

Informal Manufacturing in West Africa: Linkages Across the Formal- Informal Divide

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Sectoral and Regional Variations

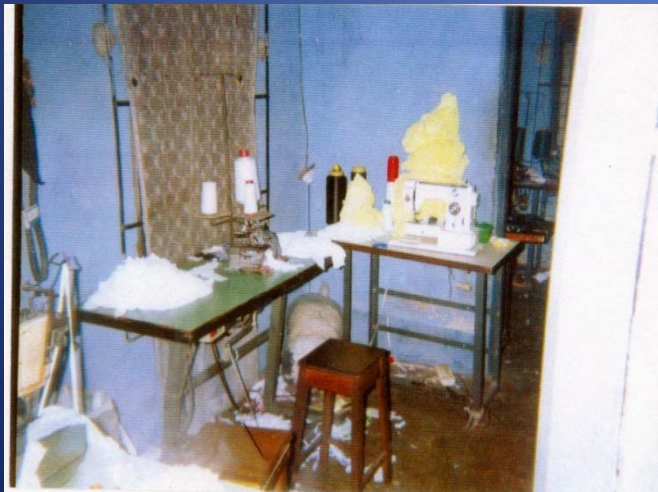
- Informal manufacturing (textiles, footwear, cosmetics, computers) -- not just sectoral but regional variations key
- Differences between West and Southern/East African informal economies
- West Africa – informal economies larger, share of informal wage employment smaller

	Informal econ. % of non-ag lab.force	% informal wage labour
West Africa	76	13
Sthrn/East Africa	42	56

Size of Informal Manufacturing Clusters

	No. of Firms	Total Employment	Annual Turnover (US\$ mil.)
Garments	2,423	12,115	12.5
Shoes	11,497	46,053	162.4
Weaving	529	10,374	n.a.
Computers	5,000+	10,000+	150+

Supply and Distribution Linkages



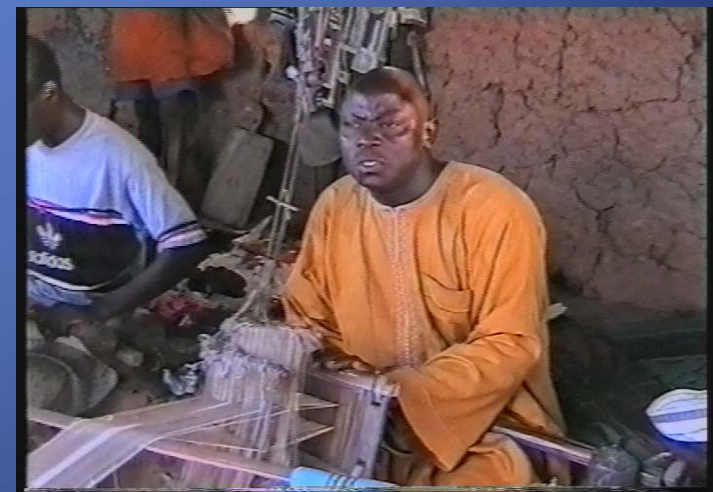
- West Africa: v. limited integr'n into nat'l networks, GCCs
- Global input networks, heavy dependence on inferior goods and machinery
- Output networks: third party supply; service rather than productive subcontracting (uniforms, canteen services)
- Seen as competitors not labour – limited ability to discipline

Marketing Networks

Cluster	Contracts from Formal Sector	Main market outside town	Distribution to other African Countries	Distribution to Europe/North America
Garments	36.1	39.0	16.4	1.6
Shoes	25.4	98.0	74.6	2.8
Weaving	84.6	98.1	86.5	63.5
Computer	widespread	n.a.	40*	n.a.
Cosmetics	minimal	majority	widespread	n.a.

Supply and Distribution Linkages

- Main linkages w. informal traders, informal firms
- global supply and distribution outside formal economy –parallel commodity chains
- Use diaspora networks, modern communications to link up with global customers
- Alternative circuits limit harnessing as labour



Labour Market Dynamics



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- Not disguised employment, but wider shift of regulation outside public realm.
- Anomaly of high formal unemployment and informal labour shortages – exacerbated by increase in formal min. wg.
- High formal unemployment changes informal gender division of labour (garm, cosmetics, shoes)
- Turning seasonality into discipline

Formal-Informal Institutional Linkages

- Formal regulations affect cost of operating in informal econ – min wage, NAFDAC, taxation
- But informal institutions have limited leverage in formal econ, even amid strong informal assoc'ns.
- Reliance on ethnic, rel. assoc'ns for access, assistance, but shifts impetus of collective action away from informal econ. interests



Formal-Informal Institutional Linkages

- Women's associations particularly weak – gender compounds marginalization (cosmetics association)
- Leverage only where informal associations embedded in formal networks – links at higher levels of government or with formal NGOs (Benin women's textile association)

