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INFORMAL EMPLOYMENT, SOCIAL PROTECTION AND SOCIAL CAPITAL: DIMENSIONS OF RESILIENCE IN SUB-SAHARAN AFRICA

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Informal employment is a major feature of sub-Saharan African economies. Defined by the absence of written contract or the absence of social protection (Seventeenth International Conference of Labour Statisticians), informal employment represents more than 80% of total non-agricultural employment in the region (in comparison with 40% in Northern Africa, 50% in Latin America, 70% in South and South-East Asia). These figures would be even much higher if they included agriculture.

Table 1: Share of informal employment in total non-agricultural employment by 5-year period and by country and region

	75-79	80-84	85-89	90-94	95-99	00-07
North Africa	**39.6**	**46.0**	**43.4**		**47.5**	**43.6**
Sub-Saharan Africa	***63.0***	**67.4**	**72.5**	**76.0**	**86.9**	***69.7***
Benin				92.9		
Burkina Faso			70	77		
Cameroon						78.6
Chad				74.2	95.2	
Ghana						71.0
Guinea		64.4		71.9	86.7	
Kenya			61.4	70.1	71.6	
Mali	63.1		78.6	90.4	94.1	81.8
Mauritania		69.4	80			
Mozambique				73.5		68.2
Niger	62.9					
Senegal		76				
South Africa						50.6
Tanzania						67.8
Zaire		59.6				
Zambia				58.3		
Latin America				**52.5**	**54.2**	**57.1**
South and South-East Asia			**53.0**	**65.2**	**69.9**	
Western Asia						**43.2**

Sources: Charmes (2002), for the ILO "Women and Men in the Informal Economy", 2002. Updated for Jütting Johannes P. and de Laiglesia Juan R. (eds.), 2009, Is Informal Normal? Towards more and better jobs in developing countries, OECD, An OECD Development Centre Perspective. Updated 2010 for Cameroon, Tanzania and Mozambique.

Another feature of informal employment in sub-Saharan Africa is that it is mainly composed of self-employed (own-account workers and unpaid family workers), while paid employment (even on a casual basis) is a minor part of it with the exceptions of South Africa and Kenya (Table 2 hereafter).

Table 2: Informal employment by status in employment, countries and regions, years 1990s and 2000s

Regions/Countries	% self-employed in informal employment		% employees in informal employment	
Years	1990s	2000s	1990s	2000s
Northern Africa	**62.3**		**37.7**	
Sub-Saharan Africa	**71.7**		**28.3**	
Benin	95.4		4.6	
Burkina Faso	86.9		13.1	
Chad	92.7		7.3	
Guinea	95.0		5.0	
Kenya	42.0		58.0	
Mali		78.1		21.9
Mauritania	72.8		27.2	
Mozambique	63.3	73.2	36.7	26.8
South Africa	25.2	20.8	74.8	79.2
Latin America	**61.2**		**38.8**	
Southern and South Eastern Asia	**57.4**		**42.6**	

Sources: Charmes (2002), for the ILO "Women and Men in the Informal Economy", 2002. Updated for Jütting Johannes P. and de Laiglesia Juan R. (eds.), 2009, Is Informal Normal? Towards more and better jobs in developing countries, OECD, An OECD Development Centre Perspective.

On average, the self-employed micro-entrepreneurs earned more than the legal minimum salary in the 1990s: from 1.5 (in Niger) to 5.8 times (in Mali), and paid employees (excluding unpaid family workers) earned from 0.6 (in Chad) to 2.7 times (in Kenya) the legal minimum salary (Table 3 below). In general, the informal micro-entrepreneurs have an income which is more than twice the wages they paid to their employees. However, they do have to take care of their unpaid family workers.

Table 3: Average monthly income and wages paid by small entrepreneurs in the informal sector of various developing countries in the 1990s (in local currency and as multiples of the legal minimum wage).

Countries	Year	Legal minimum salary	Income		Wage [1]	
			In local currency	multiples of minimum salary	In local currency	multiples of minimum salary
Sub-Saharan Africa						
Benin	1992	13,904 FCFA	41,412	3.0	23,216	1.7
Street vendors			23,901	1.7		
Chad	1995-96	25,600 FCFA	40,987	1.6	16,408	0.6
Ethiopia (urban)	1996	Birr	105.5		51.4	
Kenya	1999	2,363 Ksh	6,158	2.6	6,496	2.7
Mauritania 3 main towns	1992-93	5,312 UM	17,208	3.2	8,046	1.5
Secondary towns			26,647	5.0	6,906	1.3
All urban			22,258	4.2	6,289	1.2
Mali	1996	20,965 FCFA	120,757	5.8	18,038	0.9
Niger	1995	18,000 FCFA	26,360	1.5		

Sources: ibid. Notes: (1) Apprentices and family workers excluded.

A more recent survey carried out in 7 capital cities of West Africa compares income and wages in the informal sector with the average salary in the private formal sector, and distinguishes employers and own-account workers, providing a more pessimistic picture of the situation: the employers of micro-enterprises hardly earn an income which is equivalent to the average salary in the formal sector, and the own-account workers earn half of this average salary. With regard to the workers, they earn slightly more than half the average salary (although it is not clear whether the unpaid family workers and the apprentices are included in this category or not). Nevertheless, it gives the impression of a deterioration of the situation.

Table 4: Income and wages in the informal sector of 7 capital cities of Western Africa, 2001-02

Countries	Workers' salaries in the private formal sector (1)	Informal sector employers' income (2)	Informal own-account workers' income (3)	Workers' salaries in the informal sector (4)	(2) in multiples of (1) = (5)	(3) in multiples of (1) = (6)	(4) in multiples of (1) = (7)
Cotonou (Benin)	49.9	56.9	32.3	29.6	1.1	0.6	0.6
Ouagadougou (Burkina Faso)	55.0	59.0	23.2	28.7	1.1	0.4	0.5
Abidjan (Côte d'Ivoire)	91.8	83.7	41.6	54.5	0.9	0.5	0.6
Bamako (Mali)	52.4	77.0	40.2	39.5	1.5	0.8	0.8
Niamey (Niger)	48.7	102.2	32.5	40.7	2.1	0.7	0.8
Dakar (Senegal)	87.9	110.8	50.0	44.3	1.3	0.6	0.5
Lomé (Togo)	40.7	34.3	19.4	22.4	0.8	0.5	0.6
7 cities	**77.6**	**75.4**	**36.8**	**45.2**	**1.0**	**0.5**	**0.6**

Source: Afristat (2004). Note: in thousands FCFA.

In a context in which more than 80% of the population employed in agriculture (and more than 90% of the total employed population) are not covered by any social protection, and where income and wages in informal work are far from reaching levels which are compatible with fair living standards and do not contribute to public social security systems, how do households face risks and shocks in their every day lives?

Given the generally low quality of health services and of most basic services, it is clear that mandatory social contributions are regarded as a form of taxation, rather than as a form of insurance, and even salaries for casual work in the formal sector are often negotiated upon the basis of the level of the legal minimum salary and complemented by an amount in cash from hand to hand upon an informal basis.

Voluntary social contributions are also difficult to raise, all the more so as traditional forms of solidarity in the extended families or village or ethnic communities continue to play a role.

Tables 5 and 6 hereafter are explicit in this regard: not only do they show the importance of the informal sector in the formation of total household income even in rural areas (27.4% at national level, 40.2% in urban areas and 22.6% in rural areas), they also show the role of transfers from household to household, in cash or in kind, in guaranteeing minimum living standards. With a share of more than 12.1% of the average household income (nearly 15% in urban areas) and even nearly 20% in countries such as Chad or Senegal, transfers - as measured in income-expenditure or living standard household surveys - are not far from representing, in sub-Saharan Africa, a share of household income equivalent to the share of public social transfers in Europe. As a matter of fact, the measurement of transfers may vary from country to country. However, the category generally includes – as in Tanzania - public transfers (such as employers' sickness benefits, family allowances, pensions and insurance annuities), but also gifts as well as remittances (which account for more than 93.5% of total transfers in Tanzania). Transfers, which are an expression or demonstration of social capital, are therefore not only mainly composed of remittances from migration, but also gifts made either in kind or in cash on the occasion of weddings, funerals or other social events. Reciprocity is required in the system of traditional solidarity and must be taken into account: it means that, in other periods of the year or in other years, the beneficiaries of transfers will have to spend amounts of money, which can be non-negligible, and that transfers are also measured on the expenditure side (and not only on the income side). In other words, these types of transfers play, on the expenditures side, the same role as contributions to social security funds, and, on the income side, the same role as allowances.

Table 5: Structure of household income in various African countries (1990s-beginning 2000s).

Countries	Share of total household income					
	Agriculture	Informal sector	Wages	Transfers	Other income	Total
NATIONAL	**37.7**	**27.4**	**15.4**	**12.1**	**7.4**	**100.0**
Burkina Faso (1998)	15.3	18.7	6.6	9.8	49.6	100.0
Chad (1995)	21.4	28.3	10.5	19.6	20.2	100.0
Ethiopia (1999-00)	60.7	13.9	10.4	11.2	3.9	100.0
Ghana (1998-99)	39.8	35.0	16.9	4.6	3.7	100.0
Guinea (1994-95)	49.4	22.2	15.7	6.1	6.7	100.0
Mali (1994)	26.5	38.8	21.5	10.8	2.3	100.0
Senegal (1994-95)	14.6	27.9	24.4	18.9	14.2	100.0
Tanzania (2000-01)	51.4	21.0	12.5	14.7	0.6	100.0
URBAN	**5.1**	**40.2**	**30.4**	**16.0**	**8.9**	**100.0**
Burkina Faso (1998)	2.7	42.3	19.0	21.3	14.8	100.0
Chad (1995)	3.5	36.7	23.6	24.8	11.4	100.0
Ethiopia (1999-00)	4.1	41.9	35.9	11.3	6.8	100.0
Ghana (1998-99)	10.6	46.7	30.0	7.1	5.7	100.0
Guinea (1994-95)	5.2	42.9	36.0	6.0	9.9	100.0
Mali (1994)	1.9	53.0	32.5	8.7	3.8	100.0
Senegal (1994-95)	10.1	29.8	29.9	19.2	14.9	100.0
Tanzania (2000-01)	1.9	29.7	41.7	24.7	2.0	100.0
RURAL	**49.9**	**22.6**	**6.6**	**10.8**	**7.8**	**100.0**
Burkina Faso (1998)	17.7	14.1	4.2	7.6	56.3	100.0
Chad (1995)	34.6	22.2	0.9	15.7	26.6	100.0
Ghana (1998-99)	57.5	27.9	9.0	3.0	2.6	100.0
Guinea (1994-95)	78.9	8.4	2.1	6.1	4.6	100.0
Mali (1994)	44.8	28.3	13.4	12.4	1.2	100.0
Senegal (1994-95)	23.1	39.2	8.0	18.0	11.7	100.0
Tanzania (2000-01)	60.4	18.1	8.3	12.8	0.3	100.0

Source: Charmes J. (2003) updated with Tanzania and Ethiopia. Compilations of the author based upon national sources (living standards or income-expenditure surveys). Note: for Burkina Faso, the category "other income" includes non-monetary income mainly from agriculture and these sources of income should be added to agricultural income: consequently, the corresponding figures have not been included in the calculation of the average for "agriculture" and for "other income". For the other countries. the category "other income" is mainly comprised of income from property.

Table 6: Structure of household income in various African countries (end of 1990s-2000s).

Countries	Share of total household income					
	Agriculture	Informal sector	Wages	Transfers	Other income	Total
NATIONAL	**43.4**	**23.0**	**23.3**	**14.1**	**3.3**	**100.0**
Botswana (2002-03)	83.3		2.0	14.6	0	100.0
Burkina Faso (2003)	44.7	29.0	14.4	11.9	11.1	100.0
Ethiopia (2004)	52.4	14.0	10.4	7.1	5.5	100.0
Ghana (2008)	34.9	24.8	28.8	8.4*	3.1	100.0
Madagascar (1999)	45.1	16.9	25.1	9.6	1.3	100.0
Mali (2006)	43.4	35.0		18.2	2.0	100.0
Mauritius (2006-07)	15.1		69.1	13.5	2.3	100.0
Tanzania (2007)	39.7	30.4	13.2	16.1	0.6	100.0
URBAN	**7.5**	**36.3**	**30.8**	**13.8**	**4.6**	**100.0**
Botswana (2002-03)*	90.0		1.8	8.3	0	100.0
Burkina Faso (2003)	7.0	41.0	36.4	15.6	1.1	100.0
Ethiopia (2004)	4.6	35.7	37.0	8.7	14.0	100.0
Ghana (2008)	12.3	30.7	42.7	10.7**	3.6	100.0
Mali (2006)	11.1	66.9		17.5	2.9	100.0
Tanzania (2007) ***	2.4	37.9	36.0	22.1	1.5	100.0
RURAL	**58.6**	**19.5**	**6.7**	**13.5**	**4.3**	**100.0**
Botswana (2002-03)*	71.4		3.0	25.5	0	100.0
Burkina Faso (2003)	62.6	23.2	3.9	10.3	0.4	100.0
Ethiopia (2004)	65.3	8.2	3.3	6.7	16.5	100.0
Ghana (2008)	57.7	18.8	14.8	6.1*	2.6	100.0
Mali (2006)	57.7	20.9		18.5	1.6	100.0
Tanzania (2007)	49.6	27.8	8.3	14.1	0.3	100.0

Source: compiled by the author from income-expenditures surveys or living standards surveys (see references in the annex)

*Notes: * Botswana distinguishes cities, urban villages and rural areas: urban villages have neither been included in urban areas nor in rural areas: consequently, there is a small discrepancy between national figures and urban and rural figures.*

*** The Ghana figures refer to net remittances (remittances received minus remittances sent). Gross is multiplied by a factor 2.37*

****Tanzania mainland.*

Totals may not equal 100.0, especially for the aggregation at urban and rural levels.

While transfers to the households for 8 sub-Saharan African countries represented 12.1% of the total household income in the 1990s (Table 5), the share of this source of income increased up to 14.1% in the 2000s for another set of 8 countries (among which 5 are common with the previous set: table 6). It is interesting to note a drop in the share of transfers in urban areas (from 16% to 13.8%), more than compensated by an increase in rural areas (from 10.8& to 13.5%). The comparison between the 5 countries which have been surveyed during the two periods (Burkina Faso, Ethiopia, Ghana, Mali and Tanzania: Table 7) confirms that household transfers have increased their share in total household income, not only at national and rural levels (from 10.2% to 13.3% and from 9% to 12.4% respectively, that is, 3.1 and 3.4 percentage points), but also at urban level (from 14.6& to 16%, that is 1.4 percentage point).

Table 7: Comparisons of sources of income in 5 African countries in the 1990s and in the 2000s.

Sources of income Countries	Share of total household income					
	Agriculture	Informal sector	Wages	Transfers	Other income	Total
			1990s			
NATIONAL	**44.6**	**25.5**	**13.6**	**10.2**	**2.6**	**100.0**
Burkina Faso (1998)	15.3	18.7	6.6	9.8	49.6	100.0
Ethiopia (1999-00)	60.7	13.9	10.4	11.2	3.9	100.0
Mali (1994)	26.5	38.8	21.5	10.8	2.3	100.0
Ghana (1998-99)	39.8	35.0	16.9	4.6	3.7	100.0
Tanzania (2000-01)	51.4	21.0	12.5	14.7	0.6	100.0
URBAN	**4.2**	**42.7**	**31.8**	**14.6**	**6.6**	**100.0**
Burkina Faso (1998)	2.7	42.3	19.0	21.3	14.8	100.0
Ethiopia (1999-00)	4.1	41.9	35.9	11.3	6.8	100.0
Mali (1994)	1.9	53.0	32.5	8.7	3.8	100.0
Ghana (1998-99)	10.6	46.7	30.0	7.1	5.7	100.0
Tanzania (2000-01)	1.9	29.7	41.7	24.7	2.0	100.0
RURAL	**54.2**	**22.1**	**8.7**	**9.0**	**1.4**	**100.0**
Burkina Faso (1998)	17.7	14.1	4.2	7.6	56.3	100.0
Mali (1994)	44.8	28.3	13.4	12.4	1.2	100.0
Ghana (1998-99)	57.5	27.9	9.0	3.0	2.6	100.0
Tanzania (2000-01)	60.4	18.1	8.3	12.8	0.3	100.0
			2000s			
NATIONAL	**43.0**	**24.6**	**16.7**	**13.3**	**4.5**	**100.0**
Burkina Faso (2003)	44.7	29.0	14.4	11.9	11.1	100.0
Ethiopia (2004)	52.4	14.0	10.4	7.1	5.5	100.0
Ghana (2008)	34.9	24.8	28.8	8.4*	3.1	100.0
Mali (2006)	43.4	35.0		18.2	2.0	100.0
Tanzania (2007)	39.7	30.4	13.2	16.1	0.6	100.0
URBAN	**7.5**	**36.3**	**38.0**	**16.0**	**4.6**	**100.0**
Burkina Faso (2003)	7.0	41.0	36.4	15.6	1.1	100.0
Ethiopia (2004)	4.6	35.7	37.0	8.7	14.0	100.0
Ghana (2008)	12.3	30.7	42.7	10.7*	3.6	100.0
Mali (2006)	11.1	66.9		17.5	2.9	100.0
Tanzania (2007) **	2.4	37.9	36.0	22.1	1.5	100.0
RURAL	**58.6**	**19.5**	**7.6**	**12.4**	**4.3**	**100.0**
Burkina Faso (2003)	62.6	23.2	3.9	10.3	0.4	100.0
Ethiopia (2004)	65.3	8.2	3.3	6.7	16.5	100.0
Ghana (2008)	57.7	18.8	14.8	6.1*	2.6	100.0
Mali (2006)	57.7	20.9		18.5	1.6	100.0
Tanzania (2007)	49.6	27.8	8.3	14.1	0.3	100.0

Source: Tables 5 and 6.

These results mean that, despite the recurrent crises – or perhaps because of them – private transfers from household to household have increased their role in the sustainability of living standards for both urban and rural populations in sub-Saharan Africa.

Empirical data also show that it is in urban areas that transfers represent the highest proportion of total household income (but this may be due to the fact that public transfers reach urban dwellers and wage-earners in the first place). During the past decade, it is in rural areas that transfers increased the most rapidly. And it would be interesting to investigate whether such an increase is due to urban to rural transfers and/or due to remittances from migrants abroad.

Surprisingly, transfers on the expenditure side are not so often captured and studied. It must be stressed however that transfers as a source of income can exist and maintain themselves at such high levels only because households continue to give in cash or in kind to other households, thus spending a kind of insurance premium which is the cement of social capital, a social capital which is still robust and does not seem to be put away in the antiques shop vanishing.

Some authors (see, in particular, Vuarin, 2000, for Bamako) have described such systems, which they present as real systems of social protection, showing how they can be mobilised in order to cover the costs of illness, for example (Vuarin, 1993). According to others (Marie, 2000, 2008, Courade, ed., 2006), structural adjustment programmes in the 1980s, the devaluation of the CFA Franc in the middle of the 1990s, the food, financial and economic crises more recently, and, more generally, the globalisation process, seem to have got the better of such solidarity within the traditional communities.

However, as has just been argued, the most recent statistical data on income transfers do not illustrate a decrease in their share of total household income, and the continuous growth of informal employment are indicators of the long-term sustained (though/albeit evolving) capacity of these two forms of resilience in sub-Saharan African societies to maintain their role.

Two lessons can be drawn from the sustainability and adaptability of traditional forms of solidarity: voluntary systems of social protection should take inspiration from the ways and means of functioning of community solidarity; and social protection and social assistance should not compete with them, but should, instead, complement them where and when external shocks are too strong for them to cope with.

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