Informal economy as a “good” “bad practice”? Informal sale of medicines in Lomé

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Structured Abstract:

Purpose - The argument of this research is based on the observation that informal economy is a situation just as “conforming” as the formal economy. It should be mentioned that in Economics, grassroots collective and non-institutionalized action is referred to as “informal economy”. It is regarded as inseparable from the formal economy - as evidenced in the case of Togo’s reform of public health policy following the Bamako Initiative and its consequences as studied in this paper - but receives less attention despite numerous studies. Can this informal economy be reconciled with public policy beyond the theme of accident and “monstrosity”? Does it question it and provide any lessons to learn from? Is it viewed as an tolerated transgression? Let’s bear in mind that the economy is based on the premise that collective action, unorganized or unrecognized, is a manifestation of recognized and thus institutionalized organized action. And the situation studied here is a different development model based on proximity and affinity networks against a backdrop of poverty. Developed countries confine informal economy to economic and commercial activities allegedly performed by people only, thus outside the scope of organizations. It any dimension is accorded to them, it stems from an inclusive use of the notion of social network and in relation to a more or less tolerated illegality. In many so-called emerging countries, this economy is ignored despite its significance. For example, no one can genuinely talk about the significance, let alone organization of the illegal drug trade. We only know that it is global, or presumably handled by multi-national networks with sophisticated logistics at a physical level (including the use of cargo aircrafts), at a security level (“private” armies) and at a financial level (is there any CSR report from an international bank addressing the issue of this type of origin for its cash flows?)

If there is any domain where Africa cannot be reduced to an adjunct and has something important to tell us, it is the study of all things related to informal economy. After defining the scope of informal and informal economy, we propose to expound on the idea that informal economy is a “conforming” situation, based on the informal sale of medicines in Lomé.

Design/methodology/approach - Case study based on interviews

Findings - The case makes possible to understand that the quality-price ratio mainly explains the existing practices, inducing an immediate satisfaction of the purchasers. Indeed, the average income in developing countries is very low and consumers are inclined to buy these products because of their low prices (ie. ‘Bottom of the Pyramid’ issues – BOP).

Research limitations/implications - To say that the informal economy “conforms to the rules” is to assert its institutional dimension and suggest it should be considered within the categories of institutionalization. It is also a scathing criticism of the logic of international organizations and CSR, one that is unlikely to crop up in the so-called audited reports.
Practical implications - Informal economy seems to be defined by how it “eludes” institutions at a legal and social level, which is somewhat of an admission of ignorance coupled with security-oriented prescriptions. As the thinking goes, implementing a police state should help control and reduce the informal economy and transform it into a formal economy, supposedly the normal situation. It is thus viewed as an abnormal phenomenon. Informal economy gives rise to innovations and the development of a kind of entrepreneurship dissimilar to that of business schools and the very honorable “social entrepreneurs”. Concepts such as leadership, motivation, negotiation power, organizational learning, strategy, competitive advantage, diversity and the like have coherent materializations, albeit structurally different in origin from the received wisdom about them.

Social implications - The argument of this research is based on the observation that informal economy is a situation just as “conforming” as the formal economy. It should be mentioned that in Economics, grassroots collective and non-institutionalized action is referred to as “informal economy”. It is regarded as inseparable from the formal economy - as evidenced in the case of Togo’s reform of public health policy following the Bamako Initiative and its consequences as studied in this paper - but receives less attention despite numerous studies.

Originality/value - A real field study. The interviews were carried out near all the categories of actors implied in the drugs sales: wholesalers and retailers and customers (primary wholesalers, local dealers, retailers, patients). The interviews proceeded through discussions during which the person interviewed expressed openly. We privileged the listening of interviewed people, because our field study imposed to be careful.

Keywords: Social responsibility, Society, Organizational behaviour, Norms, Organizational theory, Organizations

Article Classification: Research paper

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Running Heads:
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Preliminary remarks

1° We should avoid any normative judgment about informal economy generally considered as a “bad practice”, informal economy considered as being turned into a formal economy. As well as it would be completely impossible to separate a “good” from a “bad” formal economy, it is exactly the same thing with the informal economy. Both faces are completely interwoven…

2° We should avoid a second normative judgment about the illegal aspect of informal economy. Because it has become so important in developed countries as well as in developing countries, this angle has become irrelevant. Informal economy has developed under the umbrella of MNCs global strategies, free trade ideology and ease tax. Important industries have flourished (cf. narco-business with its “global logistics platforms” in North Mali for example and the use of the latest technologies like air cargo, mobile phones, etc.). These industries are tightly connected with the “formal” financial sector (cf. all studies and prosecutions about tax paradises and the huge amounts of financial flows managed by world banks in relation with these industries).

Introduction

Informal economy includes unmonitored or poorly monitored activities, or even altogether overlooked. It seems to be defined by how it “eludes” institutions at a legal and social level, which is somewhat of an admission of ignorance coupled with security-oriented prescriptions. As the thinking goes, implementing a police state should help control and reduce the informal economy and transform it into a formal economy, supposedly the normal situation. It is thus viewed as an abnormal phenomenon. Informal economy gives rise to innovations and the development of a kind of entrepreneurship dissimilar to that of business schools and the very honorable “social entrepreneurs”. Concepts such as leadership, motivation, negotiation power, organizational learning, strategy, competitive advantage, diversity and the like have coherent materializations, albeit structurally different in origin from the received wisdom about them.
The argument of this research is based on the observation that informal economy is a situation just as “conforming” as the formal economy. It should be mentioned that in Economics, grassroots collective and non-institutionalized action is referred to as “informal economy”. It is regarded as inseparable from the formal economy - as evidenced in the case of Togo’s reform of public health policy following the Bamako Initiative and its consequences as studied in this paper - but receives less attention despite numerous studies.

Informal economy in developing countries is mainly considered as an economy of survival and essential poverty combining social network, family, small-scale business, etc.; and despite the host of reports from international institutions, it cannot be institutionalized so easily.

Can this informal economy be reconciled with public policy beyond the theme of accident and “monstrosity”? Does it question it and provide any lessons to learn from? Is it viewed as an tolerated transgression? Let’s bear in mind that the economy is based on the premise that collective action, unorganized or unrecognized, is a manifestation of recognized and thus institutionalized organized action. And the situation studied here is a different development model based on proximity and affinity networks against a backdrop of poverty.

Developed countries confine informal economy to economic and commercial activities allegedly performed by people only, thus outside the scope of organizations. It any dimension is accorded to them, it stems from an inclusive use of the notion of social network and in relation to a more or less tolerated illegality. In many so-called emerging countries, this economy is ignored despite its significance. For example, no one can genuinely talk about the significance, let alone organization of the illegal drug trade. We only know that it is global, or presumably handled by multi-national networks with sophisticated logistics at a physical level (including the use of cargo aircrafts), at a security level (“private” armies) and at a financial level (is there any CSR report from an international bank addressing the issue of this type of origin for its cash flows?)

In developing countries according to numerous studies made by the International Labor Organization (ILO), the proportion of informal economy hovers at least between 50 and 75 per cent of the non-agricultural output, sometimes even more, which makes the formal
economy – that of multinational firms and NGOs’ subsidiaries – seem like the exception to some degree; and yet, it is those activities that generate standardization and reporting.

The myriad reports about this issue over the last decades, through development programs paid for by international organizations, are equally vapid, suggesting that informal activities and their entities are destined to mute into formal activities when this destiny has proven to be a total failure. The purpose of this text is to steer clear of both the rhetoric of “good governance” and the sanctimonious standpoint on corruption.

If there is any domain where Africa cannot be reduced to an adjunct and has something important to tell us, it is the study of all things related to informal economy.

After defining the scope of informal and informal economy, we propose to expound on the idea that informal economy is a “conforming” situation, based on the informal sale of medicines in Lomé.

**From informal to the informal economy**

**About informal**

How to characterize the “informal” nature of things beyond a divide between the formal and the informal? Does the formal fall into the visible and the informal the invisible while the resort to the principle of transparency aims to make the invisible visible? Is referring to the formal dimensions of procedures and their stringent effect sufficient to distinguish the formal from the informal, which refers to values with equally stringent “psychopomp” dimensions? And if the formal corresponds to the formalized, what makes it superior to the informal? Accordingly, can the non-formalized be equated with the informal? Is the informal synonymous with the implicit or tacit, and conversely, is the formal synonymous with the explicit? Another duality may occur when equating the material with the formal and the immaterial with the informal. How can formal be linked to “real” and “informal” to “imagined” or “imaginary”?

These assumptions bring into focus several dimensions that account for the difficulty of referring to the informal. The “invisible-visible” duality raises an epistemological question in
so far as it requires bearing in mind the position and background of the researcher who perceives different “objects” as he/she attempts to reveal the “informal” according to a specific research agenda. The “formalized-non formalized” dissociation relates to the culturalist premise that the non formalized might be explained by the notion of culture. The “implicit (or tacit)-explicit” duality relates to a methodological question because the method entailed is geared towards explicating the tacit (see I. Nonaka & H. Takeuchi). The “immaterial-material” tension raises an economic question about leveraging the immaterial and the tension between “real” and “fictitious” or “imaginary’ raises an anthropological question as the fictitious and the imaginary fall into this realm.

Focusing on the root of the word (“form or its correlate “morphology”) brings to mind such notions as deformation (anamorphosis), metamorphosis and transformation, which evoke the transition from one form to another. The first two underpin a judgment on the new form and the latter an existence judgment with unspecified meaning. When referring to the formless (or amorphous), the transformation is directed towards loosely specified forms. When used as a suffix, one can add the “deformed”, an expected outcome of transformation generated by deformation, the reform, the formless or malformed, that is, yet insufficiently formed. The last two instances help describe what does not have a definable form as opposed to the conforming, which relates to an appropriate form based on a standard.

The focus here is to make the informal economy into a “conforming situation” with respect to the situation of countries it thrives in. It is important to link the norm and the rule with two major references in organization sciences (a field whose “object”, the organization, is conceived as fundamentally regulated): the adherence process (in its standard version – conformity, and its more radical version – conformism) and the transgression process through the act of deviance, in other words what leads to rule violations (designed to change the rules of the game rather than undermine it). Indeed, conformity grounds the act of similarity and the perspectives of institutionalization while the act of dissimilarity grounds the perspectives of transgression. These operate (or not) under premises of reward (on account of conformity) and sanction (on account of transgression perceived as cheating) based on the relative compliance or non compliance with “the rules”. More often than not, the pursuance of conformity serves as a premise for the anthropology of a “normal” organizational agent in relation to a moral and often legal standard.
Like other notions such as fraternity, fellow citizenship and the like, conformity and conformism ground the notion of a preference regardless of the exercise of intention or willpower. Interestingly, the two notions can be equated with those of “compromise” and “unethical compromise” both of which bring willpower into play. The compromise between the subject’s will and the reference may (or may not) result in conformity and conversely, the looseness of the reference jointly builds the compromise. This is about conceding everything while remaining watchful. Compromise opens the door to transgression but does not necessarily lead to cheating. Unethical compromise is far more radical and clears the way for a questioning of the subject’s honesty and the ways in which they exercise their will. Unethical compromise causes individuals’ resistance to cave in or leads them to embrace an unethical compromise pact.

**Informal economy: institutionalized definitions**

Informal economy operates in conjunction with formal economy. Its growth causes the formal sector to split off as each allegedly “in order” activity somehow replicates in the informal sector. In other words, the formal and the informal are closely linked. As L.O. Bangbola notes, “before the informal economy spills into the formal economy, it is more than a manifestation of it. It is a specific form of structuring of developing countries’ economies focused on the various roles played by micro and small businesses and their capacities to produce livelihood, revenue and growth adapted to the local and national market. But better still, even if this aspect is poorly commented on and studied, the analysis should figure in the potential role of the informal sector as a low-cost subcontractor of modern sector businesses. In fact, structural adjustment programs have placed those businesses in a highly competitive context and, in a sense, pressed them to resort to the players of that economy in order to rationalize their production processes and reduce their costs. (Pursuing flexibility and driving development). Informal economy also operates in conjunction with the state’s failures as it institutes mechanisms of control without having the capabilities to implement them in terms of tax collection, compliance with society’s major norms (property rights, work conditions, health conditions, product quality, etc) and provision of services under its supervision (infrastructures, security, etc.). This explains why formal activities are usually separated from informal activities based on the single criteria of tax payment and, by extension, the registration with the administration (fiscal administration, in particular).
Informal economy can be defined as a domain where activities are not dictated by an economic legislation. However, the notion only applies in tension with formal economy. The phrase is subject to variations of terminology, particularly when described as “parallel economy” or else “underground economy”, variations used synonymously but also nuanced in terms of judgment. That is why researchers who use the phrase note its confusion and, as result use quotes, as we do. But one remains hard-pressed to dispense with the phrase altogether.iii

First, note that these activities are poorly monitored or not monitored at all because they cannot be easily observed due to an actual or alleged danger - and thus they fall under the radar - or because they are left out of conventional monitoring protocols. In that view, it is defined by how it “eludes” institutions at a legal and social level, an admission of ignorance in a sense, often coupled with security-oriented prescriptions – pressure for the establishment of a police state for controlling and reducing the informal economy and transforming it into a formal economy – and institutional prescriptions laid out according to top-down logic. There is little resort to a bottom-up approach that would yet address the issue seriously. Informal economy appears as a kind of accident with respect to the institutional power of the market, one that does not really deserve investigation as the market is supposed to reabsorb it. Such a claim ignores the dimension of sociality in the construction of the transaction, making it a temporary phenomenon. There would be “good” informal, fatally reabsorbed by the categories of the market on grounds of abnormality, and “bad” informal, calling for a security-driven and legal approach on grounds of its illegality; the notions are often linked together.iv

Approaches of Marxist persuasion recognize the existence of an informal economy by labelling it “small commercial production” and contend that its role is to sustain the capitalist domination of the market of the “North” by ensuring a reproduction of labor power at lower cost. Informal economy is then viewed as a reserve of labor that makes it easy to depress wages in the formal sector. v

The statistical definition of informal economy was adopted at the International Conference of Labor Statisticians in January 1993 in order to enable statistical monitoring in countries where micro and small informal businesses largely contribute to employment and income
generation, making statistical observation of the sector particularly needed for macroeconomic modelling and sector-based policies without having figures at hand. In this definition, the informal sector is a subset of the institutional sector of households in national accounting systems. It consists of a fraction of individual enterprises differentiated from companies and quasi-companies in that they do not maintain a comprehensive set of accounts and do not constitute corporate entities distinct from households on which they depend. Moreover, its importance can only be guessed at approximately, which goes to show how secondary it is considered to be, an argument that justifies its omission.

Informal economy businesses include:
- family enterprises or “informal enterprises of people working on their own account” (these are enterprises who do not have employees on a continuous basis but may occasionally hire family workers and/or employees),
- micro enterprises or enterprises of informal employers” hiring one or several employees on a continual basis,
but nothing about a global informal economy like narco business.

The Conference text lays out the precise meaning it gives to informal economy:

“The informal sector may be broadly characterised as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned. These units typically operate at a low level of organisation, with little or no division between labour and capital as factors of production and on a small scale. Labour relations -where they exist - are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees. Production units of the informal sector have the characteristic features of household enterprises. The fixed and other assets used do not belong to the production units as such but to their owners. The units as such cannot engage in transactions or enter into contracts with other units, nor incur liabilities, on their own behalf. The owners have to raise the necessary finance at their own risk and are personally liable, without limit, for any debts or obligations incurred in the production process. Expenditure for production is often indistinguishable from household expenditure. Similarly, capital goods such as buildings or vehicles may be used indistinguishably for business and household purposes. Activities performed by production units of the informal sector are not necessarily performed with the deliberate intention of evading the payment of taxes or social security contributions,
or infringing labour or other legislations or administrative provisions. Accordingly, the concept of informal sector activities should be distinguished from the concept of activities of the hidden or underground economy”. These lines bring to light to what extent this economy is disregarded. Still, its importance has led the World Bank and the IMF to take actions to foster it and address it in the development strategies in Africa. Examples include Mauritania and Mali where these two institutions are pondering projects for uniting cab drivers into cooperatives. The ILO also stresses the positive aspects of an economy that is proving profitable, productive and creative. The perception of informal economy has thus changed over time. The “formal-inertia” equivalence has shifted over to the “informal-flexibility” dualism where the informal economy is regarded as a dynamic and grassroots form of social regulation (J. Deffourney)\textsuperscript{vii}. We are witnessing a legitimization of the informal despite its illegal nature on account of the learning that operates in it as well as its burgeoning creativity and networks.

Along with this approach, analysis emerged throughout the 1990s about the economic realities of the sector and its status in society based on two orthogonal representations of the informal economy.

1. The first one ties it to marginality and poverty, and views developing activities through a logic of survival, a dismissive perspective.

2. The analysis of the second one focuses on the nature of the operating activities, that is, the social role played by the craft industry and small-scale business, making a distinction between the legitimacy and legality of the business. Legality places the principals in relation to administrative, fiscal and social rules and legitimacy defines the activity with respect to society’s degree of adherence. This explains why those activities are accepted by government authorities due to their recognized utility, a positive perspective.

Informal economy can be examined from a descriptive angle or a dynamic angle. The descriptive standpoint emphasizes the size of businesses, the nature of the work relation, the degree of consideration of fiscal and social legislations, levels of technology and mode of financing. R. Arellano\textsuperscript{viii} singles out 17 criteria and concludes that “the description is unlikely to cover all the characteristics of informal entrepreneurs”.

Several theories have been developed from the dynamic perspective, including:
- Models of mobility and dynamics of the labor market, which focus on a representative individual laborer in a rural area to examine their hope (in the probabilistic sense of the term) of joining the formal urban sector by comparing their secured rural income with their expected urban income. This income is evaluated based on the weighted addition of a formal wage coupled with an input probability in this sector and a substitution income obtained should they fail to find a job (M. Todaro\textsuperscript{xix}, O. Stark\textsuperscript{xv}, W. Steel\textsuperscript{xx}, M. Gupta\textsuperscript{xxi}).

- Cross-sector and dynamic models of the goods market for which an exogenous assault on the modern sector may, under certain conditions, impact the informal economy.

- The integrated and dynamic models of the informal economy: the first one, purely capitalistic, views an articulation between sectors based on the choice of agents (G. Yamada\textsuperscript{xxii}); the second, in which the employment shortage in the formal sector drives the informal economy, draws upon the structuralist tradition (B. Kelley\textsuperscript{xxiii}). The third model proposes a synthesis of the two previous models (D. Cogneau & M. Razindrakoto & F. Roubaud\textsuperscript{xxiv}).

As mentioned earlier, developed countries tend to reduce informal economy to economic and commercial activities performed only by people, thus outside the organizational field. Any dimension, that may be accorded to them stems from an inclusive use of the notion of social network, that somehow equates “poor classes-immigrants” with “minorities-dangerous classes”. That alleged danger serves to explain why researchers ignore them, even though R.D Putnam\textsuperscript{xxv} stresses their potential and complementarity with the formal sector. Incidentally, to what extent does e-business fall into the informal? Has anyone ever wondered about spam emails offering medicines (and not just Viagra)? And yet, the answer is just a click away. According to economic statistics (Swedish International Development Cooperative Agency - SIDA), it makes up between 15 and 20 per cent of the GDP in countries such as France and Germany. The SIDA finds that this informal economy plays a critical role in spawning incomes for impoverished categories such as young people (see unemployment rate of people under 30 in Europe), immigrants, unemployed people of all ages, as well as in social balances. More broadly, it should be stressed that those situations are related to the modes of management that have gradually taken hold today.

\textit{Informal economy in developing countries}
In developing countries, this informal economy was highly beefed up by the introduction of structural adjustment policies in the 80s, which led to massive layoffs among employees of the public sector.

The notion of “informal sector” originated from the 1969 International Labor Conference organized by the ILO. It led to the launch of the World Employment program, which pursues two goals: make productive employment of the vast majority of the population a major objective of national and international development policies and help member states craft and implement plans of action towards achieving it. The term “informal” was first used by K. Hart in a study on Ghana initially presented in 1971 and published in 1973. Breaking with the ideology of the “formal sector-traditional sector” dualism, which was then prevalent, he introduced a new divide between an informal sector he viewed as an extension of the traditional sector and a formal sector that more or less boiled down to the modern sector.

The first mission organized in Africa about this issue took place in Kenya in 1972 and led to the publication of a report under the supervision of H.Singer (BM-WLO, 1972), observing that the main problem of developing countries is the existence of a large “poor active population”, that is a category of “working people or even people working very hard, but whose employment is not productive in the sense that it does not allow them to make a minimum decent income”. The text acknowledges the presence of a sector of small farming and craft-making activities generating goods and services, a sector described as “informal sector”, and in the French version, “unstructured sector”, which would be the phrase used by the ILO for a long time. This had a profound impact on the conception of informal economy, whose significance is recognized from a socio-economic point of view but fails to be a legitimate locus of development due to the nature and size of its activities – allegedly akin to precapitalism – and the logic of their transactions, which borders on barter. The notion is thus rooted in an evolutionist perspective, one that served to justify “educating” policies submitted to the authorities of those countries. Informal economy is viewed as a group of small-scale activities, often family or individual businesses characterized by their position outside fiscal, social and legal regulations, accounting reduced to “receipts, expenses”, undeclared employees, etc. However, the informal economy comprises activities in all industries and is continually changing and “innovative”. Its major “studied” manifestations include farming, trading with street vendors, stall vendors, craftsmen such as blacksmiths, welders, car and appliance repair, construction (bricklayers, carpenters, etc.), hairdressing, weaving, shoe
making and repair, sewing, service activities such as catering (“maquis”, African restaurants and bars), security, cleaning, domestic employees, cab drivers, etc. All those activities involve wage variations according to the place, time, field and/or level of activity.

Observers seem to agree on the characteristics of informal economy, which usually consists of small businesses employing not more than 10 employees. More often than not, these are family enterprises, some of whose members constitute unwaged labor, and where profits are controlled by the male or female “boss”. Informal activities harness the most readily available resources, that is, local resources, instead of more costly technologies. In the farming industry, there are combination processes that link the production and transformation of farming products, small-scale production and sale. There are significant fluctuations in business due to the seasonal cycles of farming production and traditional holidays (for example, the end of the Ramadan boosts clothes making). These activities are relatively “invisible”. There are not factored into official statistics. However, it is generally admitted that domestic activities do not fall into the informal economy. Neither do criminal activities.

In addition to these activities, let’s mention the kickbacks economy, deliberately neglected by observers. The salient criticism of informal economy resulting from those criteria is the bypassing of labor regulations and the absence of interactions that characterize the formal economic system.

Still, these two sets of criteria make it easier to link certain features of informal economy with the notion of “very small enterprise” or even “micro-enterprise”. This dismissive attitude disregards the possibility of these activities operating on a broader and more “organized” dimension. “Traditional” financing (for example, tontine in Sub-Saharan Africa) is left out when there has been a considerable emphasis on micro credit in the last few years and that informal economy also enables the accumulation of capital. The use of information and communication technologies (cell phones, the Internet), or even their offering (for example, the setting up of Internet cafés) is handed over to postcolonial anthropology studies.

Informal economy is also an archetype of the “men-women” and “children-adults” division of labor. In the service sector, women are often shopkeepers, sellers, housekeepers, hairdressers, laundresses, cooks, etc. Children are also involved in production.
It also mirrors society’s structural evolutions. Migration to cities caused by the scarcity of resources pushes vulnerable categories into a particularly harsh predicament. For example, men’s migration to cities or foreign countries leads women to combine domestic tasks with crop growing and complementary activities. Similarly, when whole families move to cities, they most often rely on informal activities to support themselves. More broadly, informal economy alleviates poverty in that it provides a way to increase household income while offering flexible-hour jobs to perform varied activities, helping to “multiply the ways in which he exists, to make his life full, significant and interesting”\textsuperscript{xviii}. It is also a factor of social integration. Finally, it allows societies to experience a form of “social peace”. Nevertheless, informal economy is characterized by the non compliance with/and non enforcement of labor regulations pertaining to the minimum wage, working hours, security, child labor as well as other social norms related to health care and pension systems and the like, even though those systems are problematic.

Prior to addressing the informal sale of medicines in Lomé, note the following items, which will provide the framework for the observation:
- non-application of legal and administrative regulations, in particular regarding fixed working hours and days,
- ease of entry both in terms of skills and fund investment, no use of institutional loans
- reliance on local resources
- family ownership of the enterprises
- small scale of operations (number of people involved and employment of family members)
- use of simple techniques and limited number of workers, in particular in terms of energy
- skills acquired outside the formal school system
- child labor
- wage and profit levels
- contribution to the gender division of labor
- travelling or semi-permanent character of the activity (social mobility).
- poor addressing of environmental and health issues

**The informal sale of medicines in Lomé (Togo)\textsuperscript{xix}**

The development of this activity was spurred by the Bamako Initiative, and in its wake, the liberalization of the pharmaceutical industry in Togo.
The Bamako Initiative was adopted following a meeting of health ministers from various African countries in 1987 (37 WHO regional committees). It led to reforms in health systems management, which were later implemented in several developing countries from the late 80s onward. It aimed to introduce price-based services and community involvement in health systems management through the creation of management committees based on decentralization and transparency. This Initiative has resulted in the implementation of a number of health care activities, including maternal and child health care, endemic control, etc. They specifically involve immunization, the provision of primary care, the sale of generic medicines to facilitate access. They also guarantee the freeness of certain services such as child immunization (extended immunization plan) and maternal and child protection, which has reportedly helped enhance the use of primary health services, in particular for women and children. It has expanded immunization coverage for people. The negative effects reported by studies mainly involve the cost recovery that put an end to freeness, even though exemption accommodates the poorest. The studies also raise the issue of the efficiency of community involvement. Although resort to social insurance has been consistently marginal in Sub-Saharan Africa, micro-insurance programs have emerged to meet the insurance obligation, but they have been limited to the formal sector. In 2000, the General Assembly of the United Nations adopted the so-called “Millenium Development Goals” program, some of which address health, in particular malaria, tuberculosis and AIDS. In this context, cutbacks in government aid to development have not been offset by the financing and programs resulting from CSR policies. The achievements of the Bamako Initiative are largely controversial.

Against this backdrop, the informal sale of medicines has boomed at a fast pace. Yet, a medicine is not any random product. In fact, “it has a precise definition, conforms to stringent regulations, and moves through highly skilled and monitored channels (...). On a Saturday morning, at 10 o’clock, a dozen kilometres away from Lomé, several tons of medicines seized by Togolese customs a few days before are being burnt down. The ministers of security and health and their managing directors as well as the customs’ chief executive officer attend. They all give self-congratulatory speeches about the seizure and, above all, state to be intent on undercutting sleazy shopkeepers and their accomplices who are jeopardizing the health of the brave Togolese people. Meanwhile, over at Lomé’s big market (Assigamé), tons of medicines of unknown origin are strewn about in premises provided by the market’s authorities. This activity is mainly performed by women who pay taxes just like
any other female shopkeeper”. Still, the proximity of Nigeria – a major medicine producer – and the acknowledged coexistence of traditional and modern medicine provide another backdrop to the issue of the informal sale of medicines.

The informal sale of medicines started off as far back as the colonial period and continued after independence, affecting only a few medicines mainly originating from Nigeria. In the 80s Togo implemented a structural adjustment plan that resulted in the lay-offs of many agents, concurrent with the arrival of young people old enough to work. Many enterprises were set up - essentially small businesses due to the ease of creation – a movement that gained momentum into the 1990s. As the Bamako Initiative fell short of expectations, patients found themselves having to pay for their medicines. The difficulties in supplying health centers contributed to the development of underground channels, which flourished even more as the 1992 political crisis raged on (a 9-month general strike). The strategies of the Bamako Initiative had just been implemented as the State was failing to supply health centers, forcing health personnel to find alternative suppliers elsewhere to keep the service afloat. In the early days, syringes and medical gloves were ordered from shopkeepers travelling to Nigeria, orders that also included medicines, reagents and vaccines. Shopkeepers soon caught on to the potential profitability of this activity and built up their business by buying ever larger amounts of medicines to resell them to the agents of the informal economy, who were starting up medicine shops called “pharmacie IB”. The devaluation of the CFA franc doubled the price of formal channel medicines, making it unaffordable for the majority of the population, even more so as the development aid, in particular aid from the EU (European Union), was stopped from 1992. This took a toll on the pharmaceutical sector. Moreover, the lack of training of prescribers in the use of generic medicines and the reluctance of pharmacists to sell them have pushed thousands of Togolese with low purchasing power towards the informal medicine business in convenience stores not requiring any prescriptions. Despite many actions to end this phenomenon (outreach campaigns, outlet closings, seizures, etc.), nothing has proven effective yet, far to the contrary.

In fact, the medicines circulating on the national pharmaceutical market represent the main source of supply. Smuggling networks combine medicines with other products (customs frequently seize medicines and marijuana at the same time) (J. Maritoux) Drug donations supplied by NGOs are also likely to be informally sold due to the non application of
“guidelines for drug donations” published by the WHO, not to mention the inadequate monitoring performed by donating organizations.

There are multiple locations for the informal sale of medicines. P. Tchamdja proposes to divide them into categories, the “permanent” and the “moving”: “Big market squares offer medicine stalls. Some sell medicines only but others mingle them with other commodities. Some are solely wholesalers and others are retail merchants, but they very often work hand in hand. The medicines can also be found in stores because they can sell medicines only or mingle them with other commodities. There are also street merchants who sell medicines right out in the streets or outside houses.” The informal sale of medicines can also take place in health centers, both private and public. The ‘moving’ sale is carried out by travelling salesmen in the vicinity of markets and gathering places. This form of selling has considerably expanded the supply of informal medicines, much like the classic organization of distribution channels operating from wholesalers to retail merchants. One learns the trade in the field. The salesmen adjust to the market (for example, antimalarials are given away in large amounts during the rain season). In the movie “Tim” filmed in Burkina Faso, the salesman says he makes 10,000 CFA francs on a good day and 5000 CFA francs on a bad day (PSF-Ci, 2004), a fairly decent income in a country where nearly half the population lives on less than 700 CFA francs a day. The informal sale of medicines has been described in many studies as an attractive and successful activity suited to a significant demand resulting from the elimination of barriers to purchase (visits to the store and prescriptions). This is an economically attractive alternative for households because the medicines are cheaper. And yet, the consumption of medicines bought in this fashion is dangerous as it implies uncontrolled use, given that this selling operates along commercial lines free of any “relevant advice”. This type of consumption fosters the emergence of resistances to treatment and generates complications related to medication intoxications, even more so as those medicines are uncontrolled, badly stored and thus of inconsistent quality. As P. Tchamdja points out, “beyond those often undecided positions, it should be noted that even if it does not comply with regulations and so is illegal by nature, the informal sale of medicines is fuelled by a social acceptance that makes it increasingly legitimate”.

He observes that the various actors that sell medicines informally do so out of:

- consent (they follow the invisible norms acquired by habit and imitation),
- compromise (by negotiating with the actors of the formal sector),
- avoidance (by concealing the non-compliance of their actions),
- mistrust (they ignore or disregard the explicit norms or values and disapprove of formal practices and requirements),
- manipulation (wholesalers attempt to get close to official authorities in order to buy them off.

The institutionalization of the informal sale of medicines is multidimensional because it encompasses social, organizational, cultural and economic aspects. The actors involved in it all have their own agenda but also the desire to break the rules and make justifications for it.

More specifically, we conducted an investigation based on semi-directive interviews without explaining our objectives to our interviewees.

The sale of medicines on Lomé’s main market has existed for a long time; it started off with medicines coming from Nigeria (spices, phensic, etc.). It rapidly expanded with drug donations received by NGOs from associations and Northern countries’ laboratories, donations that crop up on the market’s stalls. This was followed by the emergence of certain drug samples as well as drug candidates, an activity that has flourished in the last few years.

_Sellers (wholesalers) have various sources of supply_

“I can’t tell you all my sources of supply but all the products I sell come from Europe and predominantly France.” (interview 1, wholesaler)
“I sell all the products you can find in pharmacies.” (interview 2, wholesaler)
“Besides the products sold in pharmacies, I sell products manufactured in Nigeria and Ghana.” (interview 3, wholesaler)
“I can’t tell you my source but all the products I sell come from Europe (France).” (interview 4, wholesaler)
“The medicines we sell come from France, Belgium, Ghana, Nigeria and India.” (interview 5, wholesaler).
“I’ve got supplier-laboratories in France that ship the products to us, other products are bought in India and we run them through the Port of Lomé. Once they get to Togo, the products are shipped over to Nigeria.” (Interview 6, wholesaler)
“On the market you’ll find samples from drug representatives, they’re not fake products, they’re good products. Also, there are donations received by NGOs. Let me explain better: most donating organizations send them drugs that are soon expiring. Since they cannot use the drugs before the expiry date, they sell them to us and we resell them to the general public, so the Togolese people can use them. The poor who had those drugs prescribed by their doctor come out to the market to buy them at a low price consistent with their budget.” (interview 7, retail merchant).

“We buy drugs in non-generic form from the CAME, and resell them on the market. They include paracetamol, antibiotics like amoxicillin, etc.” (interview 8, semi-wholesaler).

Presumably, this business is not discussed in European pharmaceutical firms’ CSR reports. It also brings to mind the outcry over drug-testing that led to prosecutions in Nigeria, frequently mentioned in interviews.

The various types of medicines sold on the market

The sellers explain:

“I sell them all. All the products you can find in a pharmacy.” (interview 9, semi-wholesaler)

“(Laughs)… These products, I sell them only if the needy customer asks for them and is here to pick them up.” (interview 10, semi-wholesaler)

“Some products made in Europe have their packaging changed in Nigeria. You can track them down in Nigeria’s pharmacies, renamed “KENISS”; they also supply us out here on the market.” (interview 11, semi-wholesaler)

“You have to understand we have several manufacturing labs for the same product. The difference between those is noticeable in terms of prices.” (interview 12, wholesaler)

“Let me give you different drug names, as an example:

Drugs such as AUGMENTIN, CURAM, FLENING, ENANCIN, ECLAV et CLAVOR manufacture the same product made up of Amoxicillin and clavunalic acid, and they have different names.

Another example: Drugs such as Ator Fit and Tahor manufacture the same product (Atorvastatin) but prices vary.

Take ‘ZERODOL or Zéro douleur’ manufactured in Asia and more efficient than HECTAL manufactured in Europe. ZERODOL is cheaper on the market, in comparison.” (interview 13, wholesaler)
“It’s the drug reps that deliver their sales pitch to doctors. For example, if a doctor usually prescribes their patients AUGMENTIN, if I, a drug representative, come in with FLENING and convince him through good marketing talk that FLENING does the same thing as AUGMENTIN, he will require all his patients who need AUGMENTIN to take FLENING. It’ll get even faster if I am related to him. That way, AUGMENTIN will not sell smoothly. That’s what we are witnessing here and in the pharmacies. They are also the product manufacturers engaged in competition.” (interview 14, wholesaler).

Product preservation system

“These products need to be stored at a certain temperature, and so I pick them up and hand them over to the customer when they ask for them. Whatever they do with it afterward is none of my concern.” (interview 15, Adjegounlé semi-wholesaler)

Seller profile

“I am a wholesaler, not a retail merchant (interview 17, wholesaler).”

The market sellers’ customers

“Everyone but my customers are mostly Nigerians because I sell products from India.” (interview 18, wholesaler)

Total sales

“Uh…It depends, it ranges from 100,000 to the million.” (interview 19, semi-wholesaler)

Stockouts

Yes, absolutely. When pharmacies sell out, so do we.” (interview 19, semi-wholesaler)

Health police control and repression
“The health police waged a merciless war on us at first, but that was 5 or 6 years ago. They’ve gone softer now. No more control like back then.” (interview 20, wholesaler)

Formalizing the informal sector of medicines

We can’t do that because we are operating illegally. Besides, normally we are not supposed to display and sell those products. The problem is that the market is full of illiterate sellers, it’s very difficult to get it across to them that we can’t display and sell. Do you see any stall right here and now?” (interview 21, wholesaler)

The saleswomen confused us with their customers

“Hello, what medicine are you looking for?” (interview 21, retail merchant).

The pharmacists stock up from the market

“Yes, the pharmacists buy from the wholesalers.” (interview 22, wholesaler). Everyone comes to buy here, pharmacists, doctors, the authorities.” (interview 22, semi-wholesaler)

In what form do they sell medicines to the customers?

“The customers come with or without medical prescriptions. Some customers come with purchase orders but they usually go to the wholesalers.” (interview 24, semi-wholesaler)

“The customers who come with prescriptions are hospital and clinic patients who have no coverage for medication costs.” (interview 25, wholesaler).

“They come out here because we have employees who know these medicines well through their experience in medicine selling, and some of them can read and write.” (interview 26, wholesaler).

“The customers are from all walks of life, civil servants, corporate employees, doctors, nurses, housewives, women shopkeepers, peasants, you name it.”(interview 27, semi-wholesaler)

“Those with purchase orders often come from doctor’s offices, clinics on the square, etc”. (interview 28, wholesaler)
“Nigerians come to the market to shop for pharmaceutical products from India.” (interview 29, wholesaler).

**How do you know that such and such drug can treat one illness or another?**

“How housewives, peasants, shopkeepers, fishermen, you name it, they come to the market without prescriptions and tell us about their pains as they would their doctors, and we prescribe them drugs from experience and based on the feedback of some of our customers.” (interview 30, retail merchant)

“(Laughs)...It’s just routine. I’ve been in the drug business for a decade.” (interview 31, retail merchant)

“That’s an activity my mother passed on to me.” (interview 32, female retail merchant)

**Types of drugs sold**

“I sell all the drugs you can find in a pharmacy and those imported from Nigeria.” (interview 33, semi-wholesaler).

“Most medicines from Ghana can be found in pharmacies. For example, here is Maloxine from Nigeria, in a pharmacy you’ll get Maloxine from Ghana.” (interview 34, semi-wholesaler).

**Are medicines from Nigeria good?**

“That’s beside the point. This has got to do with the commercial policies that are implemented because you can find those products in Nigeria’s pharmacies.” (interview 35, semi-wholesaler).

“Also, some medicines are made abroad (Asia and Europe) and Nigeria just has the packaging changed. Those drugs are available in special Nigerian pharmacies called ‘Keniss’. ” (interview 36, semi-wholesaler).

“Nigeria changes the packaging on these foreign products and puts its NAFDAC label on the medicines.” (interview 37, semi-wholesaler)

**Expired medicines**
“If the best-before date hasn’t expired yet, we display it and sell it to a customer who needs it. But if it the date is due, we take the product off the display and destroy it.” (interview 38, wholesaler)

“Prices are lower here than in pharmacies. It’s the pharmacists who tax us, if you are poor you will die as soon as you get sick.” (interview 39, semi-wholesaler).

“Say a pharmacist buys a medicine for 500 CFA francs, he will resell it 1,200 or 1,500 CFA francs. As an informal seller, I would sell it 700 or 800 CFA francs. Besides, we have lots of medicines that treat the same illnesses but have different names and vary in prices.” (interview 40, semi-wholesaler).

**Stories from the market’s customers**

“As a low-income civil servant, I was suffering from an illness for which my doctor prescribed me a product called “Enatome”. They didn’t carry that product in pharmacies. Only one pharmacy in Lomé could order it and get it in within two weeks’ time. They told me the product cost 435,000 CFA francs and I had to pay for it when ordering. I didn’t have the money on me so I went over to my sisters, brothers and friends for a loan. One of them advised me to go to a wholesaler on the market and have him order the same product; that way, I could compare prices. I went to see the wholesaler. He phoned his supplier right in front of me and asked him if he had it in stock. He told him he did but I had to find someone who could come to Lomé and bring it to me. Then he told me the price. The product cost 368 euros in France, he sold it to me for 272,000 CFA francs within 48 hours. So, you see the difference in terms of prices and delivery time?” (interview 41, civil servant, market customer).

“My son is suffering from drepanositosis, you know that illness, it ruins the parents. He needs a product called “oligozole”. You can get it cheaper from the market. I shop from the market regularly.” (interview 41, civil servant, customer).

“Whether you buy from the Adjegounlé market or the pharmacy, doctors don’t refuse the product. I wonder if they can tell the difference between those products. What matters is that the best-before date doesn’t expire.” (interview 42, civil servant, customer)

“Not all medicines are fake on the market, you just have to beware of forged products from China.” (interview 43, civil servant, customer).

“My mom was being treated at the Hospital’s emergency department. She spent several days there. I had three prescriptions a day on average.
At first I bought the products from the pharmacy. But at one point I couldn’t handle it anymore. As a civil servant, I had no coverage for my mother. And if I used mine, it didn’t cover the medicines prescribed. My friends told me to go to the market. That was a breakthrough for me. My mom pulled through after a while. When I am sick and have medicines on prescription, I go to the market and pay for them.” (interview 44, customer)

“If the market didn’t exist, a lot more people would die. It’s saving lives. It’s not all perfect but the way I see it is that we have access to products at a price more affordable than in pharmacies.” (interview 45, customer).

“As civil servants, we’ve got medical coverage for ourselves and our family (spouse, children). That coverage pays off 80 per cent of consultation and surgery costs, doctors’ fees, etc. The medicines on prescription are not covered. You have to buy them at the pharmacy. And the products are expensive there, so I head over to the market.” (interview 46, civil servant, customer).

“The wholesalers know us, we are the customers.” (interview 47, civil servant, customer).

For preservation, the market’s wholesalers store the products in refrigerators. In fact, when you need medicines that require a given preservation temperature, they ask you to wait until they get the product for you. And 10 or 15 minutes later you have it, at a price that accommodates your negotiating power.” (interview 48, civil servant, customer)

“I work in the private sector. My enterprise provides health insurance for its agents and their families. This insurance covers 80 per cent of medical and pharmaceutical costs. I don’t worry about myself. But when my brothers and sisters, my mother and my father are sick, I have to go to the market to buy these products.” (interview 49, private sector employee, customer)

“I had a product on prescription once that I couldn’t find in pharmacies. I found it on the market.” (interview 50, private sector employee, customer)

Conclusion

This situation “conforms” to the socio-economic rationales of the major city of one of the world’s poorest countries! One is reminded of the ‘bare-footed’ doctors of Maoist China who, faced with health coverage problems, developed a whole network of so-called doctors with basic skills as nurse’s aides, first-aiders and nurses.
The interviews were carried out near all the categories of actors implied in the drugs sales: wholesalers and retailers and customers (primary wholesalers, local dealers, retailers, patients). The interviews proceeded through discussions during which the person interviewed expressed openly. We privileged the listening of interviewed people, because our field study imposed to be careful.

We can conclude that the drugs sale is characterized by a diversity of parameters. The wholesalers buy their supplies on the same market (approved laboratories) than official dispensaries, i.e. in Asia (India, China…), in Europe (France, Belgium…), in Africa (Ghana, Benin, Nigeria…). By selling the same products, retailers acquire knowledge on the products characteristics and are able to present them to customers while mainly referring to the ratio quality-price (construction of a profane knowledge). Some preserve the products in refrigerators, others leave them in bulk without any protection. They carry out an important turnover, because they are in contact with wholesalers from countries who facilitate the products flow. They advise ‘customers-patients’ of the products about diseases and cure. The quality-price ratio leads the various categories of customers to be supplied on the informal drugs market despite control and repression from the medical police (which pressure decreased through time).

The case makes possible to understand that the quality-price ratio mainly explains the existing practices, inducing an immediate satisfaction of the purchasers. Indeed, the average income in developing countries is very low and consumers are inclined to buy these products because of their low prices (ie. ‘Bottom of the Pyramid’ issues – BOP).

To say that the informal economy “conforms to the rules” is to assert its institutional dimension and suggest it should be considered within the categories of institutionalization. It is also a scathing criticism of the logic of international organizations and CSR, one that is unlikely to crop up in the so-called audited reports.
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vi Source: International Labor Organization
xviii Aldous Huxley, Brave New World.
xx P. Tchamdja, op.cit.
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