these, 40 per cent expect to get help from their relatives, although this expectation is lowest among males in high income activities (29 per cent), where capital costs now far exceed the resources of most of their relatives. 31 per cent have resorted to buying tools bit by bit while still training or working as day-workers. Those in low income activities are resorting increasingly to working in unrelated jobs, such as casual labour, after they finish their training, in order to raise start-up capital. A substantial percentage, however, have given up hope of starting their own business; 33 per cent of male low income workers and 17 per cent of male workers in high income activities indicated they did not expect to be able to become independent. Only 5 per cent of female informal workers had the same problem, given the much lower capital costs in most female activities.

◆ 7.5 The Impact of Coping Strategies on Labour Absorption

The intersection of increased financial pressures on informal sector labour and the cost-cutting strategies of informal employers has produced an overall contraction in the capacity of the informal sector to absorb labour. As mentioned above, the entry of new informal enterprises since SAP has been concentrated in low income activities, which have the least potential for employment and income generation. The declining entry of high income entrepreneurs poses a further threat to informal labour absorption. While high income activities constitute only 16 per cent of informal enterprises, they were found to generate 24 per cent of the employment in the informal sector as a whole.

As Table 7.3 indicates, however, it is not just the entry of more employment-generating enterprises that is low under SAP; the capacity of existing enterprises to absorb labour is also declining. Since the beginning of SAP, the average number of workers employed in existing informal enterprises has declined by 7.4 per cent. The contraction in employment has been more severe in low income activities than in high income activities. Even the superior ability of high income enterprises to maintain access to labour involves a 25 per cent decline in the use of waged employees, and a 54 per cent increase in the use of family labour.

Table 7.3
Changes in Entry and Labour Use in the Zaria
Informal Sector, 1985 - 1992

Enterprise category	% entry since SAP	% change in employees	% change in apprentices	% change in family labour	% change in total labour
Low income	71	31	-49	17	-10.5
High income	32	-25	- 1	54	- 0.2
Total	65	14	-34	22	- 7.4

Source: Fieldwork

In low income activities, a decline of 49 per cent in apprentice use has been at least partially offset by a 31 per cent increase in the use of employees. The majority of this increase is made up not of waged employees, but of commission workers, especially in hand embroidery and express taxis. This labour force is drawn from the growing ranks of those who have the skills but lack the capital to start up their own business. The relatively small increase in the use of family labour in low income activities can be attributed to a combination of weak markets, and the weakened capacity of low income entrepreneurs to maintain control of family labour in the face of rising pressures for income diversification within the household.

Enterprises run by women show a decline of 24 per cent in their overall labour use, as opposed to a decline of only 2 per cent in enterprises run by men. The bulk of the decline arises from a severe reduction in access to apprentices, and a very limited capacity to gain control of family labour.

The upshot of these various trends is an essentially contradictory process in the patterns of labour absorption within the informal sector. While the

informal sector is expanding as a percentage of the labour force, its capacity for employment and income generation is declining.

8. COPING AT THE HOUSEHOLD AND COMMUNITY LEVELS

At the level of the household and the community, attempts by the informal sector to cope with the economic pressures of SAP revolve around increased self-exploitation at the level of the household. This manifests itself in the attempt to maximize the number of incomes per household. However, the ability to increase labour force participation depends on the availability of resources for start-up capital, as well as a wife or other household member in an additional income-earning activity. In most cases, these income maximization strategies have not been enough to compensate for the dramatic rise in the cost of living. As a result, a serious decrease in expenditure forms the second major prong of household coping mechanisms.

◆ 8.1 Categorizing Informal Sector Households

An analysis of the informal sector at the household level is complicated by the increased tendency toward straddling between the formal and informal sectors. With as many as 10 or more different income-generating activities being pursued in a single household, including farming, informal activities and formal waged employment, it is more difficult to categorize **households** than it is to categorize **enterprises** as belonging to the formal or informal sector. This is especially true in the case of women in the informal sector, the majority of whom come from households in which the head is engaged in commerce or formal sector employment

In order to reflect more accurately the patterns of **household** coping strategies, households were reclassified according to the primary occupation of the male head. This was found to be a central factor in determining the wider income-generating options of households, and therefore the strategies they were able to adopt in their efforts to combat the ravages of SAP.

The households of informal sector actors were found to fall into five categories (see Table 8.1). 3 per cent of informal actors came from an essentially residual category of households in which the head was involved only in farming, or from female-headed households.⁷ 21 per cent came from households headed by low income informal actors, and 34 per cent from households headed by high income informal actors. Households in which the head was engaged in commerce accounted for 14 per cent of the respondents, while households headed by formal sector wage earners accounted for 25 per cent. High income informal activities, although the smallest category of enterprises, represent the largest category of households, since they form the household of origin of a significant

⁷ The category of farming and female headed households will be used only in the analysis of multiple modes strategies. It will be left out of the remaining discussions as the number of respondents involved in the category is too small for meaningful analysis.

proportion of low income female operators, the bulk of apprentices and day-workers, as well as high income entrepreneurs.

Table 8.1
Distribution of Informal Sector Actors among
the Various Household Categories

Household type	% of total	% female respondents from main sample
Farming/Female headed	3	3
Low income informal	21	12
High income informal	34	12
Commercial	14	29
Formal wage earning	25	44

Source: Fieldwork

◆ 8.2 Income Maximization Strategies

The income maximization strategy pursued by each household category is reflected in the relationship between household size and the percentage increase in the total number of incomes since the beginning of SAP.⁸ This is itself a reflection of a complex combination of economic options and cultural values, which vary among the different categories of households according to resource position and ethnic identity. Low income informal and commercial households are dominated by northerners, with only 12 per cent and 8 per cent, respectively, of southern Nigerian origin. Among high income informal and formal sector wage earning households, 40 per cent and 52 per cent, respectively, came from the south of Nigeria.

8.2.1 Extensive and Intensive Income Strategies

In all household categories, there has been a general surge in the number of incomes per household since the beginning of SAP (see Table 8.2). On average, the number of incomes per household has increased by 50 per cent. The ability to increase the number of incomes under SAP depends less on the size of the household than on the resource position of the household as reflected by the primary activity of the head. Farming/Female headed households displayed the weakest capacity to maximize the number of incomes under SAP conditions, despite a large average household size of 10.5 members. Since SAP, they have been able to increase their average number of incomes by only 14 per cent. This leaves them with only 0.38 incomes per household member, all in the lowest income categories, such as petty trading, farming and low income informal activities.

Low income informal households, with a slightly smaller average household size of 8.5 members, had managed to increase their average number of incomes per household by 55 per cent, raising the number of incomes per member to 0.53, though these were also in the low income category.

Commercial households, with the largest average household size in the sub-sample, managed to increase the average number of incomes per household by 75 per cent under SAP. This put the average number of incomes per

⁸ The discussion of household income maximization will confine itself to an analysis of the number of incomes rather than the total value of incomes.

household member at 0.52, approximately the level achieved by low income informal households. The higher proportion of capital-intensive activities in commercial households, however, indicates that the per capita income level is likely to be higher than in low income informal households.

By contrast, formal sector wage-earning households have concentrated less on increasing the total number of incomes per household, and more on participation in higher-income activities. They have only increased their total number of incomes by an average of 56 per cent since SAP, giving only 0.46 incomes per household member, somewhat lower than the level for trading and low income informal households. However, wage-earning households contain 78 per cent of the female respondents engaged in high income informal activities, and 58 per cent of those engaged in the more capital-intensive low income informal activities.

Table 8.2
Household Size and Increase in the Number of
Incomes per Household under SAP

Household type	Average household size	Number of incomes per member	Net increase in number of incomes under SAP (%)	% desiring fewer children under SAP
Farming	10.5	0.38	14	--
Low income	8.5	0.53	55	11
High income	6.2	0.55	36	41
Commercial	12.1	0.52	75	8
Formal	10.3	0.46	56	30
Average	8.9	0.49	52	27

Source: Fieldwork

High income informal households have adopted the most intensive strategy, based on smaller household sizes rather than on maximizing the number of incomes through large families. They have an average of only 6.2 members, barely half the size of commercial households. The net increase in the total number of incomes since SAP amounts to only 36 per cent — the lowest net increase of all but Farming/Female headed households. Despite a smaller increase in the number of incomes, high income informal households show greater financial security than other categories of households. The logic centres on maximizing the profitability of the principal income-generating activity by maintaining control of family labour, rather than encouraging diversification of income generating strategies.

The income maximization strategy of each household category is reflected in their respective fertility responses to SAP. Despite large families and economic hardship, low income informal and commercial households, which favoured the most extensive approach to income maximization, expressed a continued preference for “as many children as God gives them”. Only 11 per cent and 8 per cent of low income informal and trading households respectively wanted fewer children under SAP. By contrast, 30 per cent of formal wage-earning households, and 41 per cent of high income informal households, with their more intensive income-maximizing strategies, indicated that they were limiting or wished to limit the number of children they produced.

◆ 8.3 Consumption Strategies

Attempts to maximize incomes have not been able to prevent a serious contraction in levels of consumption. Purchases of clothing and ceremonial expenditure have been drastically reduced in all household categories. Most households indicated that their main concern was now reduced to finding ways to feed the household.

8.3.1 Food

Strategies to deal with the high cost of food centred on cutting back on the quantity, quality and variety of food consumed. All households have reduced or stopped their consumption of luxury foods such as tea, milk, eggs and bread. However, commercial and wage-earning households showed a greater propensity merely to cut down on these foods, while both high and low income informal households showed a greater propensity to eliminate their consumption altogether. Consumption of meat, fish, rice and oil has also been dramatically reduced by the majority of household categories, especially the two informal sector categories. Many households now eat only one cooked meal per day, and fill in the missing meals with *gari* (processed cassava meal) soaked in cold water, which fills the stomach, but has little nutritional value. Some of the protein deficit of reduced meat and fish consumption is made up by an increased consumption of beans and bean products, which was indicated by over 80 per cent of households. However, the high cost of beans is becoming a problem for both categories of informal sector households, especially low income households where 26 per cent indicated a reduction in their consumption of beans.

Respondents indicated they now vary their diet less, concentrating on maize and sorghum porridge, in some cases additionally thinned with water. A large proportion of all but commercial households now buy their staples in smaller quantities, where unit costs are higher, because they no longer have the resources to buy in bulk. In an attempt to cope with the high cost of staples, one quarter to one third of all categories of households have taken up farming since the beginning of the crisis, especially among commercial and wage-earning households. Many households also reduce food costs by feeding fewer people, either by sending children and other household members out to relatives, or by encouraging them to find work that will feed them during the day.

There has been a limited shift in the use of cooking fuel from kerosine to firewood, affecting an average of 16 per cent of the sub-sample. However, the majority of respondents already used firewood before SAP.

8.3.2 Clothing

The patterns of coping with the high cost of clothing have been fairly uniform across the various categories of households. An average of 88 per cent have cut back drastically on clothing purchases since SAP. Among poorer households, clothing purchases have been reduced to once a year at Christmas or Sallah (in most households, a religious or customary obligation of the household head), or even less frequently. Fulfilling children's

additional clothing needs increasingly fall to women as their husbands decide to support only the minimum needs required by customary norms. Interestingly, high income informal households appear to have cut back less on clothing expenditure than any of the other categories, a further indication of the strategy of meeting basic family obligations in order to maintain control of family labour. Of the households in the sub-sample, 40 per cent indicated they cut costs by buying second-hand clothes, especially for children, something Nigerians of the 1970s regarded as degrading.

8.3.3 Ceremonial, housing and health expenditure

The majority of all but commercial households have also been forced to severely restrict ceremonial expenditure. The main strategy has been to cut down on the quantity and quality of food provided, and to eliminate gifts and ceremonial clothing. Celebrants now serve cheaper local foods such as *pate* and porridge instead of rice, and provide less meat. Guests at ceremonies are now often restricted to close relatives, both as a deliberate cost-cutting strategy and as a result of the high cost of transport.

Expenditure on shelter and health have also suffered. Strategies for managing high rental costs include moving to cheaper lodgings, or cutting down on the number of rooms rented. Among those who own their houses, expenditure on maintenance has declined, with a resulting increase in incidents of roofs and walls collapsing.

An average of 30 per cent of the sub-sample go to hospitals or clinics for medical care less often than they used to. 25 per cent indicated that they have shifted to traditional medicine, although others pointed out that traditional medicine has become extremely costly as well. A more common strategy, particularly among low income informal households, has been to seek medical advice directly from chemists. Some chemists have capitalized on this demand and now run small clinics attached to their shops. 56 per cent of households indicated that they buy only as much medication as they can afford or can manage to beg or borrow, even if it is not all that was prescribed.

◆ 8.4 Coping with Education and Marriage

8.4.1 Children and education

Despite the rising cost of education and the need for children to contribute to income generation, the commitment to formal education remains strong. Children in the majority of households are still sent to primary school, though largely to state schools which no longer deliver even a basic level of education. Even these are becoming a problem for some as extra fees for feeding, chalk, etc., are imposed, in addition to the rising cost of uniforms, books and transport. Over 50 per cent of all but high income informal households cope with these costs by buying fewer than the required amounts of books, uniforms and other provisions.

While parents continue to send their children to primary school, a number of parents commented that children prefer to go about doing petty trade, begging, or other petty activities to look for money — less to help their families or buy food than to buy biscuits, bicycle rides and other treats their parents can no longer provide. For many respondents, this was the most painful cost of SAP — the inability to give their children an education and a childhood, and the fear that children would go astray looking for the material pleasures that their parents could no longer provide.

Even at the secondary school level, the majority of parents are still struggling to educate at least some of their children. Of low income informal households, 26 per cent have limited these efforts to boys only, as compared to less than 10 per cent in other household categories. Approximately 20 per cent of trading and wage-earning households resort to doing extra work in order to meet the costs of secondary education. At the same time, over 60 per cent of households are training their children through some form of apprenticeship. This dual training strategy was being practised by 49 per cent of households, although formal sector wage-earning households showed a small bias for a school-only strategy, and high income informal households showed a bias for apprenticeship only.

Low income informal households lack the resources to maximize their options in this way. They and their children tend to opt for apprenticeship since it provides a surer means of income than does schooling. However, the same lack of resources that bars their children from secondary school, also bars them from the more lucrative forms of apprenticeship, such as auto mechanics, where fees have risen to as much as N400-500.

8.4.2 Marriage and divorce

In the face of the economic hardships of SAP, boys are marrying later in over 80 per cent of households, owing to the high cost of marriage goods and the declining ability of household heads and relatives to offer financial assistance. On the whole, girls also appear to be marrying later under SAP, although intervening economic and ethnic variables make the pattern less uniform than for boys. Among low income informal households, which in Zaria are dominated by Hausa Muslims, 58 per cent say girls are continuing to marry early, or even marrying earlier than before SAP. In addition to its

cultural/religious importance, early marriage of girls (normally at puberty) is seen as a way of reducing the number of dependents as early as possible. As a strategy, however, this is likely to cause a conflict of economic interests between husbands, for whom daughters are economic liabilities, and wives in *pardah*, for whom daughters are economically important as trading agents. Among other household categories, only 28 per cent reported that girls are marrying earlier, largely to reduce the number of mouths to feed. 51 per cent of all respondents stated that girls are now marrying later.

To overcome the problem of late marriage, 21 per cent of households in the two informal sector categories now accept less than the customary quantity of marriage goods from the groom's family. In some cases, however, girls deliberately delay marriage in order to establish themselves in income-generating activities which will help them to bear the heavier financial burden SAP has laid on married women.

The economic hardship and greater financial tension within households under SAP appears to be contributing to a higher rate of divorce among poorer households. In some cases, men who are unable to feed their families simply abandon them, or the wives leave and return to their own relatives. However, divorce is less likely than before SAP in households in which men are able to support their wives.

◆ 8.5 Support Networks and Migration Strategies

8.5.1 Extended family and ethnic networks

The economic support networks of the extended family and economic co-operation among neighbours appears to have weakened under SAP, while the role of ethnic unions shows evidence of gaining strength. 47 per cent of the sub-sample indicated that they now receive less help from relatives, rising to 63 per cent in the particular case of low income informal households. Only 4 per cent indicate that they now receive more help. The high cost of transport is creating an additional barrier between extended family units. The weakening of extended family ties falls particularly hard on women, whose relatives have traditionally constituted an important source of capital for starting up an income-earning activity, and a safety net in times of hardship. There is little evidence of increased co-operation among neighbours to compensate for the decline in assistance from the extended family.

Among high income informal households, the decline of extended family assistance is being partially off-set by the increasing importance of ethnic unions, especially among migrants from the south. The main economic function of ethnic unions is financial assistance with household problems and ceremonies. Low income informal households, however, are less able to organize a similar economic alternative, partly because of their predominantly local composition, which reduces the value of ethnicity as a unifying factor. There is a limited recourse to religious unions as a substitute, which have a similar function of assisting with household expenses.

This apparent increase in co-operative communal efforts under SAP has done more to increase tension within the informal sector than to reduce it. The combination of ethnic disparities between high income and low income activities, and the increasing recourse to ethnic and religious unions has resulted in an increasing identification of economic disparity with ethnic and religious differences.

8.5.2 Migration strategies

Predictions that structural adjustment would encourage a trend toward reverse migration, from urban to rural areas, have not been borne out in the case of Zaria (Addison and Demery, 1989:81; Pinstup-Andersen, 1989:96). Nearly 90 per cent of households indicated that the hypothesized return to the rural areas was not taking place. First of all, many of those who decide to take up farming are able to do so in or near Zaria or to do it through home-based relatives, while continuing to reside in town. More importantly, life in the rural areas is perceived to be no better under SAP than life in the informal sector. The dramatic increases in crop prices in Nigeria have, on the whole, been outstripped by increases in input prices, labour costs, and the cost of living (CBN/NISER, 1992; Meagher, 1991a).

The fabled African rural-urban ties, instead of facilitating reverse migration, are being weakened along with other extended family ties. Remittances from urban to rural relatives, which are an important source of income for many small farmers, have declined under SAP (Swindell and Iliya, 1992). In addition to lower financial assistance for household needs, one third of households in the sub-sample indicated that they now contribute less to their rural relatives for the purchase of inputs.

Instead of reverse migration, the combination of weakened rural-urban economic ties and the high cost of food and inputs in the rural areas has resulted in an intensification of circulatory patterns of rural-urban migration, particularly among northern households. Rural migrants are increasingly coming to town to look for money during the dry season, both for household needs and to finance inputs, and then returning to farm when the rains come. The majority of male hawkers were seasonal migrants of this sort. However, declining access to capital and urban accommodation with relatives appears to have given rise to a high proportion of Koranic scholars (*almajerai*) among temporary migrants in the informal sector. The practice of itinerant Koranic scholarship allows them to stay with their Koranic master in town and work at petty trading jobs during the day.

9. CONCLUSION: THE STRUCTURAL ADJUSTMENT OF THE INFORMAL SECTOR

Structural adjustment has significantly affected both the structure and the performance of the Nigerian informal sector. The question is whether these changes have laid the basis for any meaningful transformation, or have simply exacerbated existing problems. The various policies of structural adjustment have eroded the productive capacity of the majority of informal actors, and created new opportunities for a few. Can this be seen as the beginning of a productive restructuring of the informal sector, or as a process of polarization which will undermine even its traditional functions of basic income generation and excess labour absorption?

The answer to this question involves a consideration of how SAP, and the strategies used to cope with it, have affected the development of economic autonomy and productivity within the informal sector. From a more social and political perspective, it is necessary to consider the implications of SAP for gender relations, household survival, communal co-operation and democratization.

◆ 9.1 Informal Sector Autonomy and Productivity

It is clear from the study that advancement within the informal sector is heavily influenced by formal sector class position. Under SAP, the key to upward mobility in the informal sector is increasingly dependent on one's level of access to state resources, either through formal sector employment or other types of connections, calling into question the notion that the informal sector is promoting the development of a "more authentic and autonomous bourgeoisie". This process is accompanied by the increasing marginalization of the traditional occupants of the informal sector in the face of rising operating costs, weakened markets and declining profitability. Increasing differentiation, rather than progressive income redistribution, has become the order of the day.

The economic pressures created by SAP have tended to undermine rather than increase the capacity for flexibility and innovation in the majority of informal enterprises. In the face of severely depressed purchasing power, enterprises face a demand for lower prices rather than improved quality — a situation of "demand-led non-innovation" (Hansohm, 1992:43). Flexible and innovative responses are confined to the new informal élite, composed of well established enterprises and middle class entrants, who have the capital to satisfy the more exacting requirements of middle class and industrial demand. The lack of capital experienced by the majority of enterprises reinforces their confinement to the low income market, the traditional niche of the informal sector.

While liberalization was intended to harmonize markets, the evidence suggests it has led to the increasing segmentation, not only of product

markets, but of informal labour markets as well. Inequalities in the profitability of various types of enterprise, combined with an unevenness in the coping strategies of various categories of labour, have created sharp variations in the supply, and in the wages, of different categories of informal labour. Despite high levels of unemployment, labour shortages remain endemic within the informal sector. At the same time, an excess supply of female informal labour from cash-strapped households is creating a cheap labour enclave for unskilled or labour-intensive informal activities.

The capacity of the informal sector for skill formation is also coming under increasing stress. Although current levels of formal education among informal labourers are on average high and rising owing to the contraction of employment opportunities in the formal sector, wider economic pressures have already begun to undermine the capacity of households to educate their children. This, and declining access to equipment in the informal sector as a whole, is likely to lead to falling levels of skill formation within the informal sector.

At the level of the enterprise, then, the informal sector in Zaria is becoming less rather than more autonomous and redistributive. It is dependent on the formal sector for markets, inputs and equipment, technical improvements, and the quality of its labour. As the informal sector, and its ability to provide these supports, contracts, an increasing proportion of informal actors are concentrated at the lower end of the sector, where 98 per cent of incomes are below a basic survival level. Even among the more successful informal activities, the long-term prospects are not encouraging. The majority of the new niche businesses are in the service sector, in activities such as hair dressing and fashion design. Without a revival of the productive sectors, the high incomes in informal services will not be sustainable in the long term (Omololu, 1990:248). The productive segments of the informal sector have been among the most hard hit by SAP, particularly in terms of the high cost of machinery, and the evidence suggests declining rather than increasing capacity in these areas. All of these trends run contrary to what Portes et al. (1989:302) have identified as the major prerequisites of informal economies of growth: increased access to technical skills and credit, and rising levels of education among the young, accompanied by a shift from low quality consumer goods and services into intermediate goods and high quality consumer goods.

◆ 9.2 Gender, Household and Community Relations

The implications for gender, household and community relations are similarly unencouraging. As regards gender relations, the burden of household pressures is falling disproportionately on women at the same time as support networks institutionalized in the extended family are weakening. This is forcing women into the informal sector at a serious disadvantage. Their lower access to capital and skills confines them largely to low income activities, where they face on average higher levels of competition, lower incomes and less access to labour than their male counterparts. The successful few are those who enter from the middle class or have other forms of access to resources from outside the informal sector. For the majority of

women, however, informal sector participation offers few prospects for economic independence and accumulation.

Turning attention to collective coping mechanisms, it is the household, rather than communal organizations, that has become the focus of resource mobilization strategies. The economic hardships brought on by SAP have tended to undermine the capacity for local collective efforts at the same time as the state is withdrawing from the provision of general social welfare services. As a result, households are turned in on themselves in the struggle to survive, contributing to increased tension and centripetal pressures within household units. Household coping strategies are largely dependent on their initial resource capacity, which contributes to increasing differentiation within the informal sector.

Informal associations, both at the enterprise and at the community level, appear to be collapsing — rather than “springing up” — under the pressures of SAP. The bulk of the associations that have managed to persist, or have formed, under SAP, are able to mobilize too little in the way of resources to assist significantly in solving enterprise or household-level problems. The only types of informal association that appear to be flourishing under SAP are ethnic and religious unions. In most cases, the membership of these unions includes people from better placed social groups who share the same ethnic or religious identity. This is likely to increase the ability of such associations to mobilize resources, and may account for their popularity under SAP. However, participation in such groups is tending to exacerbate rather than reduce social tensions within the informal sector, as economic disparities become increasingly associated with ethnic and religious differences. Furthermore, the traditional basis of ethnic and religious associations encourages structures that are more authoritarian and patriarchal than democratic. Both of these tendencies are likely to increase the susceptibility of informal actors to political manipulation by their ethnic and religious seniors. All in all, liberalization and the economic pressures it creates appear to be increasing the political volatility of the informal sector rather than its democratic potential.

◆ 9.3 Policy Options

From the policy perspective, it is clear that the structural adjustment package has not liberated either the economic dynamism or the democratic instincts of the informal sector. It has, on the contrary, exposed the dependence of the informal sector on the formal sector, and its weakness in the face of more organized and well-connected social groups. Within this context, even elements of enlightened intervention, in the form of the NDE and the People’s Bank, have largely failed to improve the productive capacity of their supposed target group because of the ease with which state resources are captured by government officials, well-connected organizations and the informalizing middle class.

On the other hand, it cannot be argued that SAP and its attendant process of informalization have improved the access of industry to cheap informal sector labour. The low quality of informal sector production, pushed ever lower by market forces, has diminished the possibility of its productive integration with industry. What the process of informalization has done is to

progressively absolve the state of the cost of maintaining employment and social welfare guarantees. The state has passed the buck, rather than the baton, to the informal sector. The strategies used by informal actors to cope with the new economic arrangement are further undermining both the productivity and the cohesiveness of the sector as a whole, and moving it further away from the developmental objectives of flexibility, innovation and integration with industry.

The policy options for a constructive solution to these problems are severely limited. In the context of economic crisis, the political will and the economic resources for enlightened intervention are absent almost by definition. From a more political perspective, it is equally unrealistic to bank on sustainable political alliances between the informal sector and stronger progressive social groups such as labour and professional unions, at least in the north of Nigeria. The clear political divisions emerging within the informal sector, and the tendency of the sector for “political pragmatism” makes any sustained alliance unlikely until economic pressures are reduced. The currently popular third option of relying on local NGOs to defend informal sector interests has its own problems. Many of the indigenous NGOs springing up under SAP are not so much popular political groupings as economic refuges for the unemployed or retrenched members of the middle class (Twose, 1987:8-9; Landin, 1987:33). They tend to reflect middle class interests, and to contribute to differentiation within the informal sector.

The remaining policy options fall into two main categories: first, the guarantee of basic human welfare services, and second, affordable informal sector support services. Addressing the first category involves dropping the romantic notion that the informal sector and traditional institutions can meet the social welfare needs of the masses. The state must restore the emphasis on maintaining some minimum standard in wage levels, health and education facilities. Without these guarantees, both the informal sector and the basic fabric of society are headed for collapse.

Addressing the second category of policy options involves looking at the productive forms of intervention that other countries have managed to sustain under SAP. Ghana provides a good example of state funded facilities that have improved the productivity and competitiveness of its informal entrepreneurs, who have proven themselves on the Nigerian market. Some of the more important facilities in this respect are improved vocational training at the post-primary school level, and the creation of institutions oriented toward small-scale technology research and development, along the lines of the Technology Consultancy Centre (TCC) in Ghana (Dawson, 1991:38). While informal research and development centres have existed in Nigeria since the 1970s under the name of Industrial Development Centres (IDCs), they have never been given serious staffing or funding, nor has there been any informal sector participation in the way they are organized or the types of technical skills they provide.

The provision of small-scale credit is a particularly vital aspect of any serious programme of informal sector support. In Nigeria, large-scale institutions such as the People’s Bank have not performed this service well. Lessons could certainly be learned from more successful small-scale credit

programmes in other countries, and an appropriate programme designed to suit the Nigerian context.

Under current conditions, none of these measures will turn the informal sector into an engine of growth. The developmental lead of the state will be needed for some time to come. In the short-run, however, these measures will contribute to laying a foundation for more productive coping strategies, so that the informal sector can experience economic restructuring as a process of rising to meet new economic challenges, rather than being crushed under their weight.

◆ Bibliography

- Addison, T. and L. Demery (1989)
“The economics of rural poverty alleviation” in S. Commander (ed.), op. cit.
- Babarinsa, D. (1991)
“Better life for People’s Bank”, *Tell*, No.2, 22 April.
- Bangura, Y. (1992)
“Authoritarian rule and democracy in Africa: A theoretical discourse” in Gibbon et al. (eds.), op. cit.
- Becker, C.M. et al. (1986)
Urban Africa in Macroeconomic and Microeconomic Perspective: Issues and Options, World Bank Discussion Paper, Washington, D.C.
- Beneria, L. (1991)
“Structural adjustment, the labour market and the household: The case of Mexico” in G. Standing and V. Tokman (eds.), op. cit.
- Birks, J.S. and C.A. Sinclair (1991)
Education and Training for Skills and Income in the Urban Informal Sector in Sub-Saharan Africa: The Case of Ibadan, Nigeria, Research Report, International Labour Office, International Bank for Reconstruction and Development and Organisation for Economic Cooperation and Development, January.
- Central Bank of Nigeria
Annual Report and Statement of Accounts, 1987-1991.
- CBN/NISER (1992)
The Impact of SAP on Nigerian Agriculture and Rural Life, Vol. 1, National Report, Ibadan.
- Chazan, N. (1988)
“Ghana: problems of governance and the emergence of civil society” in L. Diamond (ed.), op. cit.
- Commander, S. (ed.)
Structural Adjustment and Agriculture, ODI, James Curry, London.
- Daily Champion**, 10 Oct. 1989.
- Dawson, J. (1991)
Flexible Specialisation and the Small Enterprise Sector in Sub-Saharan Africa: A Comparison of the Ghanaian and Tanzanian Experiences under Structural Adjustment, paper for the Conference on Structural Adjustment and Technology Policy in Africa, (Lagos, Nigeria, 9-10 December).
- ____ (1992)
“The relevance of the flexible specialisation paradigm for small-scale industry restructuring in Ghana”, *IDS Bulletin* 23(3).

- Diamond, L. (ed.) (1988)
Democracy in Developing Countries, Vol. 2 (Africa), Lynne Rienner, Boulder, Colorado.
- Dike, E. (1992)
Economic Development, Urban Labour Absorption and the Informal Sector in Nigeria, mimeo.
- Fapohunda, J. (1981)
“Human resources and the Lagos informal sector” in Sethuraman (ed.), op. cit.
- Federal Republic of Nigeria (1991)
Statistical News, Federal Office of Statistics, June.
- Gibbon, P., Y. Bangura and A. Ofstad (eds.) (1992)
Authoritarianism, Democracy and Adjustment: The Politics of Economic Reform in Africa, Seminar Proceedings No. 26, Scandinavian Institute of African Studies, Uppsala.
- Goddard, A.D. (1973)
“Industry in Zaria”, **Samaru Research Bulletin**, No.181.
- Grey-Johnson, C. (1992)
“The African informal sector at the crossroads: Emerging policy options”, **Africa Development**, XVII(1), pp.65-91.
- The Guardian** (Lagos) 24 March 1992.
- Hansohm, D. (1992)
“Small enterprise flexibility in Sudan”, **IDS Bulletin**, 23(3).
- ILO/JASPA (1988)
African Employment Report, Addis Ababa
- Landin, L. (1987)
“Non-governmental organizations in Latin America”, **World Development**, supplement to Vol. 15, Autumn, pp.29-38.
- Liedholm, C. (1990)
The Dynamics of Small-Scale Industry in Africa and the Role of Policy, GEMINI/The World Bank, Washington, D.C.
- Lubell, H. (1990)
Labour Market Analysis and Employment Planning, World Employment Programme Working Paper No. 43, International Labour Office, Geneva.
- Mabawonku, A. F. (1981)
“Costs and returns to indigenous apprenticeship training in small-scale industries in Oyo and Ogun States of Nigeria”, **Research for Development**, 1(2), July, pp.163-180.

- MacGaffey, J. (1988)
“Evading male control: Women in the second economy in Zaire” in S. Stichter and J. Parpart (eds.), **Patriarchy and Class**, Westview Press, London.
- Meagher, K. (1991a)
Priced Out of the Market: The Effect of Market Liberalization and Parallel Trade on Smallholder Incomes in Northern Nigeria, McNamara Fellowship Report.
- , with Yunusa, M.B. (1991b)
Limits to Labour Absorption: Conceptual and Historical Background to Adjustment in Nigeria’s Informal Sector, Discussion Paper No. 28, UNRISD, Geneva.
- Mustapha, A.R. (1991)
Structural Adjustment and Multiple Modes of Social Livelihood in Nigeria, Discussion Paper No. 26, UNRISD, Geneva.
- National Concord** 13 and 24 October 1989; 7 April 1991.
- Ogunrinola, I.O. (1991)
Employment and Earnings in the Urban Informal Sector of Ibadan, Ph.D. Thesis, Department of Economics, Obafemi Owolowo University, Ile-Ife.
- Omololu, O.O. (1990)
Graduate Self Employment: A Sociological Examination of Entrepreneurs in Lagos State, Ph.D. Thesis, Department of Sociology, University of Ibadan, Nigeria.
- Oyeneye, O.Y. (1987)
The Training Function of the Informal Sector in Nigeria, paper for the First Nigerian Workshop on Technology in the Informal Sector, CSER, ABU, Zaria, Nigeria.
- Pinstrup-Anderson, P. (1989)
“The impact of macroeconomic adjustment: Food security and nutrition” in S. Commander (ed.), op. cit.
- Portes, A., M. Castells and L. Benton (eds.) (1989)
The Informal Economy, Johns Hopkins University Press, Baltimore, Maryland.
- The Punch**, 25 May 1992.
- Rathgeber, E. M. (1987)
Technology, Employment and Development: A Review of Some Recent African Research, First Nigerian Workshop on Technology in the Informal Sector, CSER, ABU Zaria, Nigeria.
- Sanyal, B. (1991)
“Organizing the self-employed: The politics of the urban informal sector” **International Labour Review**, 130(1).

- Sethuraman, S.V. (1981)
The Urban Informal Sector in Developing Countries: Employment, Poverty and Environment, International Labour Office, Geneva.
- Standing, G. and V. Tokman (eds.) (1991)
Towards Social Adjustment, International Labour Office, Geneva.
- Steel, W.F. and L. Webster (1991)
Small Enterprises in Ghana: Responses to Adjustment, The World Bank, Washington, D.C.
- Swindell, K. and M.A. Iliya (1992)
Accumulation, Consolidation and Survival: Non Farm Incomes and Agrarian Change in Northwest Nigeria, Working Paper No.6, Project on African Agriculture, Social Science Research Council, New York.
- Twose, N. (1987)
“European NGOs: Growth or partnership?”, **World Development**, supplement to Vo. 15, Autumn, pp.7-10.
- Vandemoortele, J. (1991)
“Labour market informalization in sub-Saharan Africa” in G. Standing and V. Tokman (eds.), op. cit.
- Weiss, L. (1987)
“Explaining the Underground Economy: State and Social Structure”, **Journal of British Sociology** 38(2), pp. 216-234.
- World Bank (1989)
Sub-Saharan Africa: From Crisis to Sustainable Growth, Washington, D.C.