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Introduction: special issue on ‘informal institutions and development in Africa’

The developmental potential of informal institutions has long been a subject of intense interest in Africa. Indeed, Africa has been the crucible of many of the concepts used to explore informal development processes. It was in West Africa that notions of the embedded development of market institutions emerged in the 1960s and 1970s, in the work of Curtin (1975), Meillasoux (1971) and Cohen (1969) on the efficiency of ethnic and religious trading systems. During the same period, the concept of social networks was forged in southern and central Africa to explore the role of informal ties of kinship, friendship and community in processes of urbanization and class formation (Mayer 1961; Mitchell 1969; Peace 1979). Perhaps most famously, Africa was also the cradle of the informal sector concept in Keith Hart’s (1973) celebrated article on income generation among the urban poor in Accra. All of these concepts – embeddedness, social networks and the informal sector – have become central to illuminating the role of informal institutions in contemporary economic and political change in every region of the world. Yet in Africa, perspectives on informal organization have become shrouded in shadows. Despite growing interest in the role of African informal institutions, current research is often clouded by essentialist leanings and an apparent forgetfulness of earlier theoretical advances. Indeed, a survey of the literature on indigenous political and economic organization in contemporary Africa gives the impression that we actually know less about African informal institutions today than we did three decades ago, despite the dramatic expansion of informality and the flourishing of concepts to study it.

Part of the problem lies in the particularly rapid expansion of informal economic and political institutions in contemporary Africa as a result of economic liberalization and state failure. Just after the turn of the millennium, the ILO (2002: 16) noted that ‘in sub-Saharan Africa, the informal sector accounts for three-quarters of non-agricultural employment, having increased dramatically over the last decade from about two-thirds’. In the past two decades, African informal institutions have blurred formerly recognized conceptual boundaries between the formal and informal by expanding beyond peripheral sectors and cultural institutions to penetrate into the heart of modern economic and political organization. According to the ILO (2002), the informal economy accounts for 60% of Africa’s urban labour force, and
provides over 90% of new jobs, giving Africa a higher share of informal activity than any other region. The economic activities involved have moved beyond petty services and indigenous trading systems to include complex informal manufacturing clusters, transnational trading networks, and a range of urban services such as housing, water provision and refuse collection (MacGaffey and Bazenguissa-Ganga 2000; Tostensen et al. 2001; Tranberg Hansen and Vaa 2004). Even states have become informalized as public officials govern in ways that contravene formal regulations, and downsizing public sectors concede an increasing range of governance activities to community organizations. The result has been a rising importance of non-state forms of economic development and public authority, including hometown associations, patronage networks, religious organizations, vigilante groups and traditional rulers (Honey and Okafor 1998; Chabal and Daloz 1999; Lund 2007). While these informal arrangements have attracted considerable research attention, analytical perspectives have often been clouded by essentialist analyses of institutional dynamics, and ideological assumptions about African culture and its relationship to processes of liberalization and democratization.

While the early years of economic liberalization and democratization were greeted with an outpouring of optimistic literature on the developmental strengths of African informal organization, emphasizing the continent’s ‘dynamic informal economy’, ‘rich associational life’, and ‘vibrant civil society’ (Chazan 1988; Rothchild and Chazan 1988; Bratton 1989; World Bank 1989; MacGaffey 1991; Tripp 1997), the descent of African societies into economic and political chaos during the 1990s has led to increasingly negative perspectives on African informal institutions. Rising poverty, collapsing economies, increased ethnic conflict and violent civil wars have fostered a reinterpretation of African informal institutions as agents of ‘uncivil society’ (Fatton 1995; Ikelegbe 2001), ‘the instrumentalization of disorder’ (Chabal and Daloz 1999), and ‘the criminalization of the state’ (Bayart et al. 1999). Struck by these dark readings of indigenous organization, the anthropologist James Ferguson (2006) recently drew attention to the ‘abundance of shadows’ surrounding contemporary discussions of African institutional change. Research on the increasing role of informal economic and political arrangements is dominated by terms such as ‘shadow states’ (Reno 2000), ‘shadow networks’ (Duffield 2001), ‘shadow governances’ (Gore and Pratten 2003) or just ‘the shadows’ (Nordstrom 2004). Rather than being understood as lacunae created by the limitations of prevailing social science approaches to African informality, these ‘shadows’ are seen as a product of the primordial character of African cultural institutions. Indeed, much of the contemporary literature on African informal organisation is characterized by a retreat from institutional analysis into culturalist and rational choice theorizing, accompanied by older dualistic tendencies to represent informal institutions as a mirror
image of formal institutions. The ethnographic and historical strengths of the informal institutional literature of the 1960s and 1970s seems to have been lost in the ‘shadows’.

In the last few years, the tide has begun to turn. Rising commodity prices, improved growth performance and the resolutions of civil conflicts across the continent have stimulated renewed interest in the organizational role of informal institutions in employment generation, service provision, resource management, local governance and conflict resolution. While African informal institutions were unable to substitute for the state in a context of crumbling formal organization, scholars have begun to note that they played an important role in holding economies and societies together despite daunting economic, political, and environmental challenges. In a stimulating edited collection, Tranberg Hansen and Vaa (2004) have made a bid for ‘reconsidering informality’ in contemporary African development. A growing literature in Africa and elsewhere is calling for a more critical analysis of informal forms of social organization and public authority, emphasizing the need to explore the actual practices embedded in informal institutions as well as the linkages between the informal and formal realm, rather than resorting to culturalist stereotypes and rational choice reconstructions of values and motives (Callaghy et al. 2001; Lourenco-Lindell 2002; Meagher 2005; Lund 2007; Meagher 2007).

This special issue represents a contribution to the re-examination of contemporary African informality through an institutional analysis of the nature and impact of informal organization in various spheres of political and economic development. Focusing on the areas of health in Benin, state building in Somaliland, forest management in Ethiopia, water management in Ghana and international academic cooperation between African and German scholars, the articles assembled here examine the potential as well as the limitations of informal institutions in fostering progressive change in contemporary Africa. In addition to considering empirical issues regarding the role of African informal institutions in development, these articles also raise, implicitly or explicitly, conceptual issues about the adequacy of informal institutions as a tool for getting at the key developmental issues of contemporary Africa. The varied thrust of the articles reveal that these are ongoing debates, with some authors expressing doubts about whether informal institutions represent the most effective way of conceptualizing current problems of institutional development.

With a view to situating the differing perspectives presented here, these introductory remarks will sketch out the main debates underpinning current approaches to informal institutions in Africa. The first involves debates about the meaning of informal institutions, which range from the evolutionist approaches of the new institutional economics to the post-structuralist approaches of post-colonial theory. The second area of debate revolves around
perspectives on the role of informal institutions in development and democratization. While some see informal institutions as temporary ‘stop gaps’ in the context of crisis and state decline, others celebrate them as forces for innovative institutional development, or denigrate them as agents of institutional disruption and decline in Africa. While positions remain highly polarized, they are embedded in more fine-grained, empirically grounded analyses of how non-state forms of organization mobilize resources, legitimacy and power.

The meaning of informal institutions

With its complex landscape of weak states and resilient indigenous institutions, Africa offers a particularly rich terrain for the investigation of informal institutions. Specifying exactly what is meant by the term has proven more elusive. Diverse usages, and the tendency to deploy the term interchangeably with a variety of other related concepts, have contributed to a growing sense of ‘blurring’. Concepts such as ‘social capital’, ‘social networks’, ‘non-state organization’, and ‘civil society’ also refer to popular forms of economic and political organization that have flourished in the interstices of the state, but these terms cover forms of organization that are not necessarily informal, and not necessarily institutions. Dispelling the shadows surrounding the role of African informal institutions requires a clearer focus on the way in which the term is used.

In the African context, four different perspectives on informal institutions have emerged, shaped by disciplinary differences, varying levels of historical depth, and debates about the role of structure and agency in informal forms of organization. The most common among these is an evolutionist perspective arising from the new institutional economics, in which informal institutions are seen as remnants of pre-modern times. The prominent institutionalist Douglass North (1990: 74) identifies formal institutions with ‘state-enforced rules’ such as ‘political (and judicial) rules, economic rules and contracts’, while informal institutions are restricted to ‘societal rules’ such as ‘routines, customs, traditions and conventions’ (North 1990: 83; Helmke and Levitsky 2004). Despite its compelling simplicity, this perspective fails to take into account the more complex realities of colonial and post-colonial societies in which pre-existing legal codes and business regulations as well as customs have been displaced into the informal realm. Klein’s research (this issue) on health systems in Benin confronts the opposite problem, in which informal treatment systems such as traditional healers have been licensed by the state, leading her to question the relevance of the formal-informal institutional divide.
A second perspective, arising from history and anthropology, shifts the focus from institutional evolution to ‘legal pluralism’ (Benda-Beckmann et al. 1988; Merry 1988; Feierman 1999; Benda-Beckmann and Benda-Beckmann 2006). It addresses the ‘problem of dual legal systems created when European countries established colonies that superimposed their legal systems on pre-existing systems’ (Merry 1988: 871). Legal pluralist perspectives stretch the concept of informal institutions beyond the customary and the small-scale, but restrict it to patterns of behaviour deriving from pre-existing forms of public authority, which may compete for legitimacy with current formal institutions. In his work on informal systems of resource governance in rural Ethiopia, Stellmacher (this issue) argues that informal institutions do not represent communal vestiges, but multi-ethnic social arrangements created by a pre-existing state – institutions which were informalized, but not eliminated, by the imposition of the military *derg* in 1974.

Structuralist perspectives represent a third view, which argues that complex informal institutions are not only the legacies of Africa’s pre-colonial past; they have also emerged in the context of colonial and post-colonial struggles for access to power and resources (Tostensen et al. 2001; Meagher 2003; Berry 1993). In addition to focusing on pre-colonial normative orders, structuralist analyses highlight the role of contemporary social, political and economic processes in reshaping, transforming or disrupting informal institutions, often giving rise to ‘multiple modernities’ (Eisenstadt 2002), involving the emergence of ‘modern’ informal institutions, such as hometown associations, women’s organizations, and vigilante groups, from the interaction of formal and informal (Berry 1993; Englund 2001; Lourenço-Lindell 2002; Harneit-Sievers 2006; Meagher 2007). While examining processes of institutional hybridization or ‘bricolage’ (Cleaver 2001), structuralist analyses maintain a distinction between institutionalized and more ephemeral or opportunistic informal practices. Renders’ account (this issue) of the ‘bricolage’ of informal and formal institutions in the process of state-building in Somaliland reveals a distinction between the public authority of informal clan institutions, and the more opportunistic and ephemeral character of individual patrimonial networks. Similarly, Laube (this issue) shows how formal as well as informal institutions of water management in Ghana have been disrupted by patrimonial networks, corruption and the overburdening of informal organizational capacities by decentralization policies.

A final perspective involves post-structuralist approaches emerging from political science and anthropology. Combining legal pluralist thinking with the post-structuralist literature on power and popular resistance, post-structuralists identify informal institutions with all unofficial forms of ordering, including social networks, cultural values, corruption and coping strategies (Comaroff and Comaroff 1991; Bayart et al. 1999; Lund 2007). Examining informal institutions as mechanisms of agency rather than non-state struc-
tures, post-structuralists highlight the competing, contesting, and sometimes contradictory orders outside formal institutions, in which power and public authority are viewed as products of continuous struggle and negotiation. Despite its radical character, this approach has been unable to escape an underlying dualism in which informality is associated with normative orders rooted in culture rather than in the institutional structure of the Western state (Chabal and Daloz 2006; Lund 2007).

While this array of conceptual approaches has provided valuable insights into the nature of informal institutions, it has also contributed to a blurring of meanings surrounding the concept. In the interest of greater precision, Helmke and Levitsky (2003: 1) argue that ‘informal institutions must be distinguished not only from formal institutions, but also from a variety of other informal patterns’, including weak institutions, cultural values, and pervasive coping strategies. They identify the need to rescue the term from becoming a residual category encompassing not only institutional behaviour outside the formal realm, but all of the organizational refuse of formal and informal institutional collapse. Helmke and Levitsky (2003) argue that abuses of formal power, and individual networks based on economic hardship or opportunism are not informal institutions; they are elements of institutional disintegration.

This raises questions about the tendency in the Africanist literature to represent a whole spectrum of personal networks, coping strategies and political entrepreneurship as features of the informal institutional landscape (Chalfin 2000; Simone 2001; Hagberg 2007). In post-structuralist analyses in particular, extreme levels of opportunism, constant negotiation and high levels of disorder and uncertainty are portrayed as part of the informal institutional framework of African societies, embedded in local norms and values. Abdul Malik Simone (2001) identifies the informal institutional logic of African cities with high levels of ambiguity and individual opportunism, while Hagberg argues that the institutional authority of the master-hunter in Burkina Faso lies in their ‘unpredictability’ (2006). While informal institutions are not necessarily positive patterns of behaviour, as the examples of female circumcision or university campus cults indicate, it is important to distinguish them from processes that are not socially instituted if we are to understand their implications. According to Tostensen et al. (2001: 17), informal institutions require a modicum of ‘organizational “staying power”’: ‘Loose networks may be short-lived and sometimes difficult to identify, and spontaneity is the antithesis of organization’.
Informal institutions and development in Africa

The intersection of varying perspectives on informal institutions with the social and political realities of contemporary Africa have generated different interpretation of their implications for development. The most popular position is the new institutionalist view of informal institutions as sources of path dependence and mechanisms for filling gaps in formal provision in the context of underdevelopment or state incapacity (North 1990; Stiglitz 2000). Informal institutions are regarded as ‘second best’ options in the context of malfunctioning states, rather than as preferable forms of organization. As Tripp (1997: 12) explains in the case of Tanzania, informal actors ‘have relied on their own resources and built their own institutions where the state failed to meet their needs’. While informal institutions express popular agency and resistance against corrupt and inefficient states, they are not seen as superior to good states.

A contrasting perspective regards informal institutions as mechanisms for improving the performance of formal institutions. The positive impact of informal institutions on formal institutional development has been described as ‘synergy’ (Evans 1996) or ‘co-production’ (Fox 1996). Synergy perspectives argue that the proliferation of informal arrangements not only helps people get by, but contributes to the development of ‘new institutional frameworks’ for improved service provision and democratic participation. The recent ECA report (2007) on traditional institutions of governance takes a similar approach by arguing that indigenous governance institutions ‘can play a more developmentalist role in modern governance systems’ through their ability to contribute to local administration, popular mobilization, service delivery, and conflict resolution.

A third view contends that informal institutions impede development owing to their tendency to ‘undermine the cohesion necessary for the creation of meaningful institutions’ (Pratten 2007). Whether referring to traditional rulers, vigilante groups or ‘street-level bureaucracies’, the argument is that informal forms of governance draw on ‘practical rules, behaviours and logics that are alien to the public sphere’ (Blundo 2007). While some locate these disruptive tendencies in the organizational logics of African culture (Chabal and Daloz 2006; Hyden 2006), others view them as a product of extreme economic hardship and mounting institutional stress. In Africa, the state has not only failed to support informal initiatives, it has further burdened them by off-loading basic social welfare responsibilities onto popular networks and associations – what Crispin Grey-Johnson (1992) calls ‘passing the buck to the informal sector’. Jean-Loup Amselle (2002) points out that liberalization and decentralization have shifted growing organizational burdens onto informal institutions, creating problems of informal institutional stress. Far from generating processes of synergy, efforts to involve informal
institutions in governance have contributed to fragmentation and ethnic polarisation.

The contributions in this issue take up these conceptual and substantive debates in a range of insightful studies. In each case, analyses are based on detailed fieldwork, demonstrating that the ‘twilight’ character of informal institutions ‘is certainly not beyond detailed and vivid empirical analysis’ (Lund 2006: 10). Central issues that arise across these articles relate to the developmental implications of institutional pluralism in contemporary Africa, the blurring of the distinction between the formal and informal institutions, and the ways in which informal institutions shape power relations within African societies.

Institutional pluralism

Regarding the question of institutional pluralism, Klein argues that it has played a positive role in access to health services in Benin. She suggests that informal systems of health provision, ranging from indigenous healing systems to self-treatment with informally-sourced medication, have helped to fill gaps created by the poor performance of public health systems. Local people were found to resort to informal forms of treatment owing to a desire for more personalized care rather than because of the rising costs of public health services. By contrast, the contributions of Laube and Stellmacher examine the ways in which institutional pluralism has impeded development. From the perspective of formal institutions, Laube maintains that the ‘complex institutional mosaic’ shaping water management systems not only undermines transparency and accountability, but makes organizational initiatives susceptible to patronage and elite capture. Far from filling organizational gaps, institutional pluralism creates openings for patronage and opportunism which weaken enforcement mechanisms and generate contempt for rules and regulations. In rural south-western Ethiopia, Stellmacher details a situation of de facto legal pluralism in which pre-existing feudal systems of forest-management persisted alongside new systems of radical land reform. In the process, the effectiveness of both systems was undercut, generating perverse incentives that promoted unrestrained exploitation of forest resources.

Challenging both sides of the debate, Renders examines the process of state-building in Somaliland to demonstrate the strengths as well as the weaknesses of traditional institutions in addressing the ‘lack of legitimacy, accountability, transparency and efficiency’ of state-building in Africa. In contrast to the Ethiopian case, the interaction of ‘traditional’ and ‘modern’ systems in Somaliland reveals a synergistic process in which the popular authority of clan institutions reinforced rather than undermined the formal au-
authority of the new state. However, Renders warns that the developmental potential of efforts at institutional hybridization depends largely on the nature of the political process rather than on the specific ‘mix’ of institutions. A subsequent shift toward more patrimonial and opportunistic political processes emerged in Somaliland, not because of cultural tendencies or an inappropriate combination of institutions, but because of efforts by formal political leaders to monopolize power in contravention of both ‘modern’ and ‘traditional’ institutions.

Blurring of boundaries

The difficulties created by the ‘blurring’ of boundaries between the formal and informal spheres were a further area of concern. Stellmacher and Klein both see this as a conceptual difficulty, which limits the usefulness of the formal/informal distinction in analysing contemporary processes of institutional change. Stellmacher points out that informal institutions in the Ethiopian context often have a number of formal characteristics, such as state-based origins, written laws and institutional power. He suggests that the formal/informal dichotomy reflects Western notions about the superiority of ‘modern’ institutions, rather than any intrinsic differences between indigenous and state-based organizational frameworks. Klein takes a similar position, arguing that formal and informal institutions have become so intertwined that the distinction has become irrelevant. In the Benin health sector, indigenous institutions are officially regulated and licensed, while public health providers often engage in informal practices, such as moonlighting and unofficial payments. Klein also notes that institutional hybridization and decentralization practices have further blurred the boundaries between formal and informal systems of service provision, leading her to conclude that the public/private distinction better reflects current patterns of change.

Renders and Laube suggest that the significance of blurred boundaries is institutional rather than conceptual. Both authors argue that the increased intertwining of indigenous and state institutions has less to do with popular preferences for indigenous forms of organization, than with deliberate strategies on the part of the powerful state actors to cut the costs of governance while centralizing control. In the Ghanaian and Somaliland cases, blurred boundaries facilitated elite capture of power and resources through opportunistic forms of mobilization that operated outside both formal and informal institutional frameworks. The effect was to weaken enforcement mechanisms at both the informal and the formal levels, weakening not only conceptual categories, but the authority and legitimacy of indigenous as well as state institutions.
Informality and power

The question of how informal institutions shape power and authority within African societies is interpreted in a variety of ways. Klein suggests that the increased role of informal institutions contributes to popular decision-making power, in the face of crumbling state structures, particularly among women. By contrast, Stellmacher argues that informal institutions in rural Ethiopia have undermined popular power owing to the ability of informal feudal systems of resource management to override the more socialist arrangements of formally-sanctioned peasant associations. He shows that the key to popular empowerment is not the dominance of informal institutions per se, but their specific institutional content, which may promote or subordinate the interests of the poor.

Laube also focuses on the capacity of informal institutions to shape, and often neutralize, formal institutions. He shows that even where formal institutions are backed by global as well as state forces, as in the case of integrated water resource management systems which were ‘enforced through international organizations, loan conditionality, expert consultations and economic and political pressure’ (this issue), their implementation is hampered by informal arrangements from above and from below. Neglect of local realities leads policy makers to overrate the transformative power of formal sector reforms, while ignoring their tendency to promote inequality rather than popular empowerment. Renders’ article suggests the opposite conclusion – that formal institutions are more powerful than their informal counterparts. Despite their greater popular legitimacy, the involvement of indigenous institutions in the state-building process did not hinder the shift of real political control from clan elders to the formal political class. Once political institutions were formalized, leaders were able to use their formal status to mobilize resources and international support to marginalize traditional leaders. This served to undermine the basis of popular legitimacy as well as to weaken both formal and informal institutions. In view of these complex institutional dynamics, Renders warns that the scope for ‘instrumentalisation of “informal” institutions as tools to fix failed states is limited’ (this issue).

As international attention refocuses on the developmental prospects of African informal institutions, the contributions to this journal provide valuable material for a stimulating and insightful debate about the strengths and weaknesses of informal institutional organization in various parts of the continent. The wide variation in developmental implications, power relations and popular effects of informal organizational forms militate against essentialist or cultural determinist analyses, both positive and negative. Given their unequal power relations vis-à-vis formal institutions and powerful individuals, and evidence of difficulties in taking on decentralized government
tasks without proper funding or training, the articles presented here suggest a need for caution in reassessments of the role of informal institutions in contemporary state-building and service delivery. Let current development agendas for African informal institutions take note.

References


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