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Reciprocity, Mutuality, and Shared Expectations: The Role of Informal Institutions in Social Protection in Africa

Michael Kpessa-Whyte

Abstract

Contemporary research in institutional analysis shows that institutions, broadly defined to include rules, policy, laws, conventions, shared expectations, and repeated practices, are instrumental in shaping human behaviour. This insight raises questions for understanding the dynamics of social care and protection in African countries where formal and informal institutions interact and compete in an environment characterized by two publics. Analytically, African countries reflect the notions of modern state, however due to their inability to connect with majority of the population informal rules practices that derived their logic of appropriateness and legitimacy from familial and kinship relationships have become essential institutional rules that mediate interaction and social exchange in social protection and beyond. The overbearing influence of informal institutional practices is however often ignored in the scholarly analysis of development and policies in the region, and this is due partly to a narrow focus on formal institutional reforms and a penchant for perceiving informality as deviant behaviour. This paper discusses the interface between informal institutions and social protection in Africa and draws attention to the role such institutions play in shaping the incentive structures and choices of political actors and citizens as well as the implications of informality in sub-Saharan African countries for broader socio-economic transformation.

Résumé

La recherche contemporaine en analyse institutionnelle montre que les institutions, définies de manière large pour inclure des règles, des politiques, des lois, des conventions, des attentes partagées et des pratiques répétées, jouent un rôle déterminant dans la formation du comportement humain. Cette idée soulève des questions pour comprendre la dynamique de protection sociale dans les pays africains où les institutions formelles et informelles interagissent et se font concurrence dans un environnement caractérisé par deux publics. Sur le plan analytique, les pays africains reflètent les notions d'État moderne. Toutefois, en raison de leur incapacité à établir des liens avec la majorité de la population, des pratiques informelles tirant leur logique d'adéquation et de légitimité des relations familiales et de parenté sont devenues des règles institutionnelles essentielles pour régir l'interaction et les échanges sociaux dans la protection sociale et au-delà. L'influence dominante des pratiques institutionnelles informelles est cependant souvent ignorée dans l'analyse scientifique du développement et des politiques de ladite Région, ce qui est dû d'une part à une focalisation étroite sur les réformes institutionnelles formelles et d'autre part à un penchant pour percevoir l'informalité comme un comportement déviant. Ce document examine l'interface entre les institutions informelles et la protection sociale en Afrique et attire l'attention sur le rôle que ces institutions jouent dans l'organisation des incitations et les choix des acteurs politiques et des citoyens, ainsi que sur les implications de l'informalité dans les pays de l'Afrique subsaharienne pour la transformation socioéconomique.

Keywords: informal institutions, reciprocity, social protection, Sub-Saharan Africa, governance, nation-building

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Michael Kpessa-Whyte (PhD) is a Research Fellow at the Institute of African Studies, University of Ghana, Legon. He is a political scientist with research interest in comparative public policy, retirement income security, democratic governance, institutional development and change, and socio-economic transformations in African countries. His previous research works have been published in Policy Studies, International Social Security Review, Canadian Public Administration, Pensions: An International Journal, Poverty and Public Policy, Ethnic and Racial Studies, Review of International Political Economy, Ethnic and Racial Studies, Ghana Journal of Development Studies, Research Reviews, Canadian Public Policy, and Journal of Developing Societies, Canadian Journal of African Studies among others. Email address: mkpessa-whyte@ug.edu.gh

Introduction

Sub-Saharan African (SSA) countries have been witnessing institutional transformations aimed at shaping the incentive structures of political actors and citizens since the 1980s (Chabal 2009). However after about three decades of reforms, formal institutional arrangements for social security in most SSA countries are limited in scope, covering only an average of about ten per cent of the population, mostly formal sector workers (Dixon 1987; Barbone and Sanchez 1999; Fultz and Pieris 1999; Taylor 2001). This implies that existing formal social protection institutions do not provide protection for the large majority of people in SSA countries who ply their trade and other activities in Africa's informal sector. Yet, in the wake of structural adjustment, the informal sector has come to represent the destination for people who were laid off from their jobs in the formal sector (Olukoshi 2000). While the informal sector has shrunk to insignificance in other parts of the world in response to modernization, in SSA it is the fastest growing sector in various countries (Hyden 1990). The growth in the informal sector also implies increased reliance on informal institutions and rules rather than on formal institutions for exchange and social interaction. In spite of the surge in informality in SSA, institutional analysis in comparative politics and development studies continue to prioritize formal institutional analysis over the role and influence of informal institutions and rules in shaping the behaviour of actors. In many developing countries, informal institutions in the form of reciprocity, bureaucratic favours, networks, and connections are the rules of the game (Hyden 1990; Maclean 2002; Hyden 2005; Hyden 2006; Bratton 2007).

Using social protection as an illustration, this paper argues that informal institutions have tremendous implications for the overall efficiency and operations of formal institution arrangements especially in developing countries. It shows that because formal institutional arrangements for social protection in SSA are mostly employment-related and thus limited in scope, informal institutions based on reciprocity, mutuality and shared expectations have resurged to mediate exchanges and shape the incentive structures of political actors and citizens. In what follows, since the informal institutions are often associated with, and thought to be more embedded in the informal economy, the first section of the paper provides a broad analytical overview of Sub-Saharan Africa's informal economy, also known as informal sector. In section two, the paper discusses the nature and operations of informal institutions and explains the pervasiveness of such institutions and the behaviours associated with them in sub-Saharan African countries. While the third section illustrates the predominance of informal institutions in sub-Saharan Africa especially in the area of social protection, section four examines the implications of informality for public policy and socio-economic transformation. In the concluding section, the paper examines how comparative political studies and institutional analysis could incorporate informal institutional analysis in future and on-going research to yield new theoretical insights.

The Idea of Informal Economy in Africa

The term ‘informal economy’ refers to life or living within any national jurisdiction where interaction and exchange among citizens are governed primarily by informal rules premised on reciprocity, shared expectations and mutual notions of obligation rather than the formal regulatory mechanisms of the state. The concept was first used by Hart (1973) to describe series of income generating activities and social relations outside the confines of the formal labour market. Subsequently, the concept has been used to depict ways of making a living outside the formal labour economy either as alternatives and/or to supplement wages earned in the formal economy (Bromley and C. 1979; Gerxhani 2004). In Africa, the informal economy has more or less become an entity onto itself, and it is easy to analyse it in juxtaposition with the formalized economy. Because the formal state in Africa is exogenously created, much of what was originally African are now often described as informal. However, because the formal economy, which is associated with the modern state has its origins in the colonial system is limited in scope and has been unable to completely replace or absolve the informal economy, the two co-exist in a parallel yet intertwined arrangement. . Thus, most African countries are “characterized by dualism: the formal and the informal, the modern and the traditional, the rational and the moral, the urban and the rural, the state and the ethnic nation” (Adi 2005, p. 7).

Although scholarly interest in this area has been growing, “because of our strong desire to standardize and compare, the natural inclination has been to look only at formal institutions and how they can be reformed” (Hyden 2006, p. 73). The problem is that this does not tell the whole story especially in the case of Africa countries where the large majority of the population work in the informal economy. The informal economic activities often revolve around agriculture and rural agro-processing, fishing and fish processing. There is also reliance on family members, casual workers, apprenticeship, and communal pooling of labour, especially in the rural areas, for production and exchange. Informal sector economic activities in the urban centres in African countries are categorized into three: service, construction and manufacturing. Service related activities in the informal economy include repair of watches, radios, refrigerators, electrical equipment, photography, hairdressing, domestic workers, street vendor, chop bars, drinking bars, traditional healing centres, herbal healing, and birth attendants among several others (ILO 1997). While construction in this economy provides jobs for small-scale plumbers, steel benders, house-wiring electricians, carpenters, and masons, manufacturing is based mainly on wood processing, textile and garment, and food processing (ILO 1997).

Most of these economic activities can also be found in the formal labour market; however, what makes them predominantly informal economic activities is the fact that often, transactions, exchanges and interactions around or involving the performance of these activities are not based on formal or written rules of the state. As a result, what goes on in the informal economy are often not captured in statistical data or records of the state. The mode of exchange and interaction in the performance of these economic activities relies mainly on informal rules, thus they "tend to function best in small-scale, face-to-face contexts" (Hyden 2006, p. 76). Despite several attempts by policy makers in various African countries to modernize or formalize Africa's informalities, the informal economy remains bigger than the formal economy in most countries. It has also become the fastest growing on the African continent, serving, as it does, as the destination for people laid-off from their jobs and the unemployed in the processes of institutional formalizations associated with reforms in the formal economy (Olukoshi 2000).

The informal economy employs about 70% of total population in most African countries (Kpessa 2010) and because formal institutions are generally weak or limited in scope, the practices associated with the informal economy have expanded to most urban centres (Hyden 2006). In the urban centers people engage in all types of informal risk-pooling strategies with others who are not necessarily their kinsmen but neighbours for the purposes of building solidarity against social risk and other uncertainties of life. The growing relevance of the informal economy to people in African countries also means increasing reliance on the rules that mediate interaction and exchange in this economy. Informal institutions are intrinsically linked to the informal economy and affect development in multiple ways (Jutting, Drechsler et al. 2007). Thus, analysis of institutions, and the study of public policy in developing countries risks missing much of the incentive structures that enable and/or constrain political behaviour when informal institutions are relegated to the background. The formal area of the state is characterized by formal institutions such as the judiciary, the executive, the legislature, civil society, media, as well as formal rules made and enforced often by these institutions. Similarly, family, kinship, community networks, chieftaincy and ethnicity, among others, have become dominant institutions embedded in informal rules that mediate social interaction, exchange and transactions.

Family and kinship are crucial in understanding why informal institutional norms are so prevalent in African countries. The notion of family in Africa is not limited to a couple and their children alone. In fact, the term is often used to denote the extended family, which comprises a collection of different nuclear families that are related in one way or the other by blood. Thus, family and kinship are often used interchangeably although the latter is used to refer to "social relationships derived from consanguinity, marriage, and adoption. Irrespective of whether the relationship is based on adoption or biological ties, they are "couched in consanguineal terms since an adopted child is meant to be fully incorporated into the kin groups of its functional parents" (Nukunya 1992, p. 2). The important point about both family and kinship as social institutions is that they are governed by "specific rules and patterns of behavior as well as reciprocal duties, obligations and responsibilities" (p.2). More specifically, kinship refers to a social structure that "prescribes statuses and roles to people who are in particular relationships" (Nukunya 1992, p. 2). For instance, in families and kinship settings, the elderly are revered and perceived as a depository of knowledge to be transmitted to the younger generation. Thus, the elderly are not placed in care homes in the twilight of their lives; rather, they play an active role in the society by assisting in raising children to become responsible adults and citizens. The family that takes good care of its children today can expect that in the future, its elderly would be treated both as an integral part of the family unit and as wise counsel in times of need. In other words the notion of being a child, an adult, and an elderly person are all considered unique social statuses that come with specific roles, duties and obligations to others in the relationship. This prescribes the rules of the game for mediating interactions, exchanges, and the transactions that exist in these social structures.

Conceptual Framing of Informal Institutions

The idea of informal institutions is not new to social science research. In previous studies scholars used various concepts including the economy of affection (Hyden 2004; Hyden 2005; Hyden 2006) clientelism (O'Donnell 1996), moral economies (Scott 1976), patrimonialism (Bratton and Van de Walle 1994), and neo-patrimonialism (Sandbrook 2001). Others have also used concepts such as the politics of the belly (Bayart 1993), the instrumentalization of informal politics (Chabal and Daloz 1999), prebendalism (Joseph 1987), and Prismatic societies (Riggs 1964), to underscore the significance of informal rules. Yet, the contemporary turn of institutionalists' analysis in comparative politics and social policy analysis has not only marginalized the study of informal institutions (Helmke and Levitsky 2004), they have in fact reduced informal institutions to a residual category often perceived as a deviation. This inadequate attention paid to informal institutions is problematic especially in the case of developing countries where formal or state institutions were not only exogenously created, but also limited in terms of scope and visibility.

Institution generally refers to the rules and procedures - formal and informal - that structure or condition social interaction by way of constraining or enabling the behaviour of individuals (North 1990; Carey 2000). The formal dimension of this definition is often used to describe rules and procedures that are established, communicated and implemented through channels, often in the formal bureaucracies that are widely perceived as official. Examples include constitutions, economic contracts, laws, regulations made by state and enforced by state institutions like the judiciary, the legislature, the executive and its agencies among others. Formal institutions in this sense also include rules that govern the establishment and operations of corporate entities, and interest groups (Ellickson 1991). Informal institutions, on the other hand, are defined as "socially shared rules (and procedures), usually unwritten, that are communicated and enforced outside of officially sanctioned channels" (Helmke and Levitsky 2004, p. 727). This definition helps to illuminate our understanding of the dynamics of institutions as a whole. By emphasizing the enforceability of informal rules, it is possible to appreciate the fact that it is not all patterns of human behaviour that are rule-bound or premised on shared expectations. For instance, removing one's jacket in a restaurant may be a regular behaviour; however, it cannot be considered an informal rule because such behaviour is often not a prescribed code of conduct for any specific organization, and more importantly it is not enforced. On the other hand, taking off one's hat in a place of worship could be considered an informal rule. This is because the latter is rooted in shared expectations, the violation of which may result in sanctions ranging from loss of social status to shaming (Brinks 2003). Therefore, human behaviour or patterns of interaction that are perceived to be regular must be in response to established expectations, the violation of which could be externally sanctioned (Helmke and Levitsky 2004). For instance, while behaviours like patrimonialism and bureaucratic favours may be in direct response to some informal rules, the same cannot be said of presidential abuse of executive authority, which can best be described as a non-institutional conduct, although both behaviours are clear departures from formal institutional rules.

The above definition also helps to locate, capture and explain the incentives provided by informal institutions, and the channels through which the behaviours associated with or expected of them are enforced. Just as the broader understanding of formal institutions sometimes encompasses formal organizations like civil society groups, political parties and corporations, so too can the analysis of informal institutions include organizations like clans, kinship, tribe and mafia among others. However, by defining informal institutions in a way that prioritizes informal rules over organizations, we are in a better position to separate actors from the institutional rules they follow, while at the same time recognizing that overall, informal rules are also embedded in these informal social organizations or structures. Organizations in general have been perceived both as structural expressions of rational action and as normative structures (Selznick 1949). For a long time, organizational theorists as well as other institutionalists have emphasized the extent to which organizations and the values embedded in them define their nature, and individual behaviours within them. However, because informal rules are also about shared expectations, they are not necessarily exclusive to informal organizations. In this case the distinguishing feature of informal rules is the fact that they are enforced outside what are widely believed to be official channels for enforcing rules.

In African countries, most informal institutions, and the rules and the organizations in which they are embedded, have their origins in time-honoured customs, traditions, moral values belief systems and other norms of human behaviour that have been passed on from one generation to another (Nukunya 1992). Informal institutions in this category are usually referred to variously as 'old ethos', 'the hand of the past', and 'the carriers of history' (Svetozar, 2006). Often informal institutions that have their origins in time-honoured traditions "embody the community's prevailing perceptions about the world, the accumulated wisdom of the past, and a current set of values. Thus, informal institutions are the part of a community's history we call culture" (Pejovich 1999, p. 166). In addition, the rules that are perceived as informal in most societies today are rules that have not yet been captured in the formal rule making process. Consequently, informal rules always reside in the foreground and background of all formal rules. When formal rules are complete and effectively enforced, informal rules become less visible. However, when formal rules are limited in scope and poorly enforced actors resort to or revive pre-existing informal rules as second best strategy for achieving their objectives. With informal rules being neither written nor recognized in official channels, they operate on the basis of two mutually re-enforcing principles of reciprocity (shared expectation), and trust. Enforcement of informal rules takes the form of "sanctions such as expulsion from the community, ostracism by friends and neighbours or loss of reputation. In the process of enforcing informal rules, traditional rulers and religious leaders have been (and, in some parts of the world, still are) known to use more severe forms of punishment" (Pejovich 1999, p. 166).

As an informal rule, reciprocity involves the act of doing someone a favour or simply giving a gift with the intention of getting a reward for it either immediately or at a future date (Nukunya 1992). It is a social exchange strategy in which one invests in personal relationships with "other individuals as a means of achieving goals that are seen as otherwise impossible to attain" (Hyden 2006, p. 73) rather than investing in stock markets. Although the informal rule of reciprocity might sound absurd to people who are not familiar with societies in which it lubricates exchange (given the higher potential for free riding), the mechanism engenders compliance due to the fear of exclusion, public rebuke, fines, shaming and name-calling. This practice is not an "expression of irrationality…it is a practical and rational way of dealing with choice in contexts of uncertainty and in situations where place, rather than distanciated space, dictates and influences people's preference" (Hyden 2006, p. 75). In all societies, reciprocity preceded the development of modern formal rules that facilitate exchange. As others have argued, "history could be viewed as a process of ever increasing formalization of the informal rules and governance mechanisms, made necessary by the increasing complexity following ever increasing specialization and division of labour" (Boesen 2006, pp. 2-3).

Informal Institutions and Social Protection in Africa

In most communities in Africa countries, informal social protection institutions have risen to become the main rules that shape social protection of the population primarily because the formal state and its rules of protection have been unable to reach the large majority of individuals whose economic activities reside in the informal economy (Kpessa, 2010). Although aspects of African informal social protection institutions may have been influenced by modernization, they are reciprocal in nature and guided by the principles of collectivism, solidarity, and risk pooling as "forms of cooperation in groups that are organized along voluntary and self-enforcing lines" (Hyden 2006, p. 79). These traditional values were embedded in time-honoured kinship structures, but have in recent times transcended kinships to inspire protection among vulnerable groups in the urban informal economy in African countries (Hyden 2006).

Notwithstanding the attempts at modernization and recent trends in globalization, the family remains a strong support system in terms of social protection and care for the elderly in Africa (Apt 1997; Apt 2002; Kpessa, 2010). The persistence of this social practice is rooted in the notion that prior to colonial imposition, the perception that 'work' and 'retirement' are separate phases of human life was alien to the African worldview (Apt 1997; Apt 2002). Prior to contact with European values, the various activities that occupied human time and effort in African societies were considered part and parcel of that which constitute life and human existence (Gerdes 1965; Apt 2002; Boon 2007). Apt (1992) argued that contemporary understanding of social security tied retirement to formal "education in the sense that official retirement mainly affects people engaged in wage-earning employment, who can expect a pension or social security" (p.137). This explains why concepts like social security and pensions were originally applied in societies with formalized economic activity where poverty was seen as transitional (Marc, Schacter et al. 1995). This presupposes that once SSA countries formalize their economic activities, formal institutions will replace informal institutions in the provision of social protection in the region. But as Apt (1992) noted, the population in most African countries are not socialized to the pursuit of economic activities except for reasons of ill health and other circumstances that make working impossible.

Consequently, when the normal life activities of any person are interrupted by sickness, disability, or age, the appropriate course of action was for the immediate family members to step up and provide for that individual. Even though this scheme was not backed by written rules in the modern sense, it has its roots in time-tested traditional values based on the principles of intergenerational reciprocity (Gerdes 1975; Khapoya 1994). Apt (2002) argued that although globalization and urbanization are exerting heavy pressure on the family systems of social protection in Africa, the family remains as the dominant institutional provider of care in old age. Formal social security systems are limited in scope and generally exclude those working in the informal economy in most African countries; thus, families continue to be the primary providers of social protection care and support for the elderly (Gerdes 1965). It is therefore not uncommon to find formally educated Africans working in the urban centres relocating to join their family members in the rural areas where they use their retirement benefits to support family members in one way or the other in anticipation of reciprocal gestures when the need arises (Kpessa, 2010).

From the point of view of the institutional design, the configuration of family social protection has some semblance of the modern social insurance schemes designed along the lines of pay-as-you-go plans. Every working generation supports the previous one and the cost incurred in raising as well as educating children is regarded as an investment towards the uncertainties of old age and its associated challenges. This arrangement has no legal retirement age, and the elderly, while they are cared for, continue to contribute to the general welfare of the family by helping to raise, educate, or pass on valuable customary and time-honoured values to the younger generation as well as assist with minimal housekeeping duties except in the case of extreme illness. Apt (2002) observed that the family social protection arrangement in SSA countries is a "complex system that includes reciprocal care and assistance among generations, with the older people not only on the receiving end, but also fulfilling an active, giving role" (p. 41). The economic importance of the family has been widely documented (Becker 1981), and the notion that family units are both responsible and capable of providing welfare needs of their members is arguably stronger in African countries than other parts of the world due to the persistence of strong familial bonds. Notwithstanding the adverse impact of modernization and urbanization on the family's social protection role (Apt 1992; Apt 2002), family members have adapted in a manner that combines individual self-interest with wider family interest. For instance, it is not unusual for the working generation of a family to pay for the cost of education of the younger generation members including brothers, sisters, nieces, nephews, and cousins as a strategy to increase the future productive capacity of the younger generation, but more importantly to insure or increase the working generation's own level of security in old age.

In a study on Ghana, Coe (2016) also observed that families are becoming even more innovative in arranging social care for the elderly in a manner that draws on support from other persons beyond family members, but within family settings. In the family social protection systems, people are generally expected to contribute in whatever form, to the wellbeing of their families in the belief that old age income and security needs of today's contributors will be met by tomorrow's younger generation in the family. As Collard (2001) pointed out, in Africa, "we look after the old, knowing that they had looked after their old, and expecting that we, in our turn will be looked after. The bargain is hardly ever written down and almost always remains implicit…. the bargain may be driven by affection or duty or by self-interest and implies some degree of reciprocity" (p. 54). For the elderly, participation in such family-based reciprocal arrangements has been shown to be crucial to their self-esteem and confidence (Wentkowski 1981; Stroller 1985).

For the most part, the elderly in African societies continue to support their families in various capacities not necessarily with the expectation of specific benefits or monetary payments but on the basis of the belief that their duties will naturally attract reciprocal gestures from other family members (Wentkoswski, 1981). Often this support provided by the elderly, especially in raising the children of the working generation, helps in building and maintaining interpersonal as well as intergenerational relationships with strong bonds. The importance of the family as an informal social protection space in most African countries is illustrated by the fact that often persons already covered by formal social protection schemes revert to family support in times of need, particularly for social care and income replacement in old age. It is the enduring nature of this arrangement that compels members of the working generation, working in the formal employment sector and covered by formal social security schemes, to support other families members especially the elderly and needy as well as children of school going age so as to guarantee their own support in times vulnerability (Okoye 2005).

Beyond the family, there exists at the community level, a second pillar for social protection in SSA countries. Like the family system, this arrangement too has its origins in the pre-colonial period. Gerdes (1971) argued with illustrations that there were several community-level arrangements in most African societies long before the colonial era. Even though there are different versions of the community type of social protection arrangement, the "rotational savings schemes" is the most popular (Boon 2007). The rotating savings scheme is an informal mutual-help arrangement. Under this plan, members pay a specified amount periodically into a common pool. The funds are later distributed back to members who contributed following predetermined phenomena such as old age, illness, unemployment or disability (Gerdes 1975; Bouman 1995). The rotational savings scheme is conducive for societies where exchange is shaped by personal relations and informs rules of behaviour. Contributors usually know each other, and the small-scale nature of such programs makes it easy to adapt them to changing circumstances. Typically, the rotational savings scheme involves "a group of people who come together at regular intervals to make contributions into a fund that is distributed to one of its members at each meeting until each member has received money from the fund (Oduro 2009). Although this type of arrangement entails both saving and lending, its goal is neither interest nor profit; it is purely a social insurance mechanism designed to protect its members by mitigating risk associated with the cost of housing, hospital bills, children's school fees, and care for older folks, among others.

Gerdes (1975) captured the reality of community-level social protection arrangements by arguing that "throughout tropical Africa, it has long been the practice, especially in the rural areas, to rely on self-help associations of varying kinds, and different purposes, in order to provide assistance or comfort to their members" (p. 211). While rotational savings plans are primarily perceived as measures for wealth accumulation against social risks, they are also used in some cases as a means for capital accumulation, or a measure of protection in times of unemployment, illness and hardship. Bouman (1995) argued that approximately 95% adult populations in African countries participate in one form of rotational savings schemes or the other. Gugerty (2000) and Anderson and Balan (2002) observed that rotational savings schemes are sustained by an inherent principle anchored on obligation to other members. Though this program is akin to the rural areas where community relations are closely knit and people generally "live a relatively uncomplicated life…depending on agriculture, nature and their fellow-men, accustomed and willing to share" good and bad times, (Gerdes 1975 p. 223) it has become a major practice in urban centres among people who work in the informal economy (Hyden 2006). It is no longer limited to local communities or rural areas alone, and the practice itself is often transformed in response to the challenges of time and space. To minimize fraud, abuse and free-rider problems, contemporary community social protection mechanisms operating outside kinship relations and structures have developed quasi rules (Dercon, Bold et al. 2004; Le-May Boucher 2007). These rules include application processes and fees, screening, background checks, recommendation by existing members, and in some cases, unanimous approval of prospective members by existing members is required.

Unlike the family program, coverage under the community level programs extends to include a broad segment of the population. As Gerdes (1975) noted, a single community level program might be extended to cover everyone in a community or an entire ethnic group. Membership is voluntary in most cases and open to every member in the community. Non-monetary contributions were common and usually included rendering other services that were beneficial to the entire membership of the scheme (Gerdes 1975). As a mechanism to ensure compliance with norms of rotational saving plans, each contributor was expected to provide guarantors, and in the event that a plan member defaulted, the guarantors were made to meet the obligations of the defaulting member. Depending on the informal rules that govern such programs, benefits were originally tailored to meet the needs of the beneficiaries and could be in cash or kind (Gerdes 1975). However, in more recent times, benefits are paid in cash. Often the extent and nature of benefits provided is influenced by an evaluation of the prospective recipient's circumstances (Gerdes 1975). Under the community level arrangement, an individual receives old age benefits because of prior contributions – cash or kind – to the community. Analytically, the community-level social protection plans are internally funded programs. Benefit rights to individuals are based on the accumulated value of their contributions. Thus, whereas the family's old age protection programs were designed in the form of intergenerational pay-as-you-go schemes, the community-level arrangements reflects funded schemes although in both cases the institutional logics are based on informal rules (Kpessa, 2010).

The importance of the informal social protection system developed around the family and community was given prominence in early post-independence social policy, especially in English-speaking Sub-Saharan Africa. For instance, Julius Nyerere, the first president of independent Tanzania and one of the leading proponents of African socialism, argued that the extended family and the community must be the basis of post-colonial African social policy thinking. Nyerere argued that prior to colonization, Africans lived in extended family networks anchored in the collective ethic in which all shared their resources, owned some property in common, and cooperatively worked their lands purposely to provide for the needs of the entire community. Nyerere positioned both the family and community at the core of Tanzania's early strategy for social development (Nyerere 1968; Khapoya 1994). For the most part, English-speaking SSA countries deferred establishing effective national pension programs in the nationalist era due to the apparent efficiency and efficacy of the family and local communities in the provision of social protection to the elderly and the needy (Kpessa, 2010). For instance, in the post-independence era, aspects of Ghanaian social policy stressed self-reliance by encouraging individuals and communities to initiate programs that foster productivity and enhance human wellbeing (Nkrumah 1961; Asamoah and Nortey 1987).

Beyond the pressures of globalization and urbanization, the traditional social protection systems can be vulnerable to abuse. For instance, the family social protection arrangement in particular was based on combined altruism and strategic self-interest to ensure inter-generational transfers. It is sustainable only if the motives for transfer are guaranteed at all times and the working generation at any time has enough reason to believe that there would be enough potential future workers (today's younger population) to ensure security at old age. If it were imagined, for example, that at some future date there would be no younger generation to continue the generational bargain, people in the working generation would question the relevance of the bargain and probably refuse to provide care for the elderly. Such an act can terminate the bargain. Similarly, the traditional family social protection could be jeopardized if a working generation ends up consuming more than they transfer to the younger generation as this can reduce the potential productive output of the next generation of workers and affect their capacity to provide support for the elderly.

As Collard (2000) noted, a new working generation might also be inclined to withhold resources from the aged for previous poor investment decisions. Though these were hypothetical problems of the traditional social protection arrangement, most are now real due to migration, breakdown of the extended family structure and changes in the economic structure of African societies (Apt 2002). The rotational savings arrangement at the community level was also challenged by migration and mobility in general. As it were, the rotational savings system was only conducive for places where people were permanently settled because traditional societies lacked modern market securities. With increased urbanization and modernization, the community-level old age protections in African countries were confronted with serious portability problems. This is because, as people moved to other areas in search of better jobs and living conditions, the community-level social protection schemes could not move with them and, in most cases, the migrating individuals forfeited their savings for the mere fact that they moved from the locale where the programs operated (Kpessa, 2010).

Nonetheless, these informal social protection institutions continue to exist in parallel to the modern formal institutions designed for similar purpose. What is remarkable is that they are able to adapt and respond to new challenges as and when necessary. As others have argued, precautions are taken in the design of these community level insurance schemes; everyone does not enter into reciprocal insurance arrangements with everybody else, even in small village communities. Fafchamps and Lund (2003) and Murgai, Winters, et. al. (2002) show that community based insurance schemes often take place within subgroups in a local area, where people know each other quite well and have developed the necessary trust and comfort level for risk pooling. Thus. for the most part, a community based on friendship, extended family, kin and/or occupation precedes an insurance arrangement. Since the last quarter of the 20th century, most countries in Africa have been witnessing dramatic changes in state–society relations as policy makers make radical policy changes by further reducing the already limited scope of state-provided social services. In health, education, and several other social policy areas, policy makers have removed state subsidies and introduced user fees (Adejumobi 2004; Adésínà 2009). The withdrawal of the state from social services, retrenchment of the labour force, and the introduction of user fees for healthcare, education and other social services previously provided for by the state, forced the affected people in African countries to revert to the informal sector and rely on informal rules of reciprocity and shared expectations that often prioritize solidarity and risk collectivization. One such example is the emergence and growth of informal networks or associations often formed to provide insurance against death related shocks, birth related costs, job loss, marriage, destruction of property, and other social costs. The social policy vacuum created by the implementation of structural adjustment policies has also resulted in the proliferation of informal herbal and religious healing centres, as well as, self-help and community-based organizations providing services to people on the basis of risk-pooling and under informal rules (Olukoshi 2000).

Although urbanization, migration and globalization are exerting pressure on family ties and kinship relations, the informal rules that lubricate such relations remain strong among Africans. For instance, most Africans living in and outside of their native communities continue to adhere to the principles of reciprocity. For some it is an honour to travel out of their community and be able to remit to relatives back home or invest in the education and training of one's nieces, nephews and others in the extended family system. But beyond the expected reward of high social status, reward for such investments could also come in various forms including income support at old age or future investment in one's children by nephews and nieces and others in the community.

African migrants "are found to remit twice as much on average as migrants from other developing countries, while those from poorer African countries are more likely to remit than those from richer African countries" (Bollard, McKenzie et al. 2009). Cash transfers from Africans in the diaspora to their family members and kinsmen back home has been growing steadily over the years. Between 2002 and 2003, remittances from Africans working abroad averaged \$17 billion, surpassing the average foreign direct investment related transfer of \$15 billion for the same period. In 2005, remittances constituted 4% (3,329 million) and 3% (524 million) of GDP in Nigeria and Kenya respectively, and these only reflect official or traceable remittances (United Nations Office of the Special Adviser on Africa 2005). These cash transfers are mostly sustenance remittances meant to cater for routine living expenses of family members rather than for investment and wealth creation (Kimani-Lucas 2007).

The most distinguishing feature of African informal institutions is their malleability – they are often "reoriented and reshaped in response to emerging constraints and opportunities in society" (Hyden 2006, p. 183). They persistently reappear to meet new challenges. Recent social disempowerment of the state in African countries has revived importance of informal institutions in mitigating social risks (Skalnik 2004). Institutionalists argue that over time societies "adopt whatever practices they believe their institutional environment deems appropriate or legitimate regardless of whether these practices increase organizational efficiency or otherwise reduce cost relative to benefits" (Campbell 2004, p. 18). This is true of African countries where informal institutions have largely returned to serve as the rules of the game. For instance, in response to severe challenges in the formal transportation system in South Africa, citizens have resorted to, and now rely heavily on, mini-bus taxi operations "outside of formal laws and regulations. What makes the industry work is a commonly agreed, informal business "culture" that is flexible, innovative and keeps operating costs down. The results are undeniable: at peak times mini-bus taxis hold 65 per cent of the entire commuter market share" (Jutting, Drechsler et al. 2007, p. 12).

Since the 1990s, there has been growing scholarly interest in what is seen as the gradual return and influence of informal institutions and the behaviours associated with them (Ake 1990; Davies 1990; Wunsch and Oluwu 1990; Ayittey 1991; Davidson 1992; Boafo-Arthur 2001; Ray 2003; Agbese 2004; Skalnik 2004; Buur and Kyed 2005; Buur and Kyed 2007; Ubink 2008). Although much of this literature is situated in narrow discussions on development, one can discern two sides to this debate. On one hand, neo-traditionalists argue that: (a) informal institutions and the practices associated with them embody the values and cultural norms of people in African countries, and thus, provide a strong philosophical basis for ensuring democratic governance; (b) effective decentralization of power and community development can only materialize through the use of informal institutions and norms; (c) informal institutions could serve as the basis for constructing forms of government that capture the aspirations of local people; and (d) informal institutions have withstood the test of time, hence they must be made an integral part of the institutions that mediate interaction and exchange (Ake 1990; Ayittey 1991; Ayittey 1992; Ansere 1993; Keulder 1998; Skalnik 2004).

Modernists on the other hand are generally opposed to the growing influence of informal institutions and argue that (a) informal rules have been corrupted by colonialism, and cannot be used to meet the requirement of accountability and transparency expected of modern governments; (b) informal institutions impede the pace of development by reducing the significance of the state in the area of social service provision; (c) informal institutions highlight primordial loyalties by shifting the focus from inclusive development to a myopic focus on ethnic identities; and (d) informal institutions are anachronistic and incompatible with major requirements like competitive elections in democratic systems of governance (Mamdani 1996; Rugege 2002; Zack-Williams 2002; Ntsebeza 2005). Arguably, sub-Saharan African countries are caught between the norms of their past and the realities of their future. This debate points simultaneously to a strong nostalgia for informal institutional practices that have their roots in indigenous norms and a yearning for the kind of progress that the workings of formal institutional arrangements have produced in other parts of the world. Nonetheless, this debate demonstrates not only the centrality of informal institutions in defining the incentive structures of Africans in general but also the degree of institutional uncertainty that characterizes politics and public policy systems in SSA countries.

Implications of the Persistence of Informality

Although it may seem that informal institutions are compensating for the limitations and weaknesses of the formal institutions, especially in an area like social protection, the persistence and pervasiveness of, and reliance on, informal institutions presents several challenges for overall socio-economic development. Firstly, the turn to informal institutions is an indication that citizens of African countries generally face crisis of institutional uncertainty. This uncertainty is the product of a general lack of effective institutional support for contracts and for enforcement of the formal rules of social interaction. Under this uncertainty individuals turn to interpersonal ties and relations that involve trust and greater certainty to produce some security in the context of high levels of opportunism. For instance, the growing shift to informal means of protection in Africa is not only because of the limited nature of formal institutions, but also because of the abuses and mismanagement of social security funds by public officials. Where governments have failed and formal institutions are perceived as corrupt, alternative organizations based on kinship, network of friends and community-wide arrangements have emerged to facilitate interaction and exchange. Most Africans continue to make their everyday cost-benefit calculation on the basis of reciprocity precisely because of the uncertainties foisted by the limitations of formal institutions.

Secondly, the simultaneous existence of formal institution and informal institutions also imply that actors are generally faced with multiple institutional loyalties. In the areas of social protection for instance, individuals who participate in the formal labour market are mandated to contribute part of their incomes into formal social security funds however, such individuals also belong to families so are required by the informal rules of reciprocity and shared expectations to contribute portions of their income to the care of both the elderly and the young in their extended families. While failure to meet obligations of family or community ties could result in stigmatization, loss of social status, or a corresponding lack of support from other family members in times of need, the consequences of not contributing to informal social security funds could also mean loss of income at old age. Thus, due to the challenges of institutional uncertainty, actors are often sandwiched between competing, and sometimes conflicting, formal and informal institutional rules in ways that undermine the efficiency of the latter. The dualistic nature of African societies has been reinforced by recent processes of economic and political transformation in ways that create tensions between formal and informal institutions.

Some studies have shown that even individuals who accumulate financial resources in formal social security schemes on retirement often return to the informal sector where they use their retirement benefits to rehabilitate family houses, pay education expenses of nephews and nieces, meet the costs of health-care for family members, settle outstanding debts, marry additional wives, and purchase a traditional title or simply re-settle into traditional subsistence life (Government of Ghana 1982; Dei 1997). Other studies that tracked the living and spending patterns of pensioners in English-speaking African countries indicate the following: 21.46% of them used their retirement income to pay for a family member's education, 13.37% for rehabilitating their subsistence farms, 17.57% for the operation of small businesses, 17.66% for living expenses, 0.16% for litigation, 6.34% for debt liquidation, 3.02 for acquisition of property, 17.57% for renovation of family houses, and approximately 5.37% used benefits for other purposes. These studies concluded that most retirees often exhaust their benefits, especially those based on defined contribution lump sum payments, within a short period of time, and about 65% often return to full time formal employment, while the others settle into the informal economy (International Social Security Association 1977; Mulozi 1980).

Thirdly, the flow of reciprocity-based remittances geared towards sustenance living of family members and other relations by Africans in the diaspora also meant a substantial amount of resources is diverted from investment, job and wealth creation to consumption. In other words, if African policy makers were able to design and enforce formal institutions in ways that ensure a minimum level of social protection especially for those in the informal economy on the basis of citizenship rights, they could arrest the waning confidence of their citizens in the formal sector and others in the diaspora. In this way, foreign remittances would be shifted from consumption-based sustenance to ventures with potential for job creation. Realizing the volume of potential investment capital that goes into sustenance remittances, governments in Kenya and Nigeria have recently established special government agencies to tap the resources of their citizens abroad towards national development. Other countries, including Ghana, have also held special homecoming events for their citizens as a strategy to boost the confidence of the African Diaspora community in their home governments. However, because these initiatives failed to recognize and address the challenges posed by the informal rules that shape the incentives structures of the African Diaspora, remittances from abroad have only been increasing in the direction of sustenance living (Kimani-Lucas 2007).

Finally, the pervasiveness of informal institutional behaviour does not bode well for national identity and nation building. Because African countries were exogenously created, most of them are nothing but constellations of several ethnic groups forced to cohabit within an internationally recognized national jurisdiction. This means that the project of nation building must as a matter of necessity include initiatives that involve visible presence of the national state in the lives of their citizens. The neglect of this aspect of nation-building especially since the 1980s has enhanced the opportunity structures of informal institutions with roots in tradition and history. The overall institutional milieu of SSA countries is fraught with ambiguities. Surveys conducted from 2006 to 2009 by Afrobarometer in twenty SSA countries to ascertain the extent to which Africans identify with the informal institutions show that while the score for trust in informal and formal institutions vary from one country to the other, overall the vast majority of people in the countries studied demonstrate stronger preference for informal rules (Logan 2008). The same study concluded that an overwhelming majority of Africans have a weak and ambiguous sense of national identity in comparison to a much stronger kinship identity. Since kinship is a major social structure that houses informal rules and the behaviours associated with them, this also means stronger deference for the informal rules that sustain its existence.

Conclusion

Since the return of new institutionalism in comparative politics, a lot of attention has been given to formal institutional rules and organizations. Informal institutions, on the other hand, have been consigned to the margins of academic discourse. In terms of development, the design of social protection systems too has "focused on the structural and formal institutional arrangements of the African state" (Chabal 2009, p. 1) without reference to the role informal institutions play in shaping actors' behaviour. In part, informal institutions are socially embedded mechanisms of exchange that often derive their legitimacy from symbolic-cultural logics. The extent to which informal institutions become the rules of the game is largely dependent on the degree to which the formal institutions are able to effectively mediate exchange and social interactions. If formal institutions were able to produce and distribute the goods and services required by all members of society or, in this case, lubricate means for social protection, informal solutions would be less needed and hence less pervasive. This means there is a relationship between formal and informal institutions at both the theoretical and substantive levels. In SSA, the limitations of formal social protection arrangements have created room for a resurgence of informal means of protection. Indigenous African informal institutions and the behaviours associated with them, as well as peoples' affinity with them, seem locked in a particular path of institutional and historical development. This has been exacerbated by the processes of structural adjustment policies that rolled back publicly funded social programs which also resulted in reduction of the visibility of the state.

Future research and general academic interest in institutions need to move beyond the narrow focus on formalized institutional rules to examine more closely the interactive processes and relationships between the formal and informal dimensions of institutions in any given context. For instance, by paying close attention to the nexus between formal and informal institutions, we can unravel and explain not only how actors such as bureaucrats and other public servants who are often confronted with multiple institutions' rules cope with the challenges of institutional uncertainties and ambiguities, but also how to formalize the informal dimensions of institutions or re-design formal rules. The SSA context has for the most part been treated as a vacuum that must be filled with market and political institutions especially by the so-called donors. This treatment has its origins from early scholarly works on Africa which assumed that prior to colonial rule, Africans had no systems of governance or markets and the institutions or rules associated with them. The legacy of this assumption is that we continue to ignore the challenges posed by informal institutions to market and political transformations in SSA countries, and where attention is given, informal institutions and the rules associated with them are perceived as deviations. In a nutshell, it is important to recognize that by paying attention to the interface between formal and informal institutions, we are better placed to show, for instance, that market reforms and democratic consolidation as processes of institutional formalization share the principles of trust and consensus-building with informal rules of reciprocity, mutuality or shared expectations. We would therefore be better able to design institutions and rules in ways that reduce the institutional dualisms and high degrees of uncertainties that currently exist in SSA countries.

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