

THE INFORMAL SECTOR IN EASTERN AFRICA: SELECTED POLICY-RELATED ISSUES

By

*Paul. B. VITTA**

Introduction

Increasingly large numbers of the people living in both the rural and urban Third World depend for their livelihood upon a class of activities known since the early 1970s as the *informal sector* (Sethuraman 1976, p. 96; 1977, p. 343). The class consists of activities in petty production and petty services that (unlike formal-sector activities) are not enumerated in official labour statistics, and that are small in scale. In this article, I have set for myself two tasks. *First*, I wish to describe some of the main features that the informal sector displays in Eastern Africa, particularly with regard to food-production activities and their energy requirements. I am especially interested in the type of policy measures these features imply on the part of the governments in the region. *Second*, therefore, I wish to suggest policy responses that these features call for in certain selected areas. The choice of Eastern Africa (Ethiopia, Kenya, Sudan, Tanzania, Uganda and Zambia) as a theatre of the informal-sector activities to be described, and of food-production activities and their energy requirements as areas to be emphasized was determined by the purposes for which this article was written originally**. Beyond that the choice is arbitrary. Consequently many of the points raised are valid beyond the limits implied by that choice.

Features of the Informal Sector in Eastern Africa

1.1 Urban concentration

One of the features characteristic of informal-sector activities in Eastern Africa is their *urban concentration*. While a number of them are located in the countryside, the great majority of them are to be found in cities and towns – in Addis Ababa, Asmara, and Dire Dawa, in Ethiopia; in Nairobi, Nakuru, Mombasa and Kisumu, in Kenya; in Dar-es-Salaam, Mwanza, Moshi, Arusha and Tanga, in Tanzania; in Kampala and Jinja, in Uganda; and so on. This feature stems from a number of factors, chief among which is the manner in which Eastern Africa's urban population

* *I.D.R.C. (International Development Research Center, Ottawa, Canada. The views expressed in this paper are those of the author; they do not necessarily reflect policies of the International Development Research Center.*

** *A revised version of a paper originally prepared for a workshop on Technology Policy and Planning for the Informal Sector in Eastern Africa (Addis-Ababa, Ethiopia – 28th January, 8th February 1985).*

have grown. As Table 1 shows, they have grown at rates (3 to 9% annually) which far exceed the corresponding total population growth rates (2 to 4% annually), reflecting net rural-urban migration. As a result, urban labour forces have swelled at rates that are greater than those at which formal-sector firms have expanded to provide additional employment. A rough indication of the magnitude of this disparity is provided by the following estimate: a manufacturing sector initially employing 20% of a labour force growing at 3% per annum would have to expand by 18% per year just to absorb the *new* entrants into the labour market (Sandbrook 1982, p. 57).

Table 1: Total and urban populations and their growth rates

| Country | Total Population | | Urban Population | |
|----------|-------------------------------|--|--|--|
| | Total, mid-1982 (millions) | Average annual growth, 1970-82 (%) | Total 1982 (% of total po- pulation) | Average annual growth, 1970-1982 (%) |
| Ethiopia | 32.9 | 2.0 | 15 | 5.6 |
| Kenya | 18.1 | 4.0 | 15 | 7.3 |
| Sudan | 20.2 | 3.2 | 23 | 5.8 |
| Tanzania | 19.8 | 3.4 | 13 | 8.5 |
| Uganda | 13.5 | 3.0 | 9 | 3.4 |
| Zambia | 6.0 | 3.1 | 45 | 6.5 |

Source: *World Bank 1984*

But, as shown in Table 2, not even Kenya, industrially the most successful country in Eastern Africa, has registered a manufacturing growth rate (here approximated by the rate of growth of the Gross Domestic Product (GDP)) anywhere near 18%. This disparity between the growth rates of urban labour forces and available formal-sector employment has then forced more and more people in urban areas to take up informal-sector activities as a means of earning their livelihood, resulting in an urban concentration of informal-sector activities.

Table 2: Growth rates of labour forces and of the GDP

| Country | Average Annual growth of total labour force, 1970-82 (%) | Average Annual growth of urban labour force, 1970-82 (%) | Average Annual growth rate of GDP, 1970/82 (%) |
|----------|--|--|--|
| Ethiopia | 1.7 | 4.8 | 2.2 |
| Kenya | 3.3 | 6.0 | 5.5 |
| Sudan | 2.8 | 5.1 | 6.3 |
| Tanzania | 2.6 | 6.5 | 4.0 |
| Uganda | 2.1 | 2.4 | - 1.5 |
| Zambia | 2.3 | 4.8 | 0.9 |

Source: *World Bank 1984 for columns 1 and 3; column 2 is derived*.

1.2 Worker composition

A second feature of informal-sector activities in Eastern Africa has to do with *the composition* of those engaged in them. There have been occasions on which the informal sector has been romanticized wishfully, by those working in it being portrayed as independent souls who so value their freedom that they have eschewed employment in the formal sector in favour of work in the informal sector because of the prospects the latter offers of independence through self-employment. The truth of the matter, however, is that most of those working in the sector are there *not* because of their love of freedom; *they are there because they have failed to obtain formal-sector employment*. This is confirmed by the fact of informal-sector workers always keeping an eye on job opportunities in the formal sector and of their eagerly seizing the first such opportunities when they see them. It is confirmed also by the low esteem which others have of informal-sector workers. In Kenya, for example, informal-sector auto-mechanics are pejoratively referred to as «jua-kali» (literally, «hot-suns»), because they work in «open-air garages». One centre of informal-sector activities in Nairobi is derisively called «Machakos Airport», because of the hustle and bustle there. The name has little to do with the movement of aircraft or with the Kenyan town of Machakos. Nor is the use of pejorative expressions to refer to the informal-sector confined to Kenya alone; it exists in Tanzania, in Uganda, and so on. In Tanzania, for example, informal-sector activities are called «mango-tree» operations – even when there is no mango tree in sight.

The *ultimate* cause of the failure of informal-sector workers in their bids to obtain formal-sector employment, of course, is the shortfall of the number of available jobs below the number of those aspiring to them (sub-section 1.1 above). There are *immediate* causes also, however. Examples of such causes are the lack of required educational qualifications, the absence of timely intervention by an influential godfather, etc.. So important are the immediate causes, in fact, that the composition of informal-sector workers is determined largely by *them*, with the ultimate cause serving merely to determine the *number* of informal-sector workers. Because of these immediate causes, a vast majority of informal-sector workers in Eastern Africa are male (in Western Africa, a large fraction of them are female), relatively young, without much formal education or training, and generally with poor-family backgrounds.

But while this is a generally accurate profile of those engaged in informal-sector activities, in Eastern Africa recent economic and political changes have so acted as to modify that profile in certain significant ways. Declines in real incomes over the past and present decades, whether caused by inflation alone (Uganda, Kenya) or by inflation *and* new social policies

(Ethiopia, Tanzania) have forced many individuals in the formal sector to dabble in informal-sector activities (either directly or indirectly through proxies), in an attempt to shore up drops in their income. This phenomenon is changing the informal sector's make-up, by infusing into it some of the most highly educated individuals around. Because of their generally poor rates of remuneration, teachers, including university academics, may occupy the leading position among the new entrants into the sector.

In addition, the increasing use of proxies is reducing the degree of self-employment normally associated with the informal sector. Increasingly, the «owners» of shoe-shine stands, soft-drink kiosks, village butcheries, mangotree barbershops, tailoring marts, backyard poultry farms, roadside garages, wayside smithies, and other informal-sector enterprises are in fact only front men for, and therefore really under the employ of, university lecturers, government bureaucrats and formal-sector businessmen. This distortion, of course, has some disadvantages (it squeezes the *real* informal-sector workers out of their sector). But, as will be seen later, it also offers novel opportunities that should not be missed, notwithstanding the fact that they *are* being missed. The distortion represents, in any case, a phenomenon which deserves close investigation. Information is needed (but still missing) on the scale of this phenomenon and on the extent to which it is modifying the traditional dynamics of the informal sector.

1.3 *Activities*

The *nature* of informal-sector activities and the *manner* in which they are carried out form yet another feature. Both of these reflect certain Eastern African life styles. Typically, more than 80% of East Africans live in rural areas. Agriculture (maize, rice, sorghum and millet are the traditional crops) and animal husbandry (cattle, sheep and goats are the traditional livestock) form the dominant rural occupations, engaging, again, more than 80% of all people of working age (which begins in the early teens, compelling children to forsake their youth to help earn a living). The scale of production in both agriculture and animal husbandry is generally at the «subsistence level»: it is small, and there is little surplus left over after consumption at source. East Africans, like other Africans, live in extended families. Most of them have settled into fixed homesteads. A number of nomadic tribes (e.g., the Masai in Kenya and Tanzania) still remain, however. These tend to be pastoral. As many anthropological studies have consistently confirmed, they also tend to be the most resistant to technical change. Their animal wealth can be considerable, but inflexible rules governing its use or disposal make it inaccessible for purposes of improving living and working conditions; for many practical purposes it does not exist. Animals are a good source of proteins; further, they can be made to draw ploughs. But these are subjects that the Dinkas of Sudan (and other cattle-owning tribes elsewhere) will not even discuss. Their cattle herds exist, but conditions would be practically the same if they did not.

In urban areas, the home of 10 to 30% East Africans, matters are considerably different. Notwithstanding stated policies concerning rural development, urban areas are still the home also of most formal-sector industries. This circumstance has several effects on the nature of informal-sector activities in urban areas. Many of these activities appear as responses to, and are therefore linked to and dependent upon, opportunities offered (usually inadvertently) by formal-sector firms: industrial waste provides valuable raw materials for informal-sector activities; factory labourers are an unfailing clientele for roadside food and drink vendors, and their wives for home-based dress makers; tourists who roam in the towns and cities are reliably gullible buyers of the «native» art sold by street peddlers; and so on. For this reason urban informal-sector activities cover a considerably wider range than rural informal-sector activities. (Notwithstanding urban zoning regulations to the contrary, they even include backyard *farming!*). But while the links between urban informal-sector activities and the formal sector usually work in favour of those activities, they also make those activities susceptible to the rise and fall in the fortunes of the formal sector. When those fortunes rise, virtually all informal-sector workers flock into the relevant activities, but only to stampede out again when the fortunes fall. This contributes to the characteristically circuitous routes informal-sector workers normally take to reach the jobs they happen to be in, so that one of the distinguishing characteristics of informal-sector artisans is their having moved through a whole variety of other occupations before «settling» on what they happen to be engaged in currently (King 1977, p. 106).

1.4 Technologies

It is useful for the purposes of this article to distinguish three broad categories of technology (Girvan 1983, p. 15): (i) *production*, (ii) *consumption*, and (iii) *organizational technology*. *Production technology* (the commonest and most familiar) consists of: a) the physical and chemical *processes* of production (also called *process technology*; b) the *materials, tools, implements, and machines* that are associated with these processes and the *structures* in which those processes take place; c) the *knowledge* about, and the *skills* associated with, both the abstract and the material elements of production; and d) the *people* possessing the knowledge and skills, and the *institutions* within which they are organized. *Consumption technology* (much less frequently referred to in the literature) refers to the *characteristics* of the goods and services that create and/or satisfy requirements at the consumer level. A food product, for example, can have characteristics beyond its nutritional value and flavour; it can have additional characteristics arising from its presentation, packaging and advertising image, or from the status it confers upon those who eat it in relation to others who also do and even to the rest who do not. Consumption technology integrates these additional characteristics into products and

services and subsequently promote those products and services. Finally, *organizational* technology refers to the organization of production and the structure of the social relations of production, associated with particular production and consumption technologies.

A fourth feature distinguishing the informal sector in Eastern Africa (and elsewhere) is the *low level of the technologies it employs*. Organizational technologies are rudimentary; often management and the technical relations of production all fall within a single family. Consumption technologies, too, are generally uninnovative; they are repetitive and invariable. In food-production activities, for example, they are rigidly tied to traditional eating habits which leave little room for experimentation with alternative ways of producing and processing food. Variations would require great promotional efforts and, for that reason, are rarely attempted.

On the other hand production technologies are easily the centre of the innovative activities of the informal sector. But even these are severely handicapped by the constraints (given below) to which the sector is subject. Further limits are imposed by the nature of the sources of the energy used to power these activities. In agriculture, in which rural activities are concentrated, for example, the bulk of activities are carried out by means of simple implements (hand hoes, adzes, etc.) moved by raw *human* muscle power. There is increasing use of technologies (such as ploughs, threshers, etc.) in which beasts of draught (oxen, donkeys, etc.) provide the power, but they are still widely considered to be curiosities. They are favourite spectacles especially for rural children, who congregate around them in snickering platoons.

After muscle power, fuelwood is the next most important energy form. In Ethiopia, it constitutes over 90% of all nonmuscular energy consumed (Ethiopia 1979, p. 12). It is used equally or nearly as predominantly in Kenya, Sudan, Tanzania, Uganda and Zambia. While it is renewable, informal-sector technologies used to convert it into the desired forms (heat, charcoal, etc.) are usually so inefficient that they consume it at rates greater than those at which it is replenished. Informal-sector techniques for producing charcoal, for example, use *earth kilns*, with which it is estimated that it takes ten tons of wood to produce one ton of charcoal (NCST 1980, p. 94). Likewise, traditional cooking stoves have efficiencies of only about 10% (Nkonoki 1981, p. 71), owing to intakes of only small fractions of the total heat produced. Because of extensive but inefficient use of fuel wood, wood stocks are rapidly diminishing and forests steadily receding. Women have to walk farther and farther to reach the nearest sources of fuel wood. Afforestation is obviously the most logical and feasible answer. But even that is fraught with problems, for if it takes ten tons of wood to produce one ton of charcoal, it takes one acre of forest land to yield that amount of wood and therefore that quantity of charcoal (NCST 1980, p. 94). At these rates of conversion, afforestation soon begins to compete

with other land uses (notably, agriculture and cattle grazing), and may eventually come to a halt. But even when afforestation does continue, informal-sector activities are likely to be conducted informally, and the disciplined restraint required to wait till a forest has matured is likely to give way to selfish impatience and premature plunder («A watched pot never boils»).

1.5 Default

A fifth feature of the informal sector in Eastern Africa lies in the manner in which informal-sector activities have supplemented formal-sector activities. It has not been a case of the informal sector merely filling a few old gaps overlooked by the formal-sector. On the contrary, often the role of the informal-sector has been more than supplementary. Not rarely, the role of informal-sector activities has been a major one. This has been the case particularly since the early 1970s. Since then Eastern Africa's economies have steadily performed poorly, resulting in lower and lower production by the formal-sector. This was especially the case in Uganda during Idi Amin's rule, but it was also true in varying degrees elsewhere in Eastern Africa. Some product lines (such as shoe-making in Tanzania) were even shut off completely. This development created scarcities, in response to which informal-sector activities then sprouted, almost spontaneously, in the relevant product lines. The precise nature and dynamics of the growth of informal-sector activities, of course, has differed from country to country. But nearly everywhere scarcity has fathered the relevant informal-sector activities and necessity has been the mother of invention in those activities. In a sense, therefore, a number of informal-sector activities have come into being by default. Had the formal-sector lived up to expectations, they would not have come into existence.

1.6 Past and Present Policy Initiatives

The last feature which will be considered here is the *ambivalence* of past and present policy initiatives with regard to informal-sector activities. Disenchantment with the sluggish growth of the formal economy has led to some policy initiatives designed to accelerate growth of the informal sector. But, at the same time, a nagging feeling has persisted that informal-sector activities really are not so much alternatives to the ailing formal-sector activities as symptoms of the malaise of these activities. And if this is so, then «you could not exalt into national policy a sector that was the underbelly of the beast you wished to transform» (King 1977, p. 95). Is the informal-sector here to stay, or is it expected to «wither away» as more and more of its activities become formal-sector operations, through the infusion into them of newer and newer techniques? Again, the picture is ambivalent.

The ambivalence has not been caused only by the inability to decide whether the informal-sector is part of the solution or whether it is a symptom of the problem, or whether it is a permanent or transient sector. It has been caused also by a conflict in views about what policy measures are supportive of the sector. Thus while it is generally agreed that programmes aimed at bringing improvements into the sector by infusing more efficient technologies into it (sub-section 1.4) are necessary, a debate still rages over suitable *methods*. There is no controversy over *indirect* methods (*general* popularization of technology, *general* provision of physical infrastructure, etc...). There is disagreement, however, over *direct* methods (arrangements for supplies of inputs, credit, industrial extension service, marketing assistance). There are those who argue that direct methods are «the shot in the arm» that the informal-sector requires. However, others liken such methods to «artificial respiration», and consider them justified only in case of «emergency». When employed in normal circumstances, they argue, such methods, because their exorbitant costs preclude universal application, can result in a «pampering of a fortunate few», and, therefore, in ensuring that informal-sector enterprises are and remain few (Müller 1980, p. 148). One of the great advantages of the informal-sector is ease of entry, arising partly from the fact that little capital is required to launch an activity in the sector. Assistance to the sector can destroy this advantage by introducing costs which then serve as barriers against entry. Even when limited to regulation through government edicts, assistance could end in stifling informal-sector initiative.

Foremost among past and present policy initiatives taken in Eastern Africa to strengthen the informal sector have been the establishment and subsequent support of institutions to service the sector. Such institutions include the Handicrafts and Small-scale Industries Agency (HASIDA) in Ethiopia; the Kenya Industrial Estates Limited (KIE) in Kenya; the Small-scale Industrial Development Organization (SIDO) in Tanzania, the Small Industries Development Organization (SIDO) in Zambia, and so on. In this case, the ambivalence in official attitudes, towards the informal-sector is often reflected by fluctuations in annual government subventions to these and other similar institutions and in the priorities set for them from time to time.

One other class of past and present policy initiatives introduced in Eastern Africa consists of «campaigns» – i.e. bursts of activity the aim of which is to mobilize local masses and galvanize their attention toward some specific goal. They often go under catchy names and arresting slogans (usually in the local language): *Harambee!* (Let us pull together!) in Kenya; *Mtu ni afya* (Man's essence is his health); *Siasa ni kilimo* (The real politics is agriculture) in Tanzania; and so on. Because of their seasonal and *ad hoc* nature, campaigns, of course, should not be equated with policies. Moreover, not all campaigns are of relevance to the informal-sector. Nor do they always successfully transcend mere exhortation. Still, they are clearly

more effective in bringing about change than many codified policies that are never enforced. This is especially so in the African context. But again, even campaigns have shown ambivalence towards the informal-sector. Occasionally, one campaign has set in motion what a subsequent campaign has been mounted to put out. (In response to food shortages in 1974, for example, Tanzania launched a food-producing campaign (*Kilimo cha kufana kupona*) which spawned some innovative activities in urban backyards which, however, were snuffed out by subsequent «keep-our-cities-and-towns-clean» campaigns).

Selected Policy Considerations

The features of Eastern Africa's informal-sector described above, contain some indications as to the policy initiatives required to stimulate and guide the sector's future growth. In view of the increasingly important role that the informal sector seems likely to play in the future, these indications merit consideration.

1.1 Rural Development

So long as living and working conditions continue to be poorer in rural than in urban areas, rural-urban migration will not stop, and urban labour forces will continue to swell faster than the formal sector can generate employment for them (sub-section 1.1, p. 58). Thus while the need for informal-sector growth may be (and is) more urgent in urban than in rural areas, greater growth of the urban than the rural informal-sector is only likely to fuel further rural-urban migration and thus to intensify the initial problem. Rural development thus appears to be the only ultimate solution, notwithstanding the many and formidable difficulties it entails.

With the entry of greater and greater droves of school leavers in the labour market, rural-urban migration has recently taken an ominous turn. Nearly all school leavers aspire to urban jobs, because this is the surest way of putting maximum distance between themselves and the drudgery of rural employment. Thus the attainment of universal primary education (UPE), though pursued assiduously as a success benchmark, in fact, also has disadvantages. As it universalises education, UPE also tends to universalise rural-urban migration. Nor can this tendency be reversed merely by doctoring the school curriculum (as seems to be indicated by Tanzania's gallant but seemingly ill-started attempt to turn education into training in self-reliance). School leavers' job aspirations are shaped less by what they have been taught than by what they perceive as the best opportunities available to them in the job market. In other words, teach a boy agriculture and he will still aspire to a clerical job if clerks earn more than farmers (which is certainly the case).

1.2 *Technological Improvement*

Great priority must be accorded to technological improvement. The technologies employed in the informal-sector are based largely on empirical knowledge, culled from previous struggles to survive and transmitted from one generation to the next by oral tradition. This knowledge is obviously useful. Its lack of a scientific base, however, makes the technologies it generates static and inefficient (sub-section 1.4, p. 62). There is a need consequently to inject into the sector *new* technologies that «sit well» in it, but which are nevertheless more efficient. Provided the points of entry are selected judiciously, such intervention can lead to dramatic improvements. Take food as an example. African food supplies can be raised either by increasing food production or by reducing food loss (or, of course, by a combination of the two). Post-harvest food losses in threshing, drying, transport and storage by traditional techniques range from 20 to 40%, with losses during storage alone amounting to about 5% (UNIDO 1979, p. 4). These losses could be *halved* with relative ease by making simple improvements upon existing informal-sector techniques, yielding a 10 to 20% rise in food supplies. In contrast, an increase of this magnitude would be far more difficult to realise through improvements in existing techniques used to *produce* food. In other words, entry at an early point in the postharvest phase is likely to be more effective than entry, say, at the cultivation stage. Quite apart from practical considerations, there is also a mathematical point. To compensate for a postharvest loss fraction f requires raising production by the *higher* fraction $f(1-f)$. To compensate for a postharvest loss of 30%, for example, would require a 43% rise in production; a postharvest loss of 50% would require a 100% rise; and so on. Again, the wisdom of early intervention in the postharvest phase is confirmed.

There is, of course, no easy and dramatic way of introducing technological improvements into the informal-sector. Instead, such improvements must be sought patiently on several fronts. These include the following.

a) Training: Training programmes aimed at upgrading the sector's technical skills are required. To be effective, such programmes must be organized in as a decentralized manner as possible. The initial effort can be multiplied and accelerated through the training of trainers to train those who will then actually be involved in training in the sector. Since such training is compatible with the existing activities of conventional «change agents» (agricultural extension workers, village development officers, public health workers, etc...), it can be added onto those activities.

b) Demonstration: Demonstration programmes offer another alternative. Conventional forms of such programmes include trade fairs and demonstration centres. Over the past two decades, however, a new form has emerged which offers new opportunities. More and more formal-sector

employees are engaging in informal-sector activities (Sub-section 1.2, p. 60). Because of their better education, they are introducing better and better techniques into these activities. These new techniques eventually rub off also on the traditional informal-sector workers. Unfortunately, the opportunities this development offers can be eclipsed by other considerations. Fastidious enforcement of «one man – one job» policies, for example, would tend to foreclose those opportunities. This was the case, for example, in Tanzania, especially in the 1970s, when the country had sanctimoniously clamped on itself an austere leadership code which forbade sideline activities on the part of virtually everyone with an education, thereby sealing off the informal sector from much potential innovation.

c) *Links*: The infusion of new techniques into the informal sector could be accelerated further through direct links with the formal sector. Such links might involve temporary attachments of informal-sector workers in formal-sector firms, sub-contracting of formal-sector activities to informal-sector enterprises (Watanabe 1983, p. 80), and so on.

1.3 The Agricultural Imperative

Because of the preponderance of agriculture as an economic activity (sub-section 1.3, p. 61), technological improvement in this area is imperative. Contrary to earlier belief that Africa could meet its food requirements merely by *using* its existing agricultural resources more efficiently, it now appears that relatively little gain can be achieved by taking advantage of this slack – relatively, at least, to the alternative of doubling and quadrupling labour *productivity* in the area through technological improvement. Moreover, just as technological improvement is more important in agriculture than in any other areas during the early stages of development, it results in more employment and in a more equitable distribution of income if it occurs in agriculture than if it occurs in any other area. This latter effect is of utmost importance. The great importance of the employment and income-distribution effects is indicated by the extent of poverty usually found in agriculture; agriculture tends to be a «residual sector» that holds that portion of the population which has not been drawn into other activities by their greater income-generating capacities. It is indicated also by the fact that in developing (and therefore largely agricultural) economies, where the producer and the consumer are one and the same person, it is distributional effects on the producer's (in this case, the farmer's) side that are definitive (Berry 1980, p. 16). In that case, the equalization of consumers' wages is of relatively minor importance in distributing income, notwithstanding the fact that even in that case income distribution is quite often still construed in that narrow sense.

1.4 Incentives

Finally, incentives offer possibilities of innovative policy initiatives. There is no doubt that certain incentives are required to motivate innovative

growth of the informal-sector. But what form should such incentives take? At the very least, they should take the form of a relaxation of the constraints which obstruct the growth of the informal sector while favouring that of the formal sector. These constraints include the following:

i) *Credit*: Informal-sector enterprises rarely qualify for credit from banks and other money lenders for lack of collateral. In contrast, firms in the formal-sector can borrow with ease owing to their «credit-worthiness».

ii) *Infrastructure*: Facilities and services provided by the State (water, transport, power, etc..) are usually designed to benefit the formal sector. Rarely do enterprises in the informal sector have access to them.

iii) *Regulations*: Regulations intended for formal-sector enterprises (such as those requiring registration, possession of trade licences, proper premising of business, maintenance of hygienic and safety standards, payment of income tax, etc..) are applied indiscriminately also to informal-sector enterprises. Harassment of those working in the sector then becomes a favourite sport for the local police, who become enamoured of conducting «swoops» aimed at «flushing our offenders and bringing them to book».

iv) *Markets*: Informal-sector enterprises are, as a rule, segregated not only from the markets on the inputs they need (capital, trained labour, raw materials, etc..) but also from markets of the products they make. In contrast, firms in the formal sector receive government assistance not only in procuring inputs but also in selling outputs.

These constraints combine to form a formidable obstacle against the success of informal-sector enterprises. Nor does the situation seem likely much to improve in the near future. Nevertheless, over the past two decades, there has been at least one encouraging sign. Since the early 1970s there has been a growing appreciation of the importance of the informal-sector. Far from being considered stagnant and unproductive, as it once was, the sector has since been regarded increasingly as being a potential source of dynamic growth, change, and productive employment for the rural and urban masses. While the sector is still far from coming into its own, this new development augurs well for its future and encourages consideration of ways in which its growth might further be quickened.

REFERENCES

- Berry Albert (1980): «The Role and effects of technological change in the agricultural sector of less developed countries», *Canadian Journal of Development Studies*, Vol. 1, No. 1, 1980.
- Ethiopia (1979): National paper prepared for the United Nations Conference on Science and Technology for Development (UNCSTD) held in August 1979 in Vienna, Austria.
- Girvan Norman P. (1983): *Technology policies for small developing economies: a study of the Caribbean* (Mona, Jamaica: University of the West Indies).

RESUME

Bien que les activités du secteur informel présentent les mêmes caractéristiques en Afrique de l'Est qu'ailleurs, il existe en même temps certaines circonstances, spécifiques à la région, qui font prendre à ces caractéristiques des nuances particulières. Certaines de ces nuances sont dues à des circonstances relatives aux modes de vie traditionnelles de la région. D'autres proviennent des conditions qui prévalent dans le secteur formel de l'économie de la région, notamment de l'incapacité de ce secteur à satisfaire les demandes qui lui sont soumises, non seulement pour les biens et services, mais aussi pour l'emploi. D'autres encore sont le résultat, volontaire ou involontaire, de certaines politiques générales ou «philosophies», favorisées par certains pays de la région. Cet article décrit ces nuances, ainsi que les circonstances qui les ont transmises dans les activités du secteur informel en Afrique de l'Est. Il essaie par la même occasion de déterminer les initiatives à prendre en matière de politique, en signalant les possibilités qui existent et qu'on pourrait saisir pour en tirer avantage pour le développement futur du secteur informel dans la région. Le secteur est encore loin de se suffire ; mais l'existence de telles possibilités, comme le souligne l'article, permet d'espérer un avenir meilleur.