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Article (Accepted version) (Refereed)

Original citation:
Meagher, Kate (2015) *Leaving no-one behind?: informal economies, economic inclusion, and Islamic extremism in Nigeria.* Journal of International Development, 27 (6). pp. 835-855. ISSN 0954-1748

DOI: 10.1002/jid.3117

Leaving No-one Behind?: Informal Economies, Economic Inclusion, and Islamic Extremism in Nigeria

Key words: Informal economy, inclusive markets, Nigeria, Islamic extremism, Boko Haram, MINTs

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April 2015

Abstract
This article examines how the Post-2015 commitment to economic inclusion affects informal economic actors in developing countries. It highlights the selective dynamics of inclusive market models which generate new processes of exclusion in which the most vulnerable continue to be left behind. The case of Nigeria reveals how inclusive market initiatives reinforce parallel processes of informalization, poverty and Islamic extremism in the north of the country. Fieldwork in northern Nigeria shows that inclusive initiatives are intensifying competitive struggles within the informal economy in which stronger actors are crowding out poorer, less educated and migrant actors, exacerbating disaffection and vulnerability to radicalization.

Introduction

Amid buoyant growth rates across much of the developing world, growing concerns have been raised about the failure of market-led development strategies to include the poor in the benefits of growth. After over 30 years of market reforms, the UN report 'Realizing the Future We All Want' (2012:12-15) has noted with alarm that nearly one billion people in the world are undernourished, more than 200 million are unemployed, 72% lack adequate social protection, and one-third of the urban population in developing countries live in slums. 'If left unaddressed these trends may become sources of social and political instability.' The numerous rounds of consultation that have informed the run-up to the Post-2015 Development Agenda have emphasized the need for a greater focus on productive development, job creation, and social protection for the vulnerable with a view to extending the benefits of development to the poorest and most marginalized (United Nations 2013; United Nations Development Group 2013). In response to these concerns, the Report of the UN High Level Panel of Eminent Persons (UN 2013:1) promises to 'bring about a paradigm shift' in development policy through a commitment to social and economic inclusion, and a determination to 'leave no one behind'.

This paper will examine what the emerging commitment to economic inclusion actually offers to the poor and marginalized, with a particular focus on those working in the informal economy. New models of 'inclusive markets' that emphasize the role of global business in poverty alleviation and celebrate the developmental potential of informal economies point the way to a kinder, gentler role of markets in emerging development policy and practice. The question is whether the new emphasis on more inclusive models of market-led growth involves any fundamental change in dominant actors, interests, or policy approaches in the post-2015 era, and whether it effectively addresses problems of mounting poverty, inequality and disaffection that plague contemporary development outcomes. New questions need to be asked about the methods and manner of inclusion envisaged in the retooling of market-led development currently underway. Do inclusive approaches to the informally employed offer a genuine paradigm shift in development thinking, or do they represent yet another exercise in neo-liberal paradigm maintenance? Does the commitment to leave no one behind address the causes of exclusion, or does it simply attempt to treat the symptoms? If the latter, what are the costs of yet another patch on the paradigm of market-led development in a situation of intensifying poverty and inequality?

With the objective of separating rhetoric from reality, I will examine what commitments to economic inclusion actually offer to workers in the informal economy. Drawing on recent research from Nigeria, I will look beyond the 'feel-good mantra' of inclusion to consider the ways in which markets are reconfigured by inclusive initiatives, and explore who benefits from the process. The next section will examine the selective dynamics of inclusive market engagement with informal actors, revealing how uneven processes of inclusion generate new dynamics of exclusion. A third section will explore inclusive approaches to market development in Nigeria, where global inclusion has reinforced regional inequalities between northern and southern Nigeria, deepening poverty and informalization in the north of the country. A fourth section draws on fieldwork on the northern Nigerian informal economy conducted in April 2014, tracing how regional marginalization and inclusive market policies have combined to fuel a dynamic of poverty, disaffection and Islamic extremism. A concluding section will reflect on the hidden costs of market-based models of inclusion in the current climate of extreme poverty and inequality.

Inclusive Markets: Narratives, Strategies, and Blind Spots

There is a growing recognition among international development institutions that market reforms alone are not enough to foster economic gains for all. A recent World Bank/OECD report entitled 'Promoting Inclusive Growth' (de Mello and Dutz 2014:9) concedes that 'strong growth is not necessarily inclusive in that the benefits of increased material prosperity are not always shared evenly among the various social groups'. In addition to ethical concerns about growing poverty, inequality and unemployment, there is a heightened awareness of the social, political and economic risks of wide-spread exclusion. The Asian Development Bank (2014:4) warns that, 'Growth with persisting inequalities within a country may endanger social peace, force poor and unemployed people into criminal activities, make women more vulnerable to prostitution, force children into undesirable labour and further weaken other disadvantaged and vulnerable sections of population resulting in a waste of vast human capital that could otherwise be used productively in creating economic outputs for sustainable growth'. This has encouraged a more concerted focus on mechanisms of including the poor in the benefits of growth.

While inclusive growth discourses include a focus on the role of social policy in protecting the vulnerable, there is a strong emphasis on moving beyond what de Haan and Thorat (2013:11) call the 'growth-redistribution dichotomy'. The emphasis is on including the poor not simply as recipients of charity and social assistance, but as producers, consumers and entrepreneurs – in short, as agents of development rather than as its victims. As de Haan and Thorat (2013:11) explain, 'Inclusive growth cannot be reached simply by the state redistributing the gains from economic growth… Policies for inclusion need to focus also on the conditions under which small entrepreneurs including in the informal and rural sectors generate their livelihoods, on redistribution of assets and other opportunities to participate in growth processes, and on the conditions of jobs…'. Drawing on equity-friendly discourses, it is argued that genuine inclusion requires a shift of focus from redistribution to structural transformation – changing the very processes through which growth takes place with a view to expanding employment generation and incorporating burgeoning informal economies. In literature on the Post-2015 Agenda, attention is drawn to the dynamic potential of business to generate employment and foster entrepreneurship among the poor by engaging them in global value chains, improving credit provision, and providing access to goods and services at the bottom of the pyramid (UN 2013:26; UNDG 2013:126).

This involves a reframing of poverty and informality as a product of inadequate inclusion in markets, rather than a result of inequities in the way markets function (Banks and Hulme 2014; Johnson 2013). They are recast as something that can be addressed by removing the barriers to participation of poor workers and consumers in labour, commodity and financial markets (UN 2013:26; de Mello and Dutz 2014:11). Mendoza and Thelen (2008:438) contend that 'Markets' lack of inclusiveness can also be closely linked to a number of market failures. Incomplete markets (such as for credit and insurance), imperfect information, public goods and externalities …can make markets operate in ways that exclude the poor…'. New business models emphasize the role of international business and finance in poverty alleviation by linking workers and consumers at the bottom of the pyramid (BoP) into the benefits of global markets (Mendoza and Thelen 2008; Porter and Kramer 2011; Prahalad 2004; Rivera-Santos and Rufin 2010). As Rivera-Santos and Rufin (2010:126) explain, 'BOP initiatives can have an important impact on economic development and poverty reduction. By integrating economically isolated people into the global economy, MNEs can not only provide products and services at reduced prices, but also create entrepreneurial opportunities for people at the BOP'. The role of business in employment generation and economic inclusion is enthusiastically supported in preparatory documents for the Post-2015 Agenda, raising important questions about how inclusive arrangements are being constructed, and who is actually benefiting from them (UN 2013).

In corporate as well as development circles, a growing emphasis on the role of business in poverty alleviation and innovative development solutions highlights the mutual benefits of inclusive engagement with informal actors (London and Hart 2011; Mair, Marti and Ventresca 2012; Rivera-Santos and Rufin 2010; Webb et al. 2010). On the one hand, global firms and economic systems highlight the value of connecting directly with informal workers and consumers to provide jobs and affordable access to quality goods and services. On the other, attention is drawn to the ability of informal institutions to fill gaps in weak regulatory environments, substituting such mechanisms as relational contracting and communal sanctions for absent formal institutions of contract enforcement or rule of law (Rivera Santos and Rufin 2010; Dixit 2004; Webb et al. 2010). Notions of 'good enough governance', 'second-best institutions' and 'hybrid governance' signal a new willingness to work with 'found' institutions in developing country contexts to construct low-cost, workable governance arrangements for market development in areas of weak or absent formal institutions (Grindle 2008; Raeymaekers, Menkhaus and Vlassenroot 2008; Rodrik 2008). As Dixit (2004:4) suggests, 'governmental provision of legal institutions is not strictly necessary for achieving reasonably good outcomes from markets…it is not always necessary to create replicas of Western-style state legal institutions from scratch; it may be possible to work with such alternative institutions as are available, and build on them'.

The Selective Work of Inclusion

What is less discussed in the celebratory literature on inclusive markets is that processes of inclusion are highly selective. Through inclusive market initiatives, informal markets are altered rather than simply connected to the global economy. A growing body of research from Africa and South Asia demonstrates how corporate engagement with informal workers and consumers selectively transforms the informal institutional landscape and restructures informal labour markets in the process of inclusion (Cross and Street 2009; Dolan, Johnstone-Louis and Scott 2012; Dolan and Roll 2013; Elyachar 2005; 2012). Earlier views of BoP markets as 'institutional voids' have given way to a recognition that they constitute a rich institutional ecosystem that needs to be made legible to capital (Mair et al. 2012:832; Webb et al. 2010). As Dolan and Roll point out (2013:140), this departs from 'high modernist' efforts to rationalize and standardize informal forms of organization, à la James Scott (Scott 1998), or simply 'hopping' over them, as James Ferguson (2006) suggests. Quite the contrary, inclusive strategies involve embracing informal forms of organization by cataloguing habits and practices, developing 'native capabilities,' and mapping informal institutions, market potential, and consumer behaviour, (Dolan and Roll 2013:129; London and Hart 2011; Meagher 2013c; World Resources Institute 2007).

But inclusion is not just about learning to 'read' informal economies; it is also about restructuring and governing them in line with the needs of global markets. In the context of rural Bangladesh, Mair et al. (2012) argue that building inclusive markets involves 'working' informal economic spaces – classifying, restructuring and managing informal economic spaces to meet the needs of global business. Dolan and Roll (2013:134) detail how efforts to engage with informal economies generate 'a knowledge bank, allowing companies to produce a schematic of market potential that classifies the poor in terms of purchasing power, consumption patterns, demographics, and shopping behavior, and in so doing demarcates who falls within and beyond the concern of inclusive business'. In the process, inclusive market strategies involve a selective reconfiguring of local institutional orders, labour markets and even worker subjectivities (Dolan forthcoming; Elyachar 2012; London and Hart 2011; Webb et al. 2010). Mair et al. (2012:828) emphasize the need for 'renegotiation of existing institutional arrangements to define who can access and participate in markets and under which conditions'.

Thus, inclusion involves renegotiating local arrangements in ways that distinguish between 'usable and unusable' informal workers, and 'usable and unusable' informal institutions (Dolan and Roll 2013; Mair et al. 2012). Selective inclusion targets particular types of workers over others. A focus on poverty alleviation justifies a preference for women, youth and migrants, accompanied by discursive as well as political processes of legitimating them as market actors. It is worth noting that these are the very same categories of workers identified as key sources of vulnerable labour within the informal economy literature (Portes, Castells and Benton 1989). Similarly, rotating credit groups, communal work parties and enterprise associations are celebrated as dynamic sources of social capital, while seed sharing groups, female seclusion and other institutions that crowd out or impede formal private sector interests are denigrated as obstructive of market development (Booth 2011; Dolan, Johnstone-Louis and Scott 2012; UNDP 2008; Webb et al. 2010).

In addition to identifying which workers or institutions are useful to capital, building inclusive markets involves marginalizing those that are not. Rivera-Santos and Rufin (2010:37) explain that 'the links between local informal powers and firms that may see MNEs as competitors will increase the level of political risk, as the success of BOP initiatives may be dependent on eliminating existing intermediaries…' (see also Meagher 2013c:16). In the process, moneylenders, informal commercial middlemen and local producers of low quality consumer goods are denigrated as substandard, exploitative or criminal, delegitimizing their participation in inclusive markets.

Inclusive arrangements also engage in selectively transforming worker and consumer subjectivities. Ethnographic studies of BoP distribution networks for Unilever soap, Avon cosmetics or solar lanterns in Third World slums expose an active process of selection and reconfiguring of worker subjectivities (Dolan forthcoming; Dolan, Johnstone-Louis and Scott 2012; Dolan and Scott 2009). Dolan and others detail the strategies of worker identification and intensive training on presentation, punctuality and performance metrics used to determine who is worthy of inclusion. 'Indeed, while BoP's 'democratization' of opportunity implies universal inclusion, not all are chosen, as training, role plays and performance metrics sift out the potentially savvy from the lacklustre entrepreneur…' (Dolan forthcoming:21). Similarly, studies of micro-credit in India and South Africa describe the techniques of governance used to turn poor borrowers into financial subjects (Hietelahti and Nygren 2011; Kar 2013; Mader 2012; Schwittay 2014). Through the repurposing of indigenous rotating credit groups, training, shaming, and coercive practices by loan officers, poor women are subjected to 'technologies of the self' through which their behaviour is harmonized with the imperatives of the global financial system (Hietelahti and Nygren 2011; Maclean 2010; Mader 2012). While local agency and aspiration may lead to unanticipated outcomes, these techniques of inclusion are often at great cost to those whose inability to measure up drives them even deeper into debt, poverty and despair (Kar 2013; Maclean 2010).

The Dark Side of Inclusive Markets

Despite the positive glow surrounding inclusive markets in the Post-2015 literature, it has become clear that inclusive markets and financial inclusion have a 'dark side' (Dolan and Roll 2013; Elyachar 2012; Hall et al. 2012; Mader 2012). Critical commentators show that the potentially exploitative character of inclusion may shift more risks than gains onto poor borrowers and workers. There is mounting evidence that the growing ranks of BoP marketers and micro-credit beneficiaries face low wages, insecure employment, intensive work regimes and rising debt obligations that offer 'little substantial relief from the everyday vulnerabilities that informal workers experience' (Dolan forthcoming). For many, inclusive markets are experienced as 'adverse incorporation' – inclusion on worse terms – in which the benefits of inclusion are captured by more powerful market actors, while the adversely incorporated enjoy symbolic participation, and a greater increase in risks than in material gains (Hickey and du Toit 2007; Meagher and Lindell 2013; Miraftab 2004).

Yet, few have looked beyond the negative effects on the adversely incorporated to the problem of those sidelined altogether by the selective processes of inclusion. Despite the Post-2015 commitments, many are being left behind by inclusive markets. Indeed, the side effect of selective inclusion is that unemployed or informal actors who are too poor, unskilled, or unable to accommodate demanding work and payment regimes are not chosen, opening up new dynamics of exclusion and inequality. As Dolan (forthcoming) remarks in the context of Nairobi slums, the supposed benefits of inclusion are 'premised on a reconceptualization of the meanings and practices of development, as BoP schemes restructure informal economies in potentially unequal ways, creating markets that open up new fissures between the consuming and non-consuming, the industrious and the lazy, and the viable and unviable poor'. Understanding the developmental implications of inclusive markets requires more attention to their effects on those who fail to qualify for inclusion.

The assumption that inclusion is an expanding process that will eventually absorb all of the excluded is contradicted by a closer examination of the countervailing dynamics of exclusion among those deemed too unprofitable or unruly to include. In research on inclusive tourism initiatives in Latin America, Hall et al. (2012) note that inclusive success stories in some regions of Brazil occur alongside more dysfunctional outcomes in other parts of the country with fewer geographical and institutional advantages. Regions in which populations lack the skills or institutional support to engage constructively with inclusive initiatives face adverse dynamics of sex tourism and criminality. Hall et al. (2012:801) challenge 'recent academic and policy discourse suggesting that there are considerable entrepreneurial BOP opportunities through tourism, an industry often regarded as a panacea for economic growth and social inclusion, but often resulting in destructive outcomes..' They call for inclusive market enthusiasts and like-minded policy makers to be more aware of the unintended and often exclusive consequences of BoP initiatives, and more 'mindful of the social consequences of their policies' (ibid, 808).

Responding to the need for more attention to those who do not qualify for inclusion, the rest of this paper focuses on the dynamics of exclusion unfolding in the shadow of inclusive markets. By looking beyond the selective repurposing of informal workers and consumers, we can begin to recognize the vast stretches of the informal economy that inclusive markets exclude from the frame – not just those pinned down by childcare, social conventions or infirmity that limit their engagement, but active informal workers whose poor skills, social and occupational institutions and aspirations conflict with the requirements of formal business linkages. I will challenge the assumption that inclusive market strategies can expand to absorb all of the excluded by examining how the struggles of those left behind generate increasingly dysfunctional processes of marginalization, disaffection and violence in the regions and social groups whose needs exceed their value to the market.

Economic Inclusion and the Informal Economy in Northern Nigeria

Recent write-ups in economic journals portray Nigeria as one of Africa's inclusive market success stories. After years of being shunned by investors owing to extreme problems of corruption, high inflation and political instability, Nigeria has been reimagined as an investor's paradise. Painful years of economic reforms have given way to a decade of growth averaging 7% per annum, in a context of high quality oil reserves, vast stretches of arable land, improved economic diversification and a vibrant entrepreneurial population estimated at 170 million people. Nigeria has even been promoted into the select ranks of the MINTs, a newer, edgier club of emerging markets that have caught the attention of investors disappointed by the lacklustre performance of the BRICs in recent years (Mark 2014; McBain 2014). The MINT countries (Mexico, Indonesia, Nigeria and Turkey) are distinguished by high growth rates and large young populations, offering a heady combination of high-risk high-return investment. Amid ongoing problems of infrastructure and governance, premium retail brands, energy companies, banks, and venture capitalists are partnering with social enterprises and NGOs to engage with Nigeria's consumer, infrastructure and employment needs, driving new forms of inclusion through jobs, services and access to affordable consumer goods.

Yet this same Nigeria is also associated with a parallel tale of poverty, illiteracy and Islamic terrorism (Meagher and Hassan 2014; Mustapha 2014; Pérouse de Montclos 2014). The media storm surrounding the 276 kidnapped school girls from Chibok in north-eastern Nigeria is only one of a growing list of news stories about the murder and mayhem perpetrated across northern Nigeria by the Islamic terrorist group widely known as Boko Haram, which translates as 'Western education is a sin'. Since 2010, Boko Haram has engaged in a reign of terror across the north of the country, taking the lives of some 15,000 people. Explanations tend to focus on the destructive realities of poverty and social deprivation in the Islamic north of the country, where resistance to Western education, and widespread practices of female seclusion and early marriage mean that barely one in five adults can read and write, and youth unemployment far exceeds the national average (Economist 2013; Meagher 2013b)

It is difficult to reconcile the image of the inclusive MINT economy with this dire scenario of poverty and violence. However, a closer look reveals that two decades of punishing economic reforms have brought a recovery riven with inequality. Despite Nigeria's robust growth performance over the past decade, poverty has actually increased since 2004 from 52% of the population living on less than US$1 per day to 61% by 2010 (National Bureau of Statistics 2010:5). Unemployment figures have nearly doubled since 2000, with figures for youth unemployment approaching 40% (National Bureau of Statistics 2011). With population growth still running at 2.8% per year, Nigeria is confronting a demographic tsunami that puts 1.8 million new entrants into the job market every year with few formal jobs to absorb them (NBS 2011:7). Indeed, a World Bank (2010:20) report on the Nigerian labour force estimates that the formal economy has shrunk by 33% between 1999-2006. Conversely, Nigeria's informal economy has burgeoned to between 58 and 83% of the non-agricultural labour force (CBN/FOS/NISER 2001; Schneider 2002; Treichel 2010). Proponents of inclusive market approaches contend that investment and creative entrepreneurship can address these pressures by linking the nation's vast labour force and consumer markets into the resource flows, innovative business models and technical expertise of the global economy, turning Nigeria's rapidly growing population from a potential threat into an opportunity. The question to be raised here is whether inclusive market initiatives are part of the solution, or part of the problem.

Inclusive Markets and Economic Inequality

Decades of market reforms and rapid population growth have not only increased inequality at the national level; they have exacerbated long-standing patterns of regional inequality. A history of educational disadvantage in the Muslim north – as much a legacy of colonial policy as it is a product of Muslim resistance to Western education – has left the northern Nigerian population ill-equipped to respond effectively to global economic restructuring. In the post-independence period, employment in the educationally disadvantaged northern states was dominated by agriculture and formal sector employment, both of which have declined dramatically under neo-liberal market reforms. Pressures of high population growth, recurrent drought and a lack of investment in small-scale farming have undermined the agricultural economy, triggering rapid migration into northern urban centres. At the same time, the north's urban economy has been gutted by deindustrialization and contracting public employment. The textile industry, once the nation's largest industrial employer, was concentrated in the northern states of Kano and Kaduna. Decaying infrastructure and import competition has reduced the number of textile and garment firms from 175 in the mid-1990s to fewer than 25 in 2010, with a loss of over 110,000 jobs (Nwachukwu 2005).

Low levels of formal education have left northerners poorly positioned to take up the new opportunities offered by the shift toward more inclusive market initiatives, since these generally demand rising levels of skills and technical education (World Bank 2010). Investors have responded by focusing inclusive initiatives on Lagos and the south-west, while largely ignoring the less attractive northern states. For the majority of northerners, Nigeria's resurgence has brought little in the way of new opportunity beyond chancing it in an increasingly saturated informal economy. The result is to reinforce the concentration of poverty, illiteracy and unemployment in the northern zones of the country. As Table 1 indicates, poverty levels in the north-west and north-east zones of Nigeria are 40% higher than in the prosperous south-western zone, unemployment is three times higher, and illiteracy among adults is four times the levels found in the south-west (NBS 2010:5). An alarming 64% of the population in the core north has no Western education, while this is true of only 17% of people in the south-west (National Population Commission and RTI International 2011:13,16). A virtuous cycle of enthusiastic investment and governance improvements in the south-west have been accompanied by deepening economic decline, corruption and poverty in the north.

While the alarming levels of economic exclusion in the north are a product of the perverse regional effects of decades of market reforms, the question here is whether new inclusive market initiatives by investors and policymakers can address the problem. Can investors be encouraged to engage in inclusive initiatives in the north amid the ravages of poverty, illiteracy, unemployment and crumbling infrastructure? Is there a need for donor and state-led initiatives to take the lead through inclusive market programmes of youth employment, enterprise promotion, and micro-credit? Can we assume that the selective dynamics of inclusive market initiatives will respond to the needs of the excluded, or will they create new pressures and tensions in an already strained economic and political environment? Assessing the implications of inclusive market initiatives requires a clearer understanding of the distinctive dynamics of exclusion through which the not-yet-included attempt to reconfigure informal labour markets and narratives of social legitimacy in their struggle over livelihoods.

Table 1: Indicators of Socio-Economic Deprivation in Nigeria by Zone

Zone	**Absolute Poverty**	**No Schooling**	**Adult Literacy**	**Unemployment**
North-East	69.0	63.7	23.0	31.9
North-West	70.0	63.8	21.6	28.8
North-Central	59.5	36.8	47.0	28.8
South-East	58.7	14.4	81.8	19.6
South-West	49.8	17.2	79.8	11.4
South-South	55.9	10.7	77.1	24.6

Source: NPC DHS Education Data Survey 2010; NBS Poverty Profile 2010; NBS Annual Socio-Economic Report 2011.

Informal Economies and New Dynamics of Exclusion in Northern Nigeria

Exploring the dynamics of informal economies in the shadow of inclusive markets is an empirical endeavour, which draws on fieldwork conducted in northern Nigeria in April 2014, in the cities of Kano and Kaduna. These two cities are epicentres of the northern Nigeria's dynamic informal economy, but both have experienced Nigeria's resurgence as a time of rising instability and religious violence (Meagher 2013a). Kano is a pre-colonial commercial centre of about two million people, while Kaduna was founded by the British as a colonial capital, and has a population of about one million. Both are Muslim majority cities, with commercially dynamic Christian minorities from southern Nigeria who play a significant role in the informal economy. Both cities also have significant populations of Muslim migrants from across northern Nigeria, as well as from poorer Sahellian countries north of the border.

This history has fostered a complex informal economy made up of indigenous Muslim professions and trading activities, such as tailoring, butchering and cattle trading; modern commercial activities such as auto-parts trade and auto mechanics dominated by Christian migrants, and a range of lower-income activities dominated by migrants from poorer states across the northern Nigerian and Sahelian region (Meagher 2009a; Onokerhoraye 1977). Far from creating friction between Muslim and Christian informal actors, the religious and ethnic division of labour has given rise over time to high levels of cooperation among informal economic actors, with Muslims and Christians linked by credit, supplier and customer networks across religious lines (Anthony 2002; Meagher 2013a). However, years of formal sector contraction and hard economic times have precipitated new struggles and tensions within the informal economy as more educated actors from the formal sector move into the informal economy, and migrants as well as indigenes struggle to gain access to available economic opportunities.

This paper draws on fieldwork conducted as part of a wider project on Islamic radicalization in northern Nigeria. The original research focused on the role of the informal economy in the rise of Islamic extremism, focusing on eight types of common Muslim informal activities (Meagher and Hassan 2014). These involved tailors, media distributors (CD and phonecard), motorized rickshaw operators, butchers, food sellers, hawkers, load carriers and motorcycle taxis.[1] Available estimates for four of these activities put the number of operators at 100,000 – 110,000 across the two cities, suggesting overall participation in the study activities of some 10-15% of the urban labour force. With a view to examining relevant economic dynamics, these informal activities were divided into three categories:

- Modern activities that offer opportunities for economic advancement and a measure of social status. Informal media distributors, tailors and motorized rickshaw operators were included in this category, as these are activities that have significant skill and capital-based barriers to entry, and are considered compatible with education and middle-class status.
- Traditional activities that lack modern technology, have low social status but offer prospects for economic advancement. This category included butchers and food sellers, which are indigenous professions associated with a lack of education, but have some skill and capital-based barriers to entry, and can give rise to profitable businesses.
- Survival activities which are arduous, low status, and offer little or no prospects for economic advancement. This includes motorcycle taxis, load carriers and hawkers – all activities with minimal barriers to entry, and are considered degrading to participants with post-primary education or social aspirations.

Fieldwork involved 18 interviews with the leadership of relevant enterprise associations, as well as 35 interviews and 8 focus group discussions with Muslim informal enterprise operators. Associational leaders were interviewed in their shops, headquarters or other

[1] To the extent possible, the same activities were investigated in Kano as well as in Kaduna, with minor variations. At the time of the study, motorcycle taxis had been banned in Kano, but not in Kaduna, although they were banned in Kaduna in May 2014, shortly after the fieldwork was completed.

places of their choosing, while rank and file informal operators from each activity were randomly selected from key areas of operation across the two cities and interviewed in their place of operation. All interviews were conducted by myself and a Hausa colleague, with translation and logistical support from local research assistants where necessary (see Meagher and Hassan 2014). Interviews were used to construct a survey of 187 Muslim informal operators in the selected activities, which followed the same stratified opportunistic sampling procedure. The survey yielded the quantitative data used in the remainder of the article. The accumulated evidence reveals a number of emerging tensions within the northern Nigerian informal economy that destabilize optimistic narratives of inclusion. Mounting economic stress and governance failures are generating increasingly worrying patterns of competition and conflict among those struggling over scarce opportunities in the margins of inclusive markets

Struggling for Inclusion in Northern Nigeria

What is immediately obvious from an examination of the local context in northern Nigeria is the saturation of the informal economy, even in commercially dynamic cities like Kano and Kaduna. Despite the creation of new activities such as motorcycle taxis, phone card kiosks, and the production and distribution of local film and music CDs, the absorptive capacities of the informal economy have been exhausted by decades of formal sector contraction, rapid population growth and migration from agriculturally challenged rural areas. Indeed, many of those turning to self-employment are being absorbed as disguised labour rather than as entrepreneurs – what Philip Mader (2012) refers to as 'entreployees'. While all respondents were selected as heads of enterprises, in nearly one-third of firms, apparently owner-operated businesses involve people working on commission or engaged in hire-purchase arrangements in which a considerable proportion of their modest daily returns are passed on to an absentee owner of the goods or machines (Table 2). Even in comparatively lucrative modern activities, nearly 20% work on commission for an absentee owner, and there is a notable level of hire-purchase arrangements particularly among motorized rickshaw operators.

Table 2: Ownership and Indigeneity in Northern Nigerian Informal Activities (% of Enterprise Heads)

Activity Type	Enterprise Heads Who Own Their Business	Enterprise Head Who Work on Hire Purchase or Commission	No. of Years in Activity	Enterprise Heads who are Indigenes of the State in Which They Operate	Enterprise Heads with Negative Attitude to Entry of Non-Indigenes
Modern	73.8	26.2	10.4	63.6	34.4
Traditional	79.3	20.7	15.3	58.3	30.0
Survival	53.3	46.7	9.6	42.6	42.6
Average	68.9	31.1	11.7	55.1	35.7

Source: Fieldwork

These forms of 'disguised employment' are particularly marked in survival activities. Despite low barriers to entry compared to other informal activities, barely half of the survivalist operators interviewed actually owned their business. Hire-purchase arrangements are common among motorcycle taxis in Kaduna, and some load carriers do not even own their wheelbarrows outright. A worrying one third of survivalists work on commission, spread across motorcycle taxi operators, load carriers and hawkers, who either receive a commission on the day's takings, or pay fixed returns to the owner of the business or equipment regardless of the daily takings (Meagher 2013a). The high share of enterprise heads who do not own their business cannot be attributed to the process of getting started, since many dependent owner-operators have been in business several years. Indeed, among survivalists, independent operators and those working on commission or hire-purchase arrangements have all been in business for an average of 9-10 years. Far from being a sphere of independent entrepreneurship, the northern Nigerian informal economy involves a significant share of dependent operators who appear autonomous, but do not actually own their enterprise despite several years in the activity.

The saturation of the informal economy has been accompanied by growing levels of contestation between state indigenes and non-indigenes over access to informal jobs. While informal activities, particularly lowly survival activities, used to be the preserve of migrants from poorer parts of northern Nigeria or from surrounding Sahellian states, indigenes of Kano and Kaduna states are now crowding into these activities in growing numbers. Indigeneity is a central mechanism for claiming citizenship rights in Nigeria, where access to public sector jobs, scholarships and other state benefits is claimed through a citizen's state of origin, not through the state of residence (Mustapha 1998). Conventionally invoked in struggles over public sector jobs, indigeneity is increasingly central to struggles over access to informal activities, even in some of the lowliest sectors, such as load carriers and hawkers. In Kano and Kaduna, state indigenes now make up over 40% of those in lowly survival activities, as well as dominating modern and traditional activities. A majority of informal actors in all three categories of activities noted that the share of indigenes in their activity has been rising – a perception shared by both indigenes and non-indigenes. An elderly load carrier in Kano, himself an indigene, commented that, with the collapse of formal sector industry and the lack of alternatives sources of income, indigenes are rushing into load carrying and other menial informal activities.

Livelihood pressures, combined with a high sense of entitlement among indigenes – particularly those with higher levels of education – have fed a growing sense of resentment against the entry of non-indigenes into informal activities. Despite a moral context in which the poor are seen as entitled to earn a living, more than a third of informal operators expressed concerns that the entry of non-indigenes into their activity is bad for business. Negative attitudes to the entry of non-indigenes are particularly pronounced in survival activities, where 43% of informal operators expressed resistance to non-indigenes entering their activity.[2] Some argued that non-indigenes should not be allowed to take up even informal activities when indigenes are struggling to find work. Many also expressed

[2] While the majority on indigenes in survival activities expressed resistance to the entry of non-indigenes, some of those expressing these attitudes were themselves non-indigenes keen to protect themselves from further competition.

concerns about saturated markets, and the importance of keeping non-indigenes out of the business in order to prevent incomes from being competed down. Motorized rickshaw operators are particularly resistant to entry by non-indigenes despite a broad similarity in ethnic origins, claiming that they overcharge customers, have rough driving habits, and are a security risk.

Just as indigenes are crowding out non-indigenes, more educated actors have begun to crowd out the less educated. Table 3 shows that levels of education in the sample are surprisingly high considering regional data showing that 64% of northerners have no Western education (see Table 1). Overall, only 25% of informal actors in the sample have no Western education, though predictably, lack of education among those in traditional activities is much higher at nearly 40%. What is particularly worrying is the high level of secondary and post-secondary education among northern Nigerian informal operators. An average of 42% have secondary education or higher. Even in survival activities, 28% have secondary school certificates, and 12% have post-secondary qualifications. Load carriers in the market with post-secondary diplomas and even university degrees were encountered in both Kano and Kaduna. In more lucrative modern activities, 60% of actors have secondary education or more, including nearly 20% with post-secondary qualifications. However, poverty and inadequate state funding have meant that the quality of education in northern Nigeria is often very poor, limiting access to the few formal jobs available, and channelling growing numbers of certificate holders into the informal economy.

Table 3: Education Levels and Religious Affiliation of Muslim Informal Enterprise Heads (% of Enterprise Heads)

Activity Type	No Western Education	Secondary School Certificate	Post-Secondary Qualification	Enterprise Heads Claiming Activity Offers Good Prospects for Level of Education	Enterprise Heads who are Salafist Muslims	Enterprise Heads Claiming Different Religious Affiliations Bring Divisions
Modern	10.6	42.4	18.2	69.2	51.5	20.3
Traditional	38.3	20.0	5.0	58.6	21.7	17.2
Survival	26.2	27.9	11.5	54.4	26.2	6.7
Average	24.6	30.5	11.7	61.1	33.7	14.8

Source: Fieldwork

While some respondents see rising levels of education in their activity as bringing new opportunities for innovation, high levels of education are also accompanied by significant disaffection. While nearly 70% of those in modern activities felt that their activity offers good prospects for advancement given their level of education, this is true of only 54% of those in survival activities. Educated operators in lowly activities, such as hawking and load carrying, expressed a sense of frustration over the failure of Western education to deliver on the promise of a dignified livelihood. Conversely, in more lucrative modern activities, frustration was expressed by less educated actors that they are being crowded out of their traditional occupational niche by unemployed graduates who have more capital and better contacts. Tailors trained though years of traditional apprenticeship, local CD distributors from indigenous trading backgrounds, and motorized rickshaw operators who entered the business from other parts of the informal transport sector feel threatened by more educated actors able to monopolize economic opportunities within the activity. A Kano tailor complained that despite lacking proper skills, "*yan boko*" (educated people) are dominating the business. Either way, this has bred a growing resentment against Western education which stems as much from its failure to improve livelihoods as from religious opposition.

Pressures of indigeneity and education within a saturated informal economy have intersected with the rise of new religious movements within Islam, as northerners attempt to reimagine their place within the Nigerian economic and political system. In particular, Salafist Islamic movements have generated a new narrative of inclusion that has proven attractive to struggling traders and middle classes striving to withstand the pressures of market reforms and political marginalization. Salafism represents a fundamentalist form of Sunni Islam originating in Saudi Arabia, which has come to constitute a challenge to the relatively tolerant and culturally accommodating Sufi and other mainstream Sunni sects that predominate in northern Nigeria and much of West Africa (Mustapha and Bunza 2014). The most influential Salafist movement in northern Nigeria, *Jama't Izalat al Bid'a Wa Iqamat as Sunna* (Society of Removal of Innovation and Reestablishment of the Sunna), conventionally known as Izala, represents a strident modernizing force with a strong emphasis on education, frugality and individual achievement – reminiscent of an Islamic version of the Protestant ethic (Kane 2003; Masquellier 1999; Meagher 2009b; Umar 1993). The Izala movement is strongly oriented toward reform of the state, but is explicitly against violence. However, tendencies toward intolerance, provocation and capture of Islamic and state institutions have bred conflict and resentment among Christians and other Muslims (Casey 2008; Mustapha and Bunza 2014).

In the informal economy, Salafist groups, dominated by Izala, still constitute a minority of Muslims, averaging only one-third of enterprise heads in the sample (see Table 3). Despite being in the minority, Salafist groups are heavily concentrated among the most lucrative category of enterprises where they make up over 50%. Salafists also tend to be the most highly educated group across all activity categories. In the sample, 54% of Salafists had secondary education or better, compared to only 38% and 33% of mainstream and Sufi Muslims, respectively. In modern activities, the high share of Salafists is associated with a growing orientation toward competitiveness and personal advancement which has tended to disrupt systems of occupational solidarity, social integration and communal redistribution. The Salafist ethos of frugality and rugged individualism discourages lavish ceremonial expenditure and cliental redistribution of resources, ignoring the important role of these practices in the redistribution of food, money and petty employment within the community (Mustapha and Bunza 2014; Umar 1993). Conventionally, successful tailors or CD distributors would keep on a few 'boys' who run errands in return for a little food or money. Salafist operators prefer to avoid wasteful social expenditure and in interviews spoke of letting their boys go when business is slow. Gains in rational resource use and accumulation are experienced as a loss of social support among poorer relatives and community members, intensifying economic pressure and disaffection among the poor.

In addition to dominating lucrative activities and withdrawing from communal systems of redistribution, Salafists appear to be increasing their grip on influential informal enterprise associations. Within the sample, Salafists were conspicuous in their lack of participation in ordinary enterprise associations, but they were active in large, well-connected enterprise associations, such as the nationally-federated National Butchers Union, and the motorized rickshaw operators association, which enjoy access to state-level and even federal-level politicians as well as to state economic assistance to carry out activities or support members. While Salafists made up only 20% of the participants in small informal enterprise associations, such as neighbourhood tailors' unions, or market-based hawkers associations, they constituted 40% of those in politically-connected associations. In the process, the Salafist project of individual accumulation, aggressive institutional capture and withdrawal from communal redistribution is monopolizing opportunities and resources within the informal as well as the formal economy.

The resulting social and political vacuum among the excluded has created a fertile space for Islamic extremist movements. Already excluded from the formal economy, new struggles within the informal economy draw on indigeneity, education and the Salafist ethic to further exclude those unable to compete on their terms. Boko Haram emerged in the early 2000s from a schism within Salafism and quickly became a magnet for disaffected youth searching for a new Islamic narrative of inclusion (Mustapha 2014; Mustapha and Bunza 2014). Representing an extreme form of Salafism, Boko Haram focuses not on reforming, but on destroying the state as irredeemably corrupt and godless, as well as designating all other Islamic sects as 'not really Muslims' and therefore legitimate targets of violence. As a well-known reporter close to the sect explained, the leader of Boko Haram 'took advantage of the irresponsible leadership at all levels of government as unemployment, poverty, corruption and insecurity become the order of the day. And, as he points out such failures, citing versus of the Qur'an and the sayings of the Prophet, the youth see him as the leader that will indeed deliver them from malevolence to the promised land…' (Ahmed Salkida in Mustapha and Bunza 2014:85).

Key to the attraction of Boko Haram in its early stages was its responsiveness to the needs of the poor and disaffected. As noted by Governor Kashim Shettima of Borno State, where Boko Haram emerged and remains entrenched:

> The late Boko Haram leader, Mohammed Yusuf, despite his misguided ideology, retained the loyalty of his supporters by providing one meal a day to each of his disciples. Yusuf also had a youth empowerment scheme, under which he helped his disciples to go into petty trading and wheelbarrow porters. He also arranged inexpensive marriages between sect members, which enabled many of them to marry and gave them personal dignity and self-worth (cited in NSRP 2014:16).

While the heavy-handed actions of the state security services have played a significant role in tipping Boko Haram supporters from religious extremism into terrorism, extreme economic marginalization has created the fuel for that fire (Meagher and Hassan 2014; Mustapha 2014b).

Inclusive Market Policies and Islamic Extremism

Inclusive market policies have been brought in to address the tense economic context in northern Nigeria. Nigeria has initiated a broad array of inclusive market policies, including the standard package of youth employment programmes, entrepreneurship programmes and the active promotion of micro-credit (Nigeria Stability and Reconciliation Programme 2014:28). High profile programmes such as Subsidy Reinvestment and Empowerment Programme (Sure-P) created from the resources generated by the controversial partial removal of the petrol subsidy, the Youth Enterprise with Innovation in Nigeria Programme (YouWIN!) supported by a combination of state, bilateral donor and private sector funding, and the Youth Employment and Social Support Operation (YESSO) which focuses on public works, skills training and cash transfers, are being supplemented by a range of additional youth employment and entrepreneurship programmes constantly being announced (NSRP 2014:7). In addition, the active promotion of micro-finance by the Central Bank of Nigeria in response to problems of severe unemployment and political instability has seen the number of licenced micro-finance institutions rise from 160 in 2001 to over 900 by 2014 (Thom-Otuya 2014:227; Vanguard 2014).

Yet this profusion of inclusive market initiatives have tended to worsen rather than ease the problems of economic inclusion and political instability in northern Nigeria. Concerns have been raised about the poor implementation and funding of these programmes, but even more problematic is the very design of the policies, which simply exacerbate the dynamics of exclusion currently at work in the northern Nigerian informal economy. Youth employment and entrepreneurship programmes such as SURE-P and YouWIN! are heavily focused on assisting graduates to start up small-scale enterprises, intensifying the problem of graduates crowding out the existing occupants of the informal economy. Micro-finance initiatives only offer enough credit to support entry into survival activities, exacerbating existing problems of saturation and over-competition. With a loan ceiling of N500,000, interest rates of 9-10% per month, and short repayment schedules, micro-finance is totally inadequate to the needs of more lucrative informal activities where credit could be used to create employment for others rather than just fostering a proliferation of competing one-person survival activities, as tailors in both Kano and Kaduna explained at length (NSRP 2014:21; Meagher 2013a, 2014).

The core problem is not one of corruption or inept implementation, though this may also apply. The very design of this donor-led stable of inclusive market programmes views the informal economy as a boundless sponge, and takes no account of the power struggles taking place within it. Instead of addressing the stresses of market saturation, poverty and exclusion of the less advantaged, these policy packages channel graduates into the informal economy from above, and pump micro-credit borrowers into survival activities from below, intensifying the pressures already crowding out the poor, uneducated and desperate.

Instead of being part of the solution, these inclusive market policies are only adding to the problem. A recent report on youth unemployment by the DfID-funded Nigeria Stability and Reconciliation Programme (NSRP 2014:8) found that 79% of young people interviewed felt that one needed political connections in order to be selected for any of these programmes. Indeed, in Kano and Kaduna, skilled non-indigenous tailors and embroiderers were dismissive of any potential for benefitting from the Sure-P programme, since the resources are distributed via Local Governments, which, aside from very real concerns about corruption, would find it politically impossible to direct them toward non-indigenes of the state. Similarly, a DfID-funded scheme to upgrade the meat marketing chain through engagement with butchers has met with local resistance. A Kano State government scheme that provided training, equipment and N20,000 (US$ 125.00) each to 10,001 butchers in 2013, was regarded with suspicion by members of the Kano butchers association (This Day 2013). Butchers in Kano complained of the imposition of policy templates from outside that take little account of existing organizational systems in their activity, and were uneasy about the tendency to privilege educated entrants, exacerbating internal organizational tensions. The NSRP report (2014:9) argues that 'initiatives such as YouWIN! and SURE-P, which currently are the focus of media attention, are treated with some scepticism, as somehow incidental to real priorities around making the economy work for the majority. …In the worst cases, programme delivery may actually work against the goals of conflict reduction and empowerment, and create further exclusion and disaffection.'

While the majority of informal operators manage to cope with the frustrations and livelihood pressures of the current economic climate, mounting poverty and desperation, combined with the heavy-handed response of state security services have pushed some over the edge into violence. The former governor of the Nigerian Central Bank, (and now Emir of Kano) Lamido Sanusi, explained, 'the security situation in this part of the country is fundamentally linked to the absence of job opportunities and to the quality of life of the people. Unless these real economic issues are addressed, we will not likely find a long-lasting solution to the political and security problems' (Onuba and Adesomoju 2013). Yet, current policies of selective inclusion are feeding into rather than resolving new dynamics of exclusion within the northern Nigerian informal economy. If inclusive markets have no use for those without skills or cultural values amenable to the demands of global capitalism, the excluded do not simply stand by quietly, waiting to be included. They devise alternative narratives of inclusion, or are drawn to other, more unruly forms of political expression (Khanna 2012).

Conclusion: Inclusive Markets and Faustian Bargains

The selective process of inclusion tends to gloss over what happens to the people and places unable to engage with the labour regimes and new consumer lifestyles of inclusive capitalism. As the case of Nigeria illustrates, it is not enough to recognize that many are left behind; it is also essential to understand the new dynamics of exclusion generated by inclusive markets. At the national level in Nigeria, inclusive markets put the needs of investors over those of the poor in ways that tend to exacerbate inequalities. At the sub-national level, the dynamics of marginalization in the disadvantaged north have unleashed competitive pressures within an increasingly saturated informal economy in which stronger players are crowding out the weak – the poor, migrants and the less educated – in the face of new religious movements to rework the terms of inclusion. Within this context, inclusive market initiatives such as youth employment, entrepreneurship and micro-credit schemes have tended to make things worse by channelling graduates and micro-loans recipients into an overstretched informal economy, exacerbating existing tensions of political, economic and religious entitlement. Ultimately, the perverse dynamics of inclusion have served to deepen desperation and disaffection among those unable to compete, creating a tinderbox for Islamic extremism.

Breaking the black box of the informal economy in inclusive market narratives, and scrutinizing both the selective dynamics of inclusion and new dynamics of exclusion that result, exposes the flaws in the Post-2015 promise to 'leave no one behind' (UN 2013:1). Market-led efforts to engage with the informal economy are not only shifting additional risks and pressures onto the poor, but deepening processes of exclusion among those unable to qualify for inclusion. This raises wider questions about whether inclusion in markets is the best way to address the needs of those left behind by decades of market reform (Banks and Hulme 2014:193; Saith 2006). To begin with, one might wonder whether policies to channel the poor and unemployed into the informal economy through micro-credit and small-enterprise schemes can be regarded as genuinely 'inclusive'. As James Heintz (Heintz 2012:18) points out, 'To the extent that exclusion from social protections and legal rights limit choices and mobility, a *reduction* in the proportion of people informally employed would constitute an important element of an employment-focused approach to inclusive growth…' (my italics). Simply shifting the definition of inclusion to embrace employment in the informal as well as the formal economy does not address the needs of the poor; it just defines away their exclusion. Indeed, in the northern Nigerian informal economy, the competitive struggles underway indicate that the excluded are more concerned about inclusion in some form of political protection than inclusion in markets. Claims of indigenes to preferential access to work and assistance, and the focus of Izala adherents on capturing state and other institutions suggest that for the economically and politically insecure, economic inclusion is more about access to state support than access to markets.

In the final analysis, the focus on access to markets rather misses the point. As Hulme and Banks (2014:191) explain, unless development solutions go beyond fixing gaps in the market to redressing inequities in the way markets function, 'market based solution do not and will not address the root structural causes of poverty and inequality'. The transformative potential of business and private sector actors depends on challenging existing systems of inequity, rather than simply extending them to a wider range of participants. The current discourses of inclusion seem more focused on shoring up than challenging the neo-liberal paradigm of market-led growth, making the Post-2015 shake-up of development policy look more like another exercise in paradigm maintenance than a genuine paradigm shift (Wade 1996). While constructing a 'feel good mantra' to galvanize global consensus around a new development narrative, inclusive discourses gloss over the ongoing failure of markets to address the underlying structural causes of inequality and exclusion (Gore 2000; Gore 2010; Saith 2006:1189). Charles Gore (2010:71) refers to this as a 'Faustian bargain' that buys global consensus at the cost of abandoning the core development goals of social and economic equality. However, it is a bargain that also glosses over the growing risks of paradigm maintenance, expressed in a rising tide of xenophobic riots, religious extremism and other forms of violent unrest among those that inclusive markets continue to leave behind (Hickel 2014; Khanna 2012; Osterbo 2012; Resnick and Thurlow 2015). The problem with Faustian bargains is the terrible costs they will eventually extract from us all.

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