



**NIGERIAN INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH
(NISER)**

**INFORMAL SECTOR AND ECONOMIC DEVELOPMENT
OF THE FOUR SEEFOR STATES OF BAYELSA, DELTA,
EDO AND RIVERS**

REVIEWED REPORT

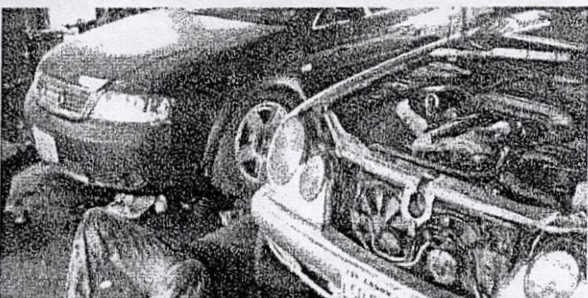
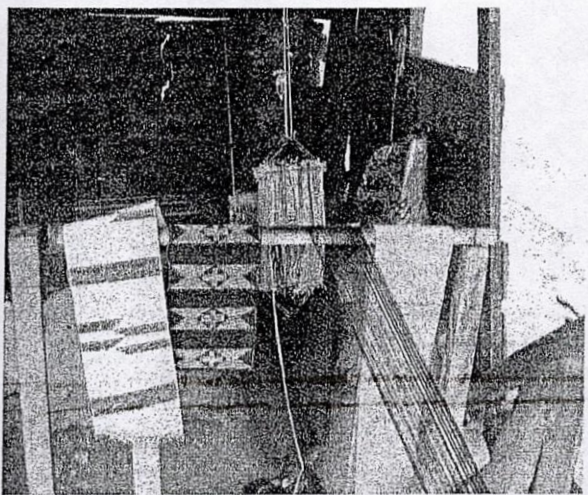
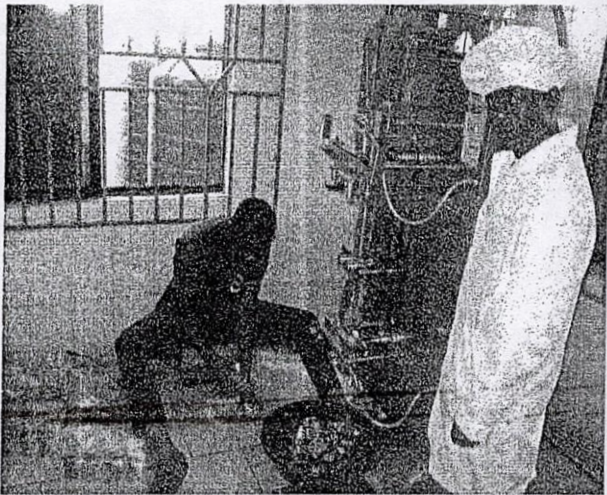


TABLE OF CONTENTS

TABLE OF CONTENTS	ii
LIST OF TABLES	v
LIST OF FIGURES.....	viii
LIST OF BOXES	viii
SECTION ONE.....	1
INTRODUCTION.....	6
1.1. Background.....	6
1.2. Statement of the Problem	7
1.3. Objectives of the Study	8
1.4. Rationale for the Study.....	9
SECTION TWO.....	10
SITUATION ANALYSIS OF THE INFORMAL SECTOR IN SEEFOR STATES	10
2.1. The Niger Delta Region	10
2.2. The Informal Sector and Niger Delta Economy	11
2.3. Informal Sector-related Policies and Programmes in the Niger Delta Region	12
SECTION THREE	13
APPROACH TO THE STUDY	13
3.1. Process of the Study.....	13
3.2. Data Types and Sources	14
3.3. Sampling Technique and Sample Size	14
3.3.1. Study Location	14
3.4. Data Collection	15
3.5. Project Deliverables	16
SECTION FOUR	17
CONCEPTUAL CLARIFICATIONS AND GLOBAL VIEW ON INFORMAL SECTOR	17
4.1. Conceptual Clarifications	17
4.2. Literature Review.....	19
4.2.1: A Global View of the Informal Sector	19
SECTION FIVE.....	22
CHARACTERISTICS AND ACTIVITIES OF THE INFORMAL SECTOR ACTORS	22
5.1. Distribution of Actors in the Informal Sector.....	22
5.2. Size of the Informal Sector.....	23
5.3. Classification of Informal Sector Activities	24
SECTION SIX	35
INFORMAL SECTOR AND DEVELOPMENT POTENTIALS	35
6.1. Employment Generation.....	35
6.2. Constraints on Growth of Informal Sector Enterprises	42
SECTION SEVEN	44
STATE PROFILE ON INFORMAL SECTOR	44
7.1 BAYELSA STATE.....	44
7.1.1 Background.....	44
7.1.2 Key Findings.....	44

7.1.3	Sectoral Composition of Informal Sector Operators	44
7.1.4	Policies and Programmes.....	45
7.1.5	Key Challenges and the Way Forward	45
7.1.6	Interdependencies between Informal and Formal Sectors in the Bayelsa State.....	46
7.2.	DELTA STATE.....	49
7.2.1.	Background.....	49
7.2.2.	Key Findings.....	49
7.2.3.	Sectoral Composition of Informal Sector Operators	49
7.2.4.	Policies and Programmes.....	50
7.2.5.	Challenges and Way Forward.....	50
7.2.6	Interdependencies between Informal and Formal Sectors in the Delta States	51
7.3	EDO STATE	54
7.3.1.	Background.....	54
7.3.2	Key Findings.....	54
7.3.3.	Sectoral Composition of Informal Sector Operators	54
7.3.4.	Policies and Programmes.....	55
7.3.5.	Key Challenges and the Way Forward	55
7.3.6	Interdependencies between Informal and Formal Sectors in the Edo States	55
7.4	RIVERS STATE.....	58
7.4.1.	Background.....	58
7.4.2	Key Findings.....	58
7.4.3.	Sectoral Composition of Informal Sector Operators	59
7.4.4	Policies and Programmes.....	59
7.4.5.	Key Challenges and the Way Forward	60
7.4.6	Interdependencies between Informal and Formal Sectors in the Rivers States.....	60
SECTION EIGHT		64
PERCEPTIONS OF STAKEHOLDERS IN THE FOUR SEEFOR STATES.....		64
8.1.	Perceptions of the Union Leaders	64
8.1.1.	Objectives of the Union.....	64
8.1.2.	Range of Members in the Union	64
8.1.3.	Conditions for Registration of Members	65
8.1.4.	Kind of Support Given to Members	65
8.1.5.	Problems Facing Members' Businesses	66
8.1.6:	Strategies for Addressing Problems	66
8.1.7.	Relationship between Union and Government.....	66
8.1.8.	How the Relationship can be Strengthened	67
8.1.9.	How Members can be Assisted.....	67
8.2.	Perceptions of the Operators.....	68
8.2.1.	When the Business Started.....	68
8.2.2.	How the Business Started	69
8.2.3.	Experience Running the Business	69
8.2.4.	Reasons for Choice of Business	69
8.2.5.	Problems Encountered in the Business.....	72
8.2.6.	Prospects of the Business in the Future	72
8.2.7.	Advice to Other Operators.....	72
8.3.	Perception of Ministries, Departments and Agencies (MDAs) on their Mandates.....	73
8.3.1.	Mandates of Ministries, Departments and Agencies (MDAs) on the Informal Sector.....	73
8.3.2	Involvement of MDAs in the Registration Procedure of Informal Sector Operations	73
8.3.3.	Conditions for Registration of Informal Sector Operators.....	74
8.3.4.	Perceptions of MDAs on Availability of Legal/Regulatory Framework for Informal Sector.....	74

8.3.5.	Kinds of Support given to Informal Sector Operators.....	74
8.3.6	Policies and Programmes of the State on Informal Sector Activities.....	75
8.3.7.	Have MDAs Conducted Prior Baseline Study on Informal Sector?.....	75
8.3.8	The Challenges Facing Informal Sector in the State	75
SECTION NINE		77
INTERDEPENDENCIES WITHIN AND BETWEEN INFORMAL AND FORMAL SECTORS.....		77
9.1.	Interdependencies between Informal and Formal Sectors.....	77
9.1.1.	Backward Linkages: Purchases from Informal and Formal Sectors.....	77
9.1.2.	Forward Linkages: Sales to Formal Sectors	78
9.2.	Interdependencies within the Informal Sector	78
9.2.1.	Forward Linkages: Sales to Informal Sector.....	79
SECTION TEN.....		81
CONSTRAINTS AND INSTITUTIONAL FRAMEWORK FOR.....		81
INFORMAL SECTOR DEVELOPMENT.....		81
10.1.	Constraints on Informal Sector	81
10.2.	A Model of Informal Sector Organisation and Management.....	82
10.4	Implementation Framework	85
10.4.	Formalising the Informal Sector	86
SECTION ELEVEN.....		88
CONCLUSION AND RECOMMENDATIONS.....		88
11.1.	Conclusion.....	88
11.2.	Recommendations	89
REFERENCES.....		92

LIST OF TABLES

Table 1. 1: Social Statistics of the SEEFOR States.....	9
Table 2. 1: Socio-Demographic Characteristics of Niger Delta Region.....	10
Table 3. 1: Distributions of Coordinators and Field Assistants across the SEEFOR states.....	16
Table 4. 1: Typology of Characteristics of Informal and Formal Sector.....	18
Table 5. 1: Distribution of the Informal Sector Actors by Subsector, Gender and Settlement.....	22
Table 5.2: Distribution of the Informal Sector Actors by Nature of Business and Marital Status.....	22
Table 5.3: Size of the Informal Sector by Share of GDP, 2013.....	24
Table 5.4: Distribution of Informal Sector Actors by Nature of Business (Manufacturing).....	25
Table 5.5: Distribution of Actors by Nature of Business (Manufacturing) and State, 2014.....	25
Table 5.6: Distribution of Informal Sector Actors by Nature of Business (Technical services), 2014.....	27
Table 5.7: Distribution of Respondents by Nature of Business (Technical services) and State, 2013.....	28
Table 5.8: Distribution of Informal Sector Actors by Nature of Business (Distributive Trade), 2014.....	29
Table 5.9: Distribution of Actors by Nature of Business (Distributive Trade) and State, 2014.....	30
Table 5.10: Distribution of Enterprises by Daily Business Opening Hours.....	31
Table 5.11: Classification of Actors by Ownership of workplace.....	33
Table 5.12: Average Distance from Location of the Business Enterprise to Closest Market.....	33
Table 5.13: Distribution of Respondents by the Number of Days Opening for Business in a Month.....	33
Table 6. 1: Estimated Distribution of Total Informal Sector Employment by State.....	35
Table 6. 2: Distribution of Total Number of Owners/Employees by Type of Personnel Gender and Year (2011-2013).....	36
Table 6. 3: Total Number of Owners/Employees in the business enterprise by Type of Personnel, State and Gender in 2011.....	36
Table 6. 4: Total Number of Owners/Employees in the business enterprise by Type of Personnel, State and Gender in 2012.....	36
Table 6. 5: Total Number of Owners/Employees in the business enterprise by Type of Personnel, State and Gender in 2013.....	37
Table 6. 6: Distribution of Employment by Sector, Gender and Type of Personnel, 2011.....	37
Table 6. 7: Distribution of Employment by Sector, Gender and Type of Personnel, 2012.....	37
Table 6. 8: Distribution of Employment by Sector, Gender and Type of Personnel, 2013.....	38
Table 6. 9: Distribution of Employment by Sector and State; 2011.....	38
Table 6. 10: Distribution of Employment by Sector and State; 2012.....	39
Table 6. 11: Distribution of Employment by Sector and State; 2013.....	39
Table 6. 12: Distribution of Total Number of Owners/Employees by Gender and Age group.....	39
Table 6. 13: Total Number of Apprentices by Step Taken after Training in the last 3 years.....	40
Table 6. 14: Total Number of Owners/Employees by Mode of Training.....	40
Table 6. 15: Distribution of Respondents by the Amount used to Start the Business (N) 2014.....	41
Table 6. 16: Distribution of Respondents by their Current Capital Base (N).....	41
Table 6. 17: Distribution of Respondents by Mode of Raising Initial Capital.....	41
Table 6. 18: Distribution of Respondents by the Effect of Constraints to the Growth of their Business.....	43
Table 7. 1: Performance in Selected Indicators, 2014.....	44

Table 7. 3: Distribution of Informal Sector Actors by the Average Value of Purchases from the Formal Sector in Bayelsa State.....	46
Table 7. 4: Distribution of Informal Sector Actors by the Average Value of Sales to the Formal Sector....	47
Table 7. 5: Distribution of Informal Sector Actors by the Average Value of Purchases within the Sector...	47
Table 7. 6: Distribution of Informal Sector Actors by the Average Value of Sales to Other Informal Sector Operators	48
Table 7. 7: Performance in Selected Indicators, 2013	49
Table 7. 9: Distribution of Informal Sector Actors by the Average Value of Purchases from the Formal Sector	51
Table 7. 10: Distribution of Informal Sector Actors by the Average Value of Sales to the Formal Sector...	52
Table 7. 11: Distribution of Informal Sector Actors by the Average Value of Purchases within the Sector.	53
Table 7. 12: Distribution of Informal Sector Actors by the Average Value of Sales to Other Informal Sector Operators	53
Table 7. 13: Performance in Selected Indicators, 2013	54
Table 7. 14: Distribution of Actors by Sector in Edo State	55
Table 7. 15: Distribution of Informal Sector Actors by the Average Value of Purchases from the Formal Sector	56
Table 7. 16: Distribution of Informal Sector Actors by the Average Value of Sales to the Formal Sector...	56
Table 7. 17: Distribution of Informal Sector Actors by the Average Value of Purchases within the Sector.	57
Table 7. 18: Distribution of Informal Sector Actors by the Average Value of Sales to Other Informal Sector Operators	57
Table 7. 19: Performance in Selected Indicators, 2014	59
Table 7. 22: Distribution of Informal Sector Actors by the Average Value of Sales to the Formal Sector...	61
Table 7. 23: Distribution of Informal Sector Actors by the Average Value of Purchases within the Sector.	62
Table 7. 24: Distribution of Informal Sector Actors by the Average Value of Sales to Other Informal Sector Operators	62
Table 8. 1: Objectives of the union	64
Table 8. 2: Range of members in the union.....	65
Table 8. 3: Conditions for registration of members.....	65
Table 8. 4: Kind of support given to members.....	65
Table 8. 5: Problems facing members' businesses.....	66
Table 8. 6: Strategies use in addressing the problems	66
Table 8. 7: Relationship of union with government	67
Table 8. 8: How the relationship can be strengthened.....	67
Table 8. 9: Ways by which members can be assisted.....	68
Table 8. 10: When business started	68
Table 8. 11: How the business started	69
Table 8. 12: Experience running the business.....	69
Table 8. 13: Reasons for chosen the business	70
Table 8. 14: Problems encountered in the business.....	72
Table 8. 15: Prospects of the business for the future.....	72
Table 8. 16: Advice to other operators	73

Table 9. 1: Distribution of Informal Sector Actors by the Average Value of Purchases from the Formal Sector	77
Table 9.2: Distribution of Informal Sector Actors by the Average Value of sales to the Formal Sector	78
Table 9.3: Distribution of Informal Sector Actors by the Average Value of Purchases within the Sector....	79
Table 9. 4: Distribution of Informal Sector Actors by the Average Value of sales to the Informal Sector ...	80
Table 10. 1: Institutional Framework for Formalising the Informal Sector.....	87

LIST OF FIGURES

Figure 3. 1: Map of Nigeria showing Niger Delta and the selected states.....	15
Figure 5. 1: Distribution of informal Sector Actors by Highest Educational Qualification	23
Figure 5. 2: Pictures of Pure Water and Block Manufacturers	24
Figure 5. 3: Pictures of a Radionic and Generator Mechanic	26
Figure 5. 4: Pictures of Market Traders.....	29
Figure 5. 5: Distribution of Actors by Type of Workplace.....	31
Figure 5. 6: Distribution of Actors by Access to Infrastructural Facilities, 2014	32
Figure 5. 8: Distribution of Respondents by Motivating Factors for Establishing a Business Enterprise.....	34
Figure 6. 1: Distribution of Respondents by Keeping of Financial Records of Daily Transaction.....	42
Figure 6. 2: Distribution of Respondents by Submission of their Financial Records to any Government Agency.....	42
Figure 10. 1: Model of Informal Sector Organisation and Management.....	83
Figure 10. 2: Framework for Operating MEAC.....	86

LIST OF BOXES

Box 8.1: A passion for entrepreneurship	62
Box 8.2: Forced by personal circumstances	62

LIST OF ACRONYMS

AEA	-	Abuja Enterprise Agency
AfDB	-	African Development Bank
BoI	-	Bank of Industry
CAC	-	Cooperate Affairs Commission
CBN	-	Central Bank of Nigeria
CDD	-	Community Development Department
CIDA	-	Canadian International Development Agency
CPC	-	Consumer Protection Council
CSOs	-	Civil Society Organisations
DFIs	-	Development Finance Institutions
DMBs	-	Deposit Money Banks
DPs	-	Developmental Partners
EDC	-	Entrepreneurship Development Centres
EDP	-	Entrepreneurship Development Programme
EU	-	European Union
FAAN	-	Federal Airports Authority of Nigeria
FCT	-	Federal Capital Territory
FEAP	-	Family Economic Advancement Programme
FERMA	-	Federal Road Maintenance Agency
FIRS	-	Federal Inland Revenue Service
FMoF	-	Federal Ministry of Finance
FMoH	-	Federal Ministry of Health
GDP	-	Gross Domestic Product
GNP	-	Gross National Product
HDI	-	Human Development Index
HPAE	-	High Performing Asian Economies
IDI	-	In-depth Interview
ILO	-	International Labour Office
IRAP	-	Industrial Research Assistance Partnership
JICA	-	Japan International Cooperation Agency
LDCs	-	Less Developed Countries
LGA	-	Local Government Area
LGAs	-	Local Government Areas
M&E	-	Monitoring and Evaluation
MAC	-	Manufacturing Advisory Centre
MAS	-	Manufacturing Advisory Services
MBA	-	Masters in Business Administration
MDAs	-	Ministries, Departments and Agencies

MDF	-	Microfinance Development Fund
MEAC	-	Micro Enterprise Advisory Centre
MEDA	-	Microfinance and Enterprise Development Agency
MEP	-	Manufacturing Extension Partnership
MFBs	-	Microfinance Banks
MPR	-	Monetary Policy Rate
MSMEs	-	Micro, Small and Medium Enterprises
NACB	-	Nigerian Agricultural and Cooperative Bank
NACRDB	-	Nigeria Agricultural, Cooperative and Rural Development Bank
NAFDAC	-	National Agency for Food and Drug Administration and Control
NAPEP	-	National Poverty Eradication Programme
NASSI	-	Nigerian Association of Small Scale Industrialists
NBCI	-	Nigerian Bank for Commerce and Industry
NBS	-	National Bureau of Statistics
NDDC	-	Niger Delta Development Commission
NDE	-	National Directorate of Employment
NDRDMP	-	Niger Delta Regional Development Master Plan
NEEDS	-	National Economic Empowerment and Development Strategy
NERFUND	-	National Economic Reconstruction Fund
NETAN	-	National Electronics Technician Association of Nigeria
NEXIM	-	National Export and Import Bank
NGOs	-	Non-Governmental Organisations
NIDB	-	Nigerian Industrial Development Bank
NIMC	-	National Identity Management Commission
NIP	-	National Implementation Plan
NIPP	-	National Integrated Power Projects
NISER	-	Nigerian Institute of Social and Economic Research
NISH	-	National Integrated Survey of Households
NOA	-	National Orientation Agency
NPA	-	Nigerian Ports Authority
NPC	-	National Planning Commission
NPopC	-	National Population Commission
NQFs	-	National Qualifications Frameworks
NV 20:2020	-	Nigeria Vision 20:2020
OECD	-	Organization for Economic Cooperation and Development
OMO	-	Open Market Operations
OMPADEC	-	Oil Mineral Producing Areas Development Commission
OPS	-	Organised Private Sector
PIT	-	Personal Income Tax
R&D	-	Research and Development

RAAs	-	Research Assistants
SAP	-	Structural Adjustment Programme
SEEDS	-	State Economic Empowerment and Development Strategy
SEEFOR	-	States' Employment and Expenditure For Results
SITC	-	Standard International Trade Classification
SMBA	-	Small and Medium Business Administration
SMECGS	-	Small and Medium Enterprises Credit Guarantee Scheme
SMEDAN	-	Small and Medium Scale Enterprises Development Agency of Nigeria
SMEs	-	Small and Medium Enterprises
SMIEIS	-	Small and Medium Industries Equity Investment Scheme`
SMSEs	-	Small and Medium Scale Enterprises
SON	-	Standard Organisation of Nigeria
SPSS	-	Statistical Package for the Social Sciences
SSA	-	Sub-Saharan Africa
SSCS	-	Small-scale Credit Schemes
SSE	-	Small-scale Enterprises
SSSC	-	Senior Secondary School Certificate
TA	-	Transformation Agenda
TIC	-	Technology Incubation Centre
ToR	-	Terms of Reference
UNDP	-	United Nations Development Programme
UNIDO	-	United Nations Industrial Development Organisation
VAT	-	Value-added Tax
WEP	-	World Employment Programme

EXECUTIVE SUMMARY

Background, Objectives and Purpose

The informal sector plays a significant role in the economy of the Niger Delta region, employing by some estimates up to 80 per cent of households in the region (REFERENCE). The broader development challenge of the Niger Delta inspired the setting up of several institutions by the Federal Government to address the developmental challenges of the region. These institutional responses have however not addressed in a sustainable manner, the problems of the region. As part of efforts to accelerate the development of the region, the State Employment and Expenditure for Results (SEEFOR) project was inceptioned in 2013 with funding support from the World Bank and European Union and counterpart contributions from the participating states of Bayelsa, Delta, Edo and Rivers. The objectives of SEEFOR are to enhance opportunities for employment and access to socioeconomic services while improving expenditure management systems of the participating states. A dynamic and robust informal sector can contribute to the realization of these objectives due to its capacity to generate employment, create wealth, reduce poverty and foster economic growth and development. Despite the recognition of the importance of informal sector activities to the transformation of the economies of SEEFOR states, no recent comprehensive assessment of the informal sector has been made with particular attention to its characteristics (inclusive of institutions and networks), development potentials, linkages within and between the sectors as well as the formal economy. The broad objective of this study therefore, is to characterize the informal sector of the SEEFOR States and assess its current and potential contributions to economic development in these states.

Approach to the Study

This study was inspired by the observation that the informal sector in the SEEFOR states plays an important role in providing employment, reducing poverty and promoting economic development. Thus, in furtherance of efforts to achieve the development agenda of these states, an understanding of the types of informal sector activities, their magnitudes and employment potentials are considered pertinent. The Nigerian Institute of Social and Economic Research (NISER), Ibadan, was charged with the responsibility of conducting the study. The research team was drawn from the Institute's research staff. The study was carried out in the SEEFOR States of Bayelsa, Delta, Edo and Rivers.

The study began with an extensive review of conceptual issues, relevant literature and methods; mapping of informal sector activities in the SEEFOR States and identification of clusters; development of survey instruments (questionnaire and in-depth interview guides) and development of concept note and draft proposal.

The survey commenced in December, 2014. This involved the collection of primary and secondary data. Primary data was collected through the administration of a structured questionnaire and conduct of in-depth interviews (IDIs). The structured questionnaire obtained data on a range of issues including ownership, mode of entry, employment, start-up capital, cost of production, profit, linkages with the formal sector, etc. The sectors covered were distributive trade,

manufacturing, and technical services. In each of the four states, 400 copies of the questionnaire were administered making a total of 1600. A ratio of 70 to 30 was applied for distributing the questionnaire to urban and rural local government areas. Secondary data was collected from states' Ministries of Trade, Commerce and Industry, Sector unions/associations and other stakeholders such as the National Directorates of Employment offices in the states..

In terms of quality control, scrupulous efforts were made to ensure that experienced and competent people were recruited as research assistants and monitors. Moreover, two-level training programmes were organised for the field officers. The first-level training tagged 'Train the Trainer' was targeted at the field coordinators. The second-level training for the field assistants was conducted by the field coordinators at the states and local government areas on the first day of the field activity. A working knowledge of the local language by the field assistants was a requirement for their recruitment which ensured accurate construal of questions and enhanced communications between the actors and the interviewers.

A Stakeholders' Validation Workshop was held in Asaba on 4th March, 2015. The objectives of the workshop were to: (i) present the draft report of the study (ii) consider and adopt the report. Participants at the Workshop were drawn from the SEEFOR States, relevant Federal Ministries, Departments and Agencies (MDAs), other state Government representatives, Development Partners (DPs) and the Academia.

Key Findings

- a) The size of the informal sector, in terms of contribution to the GDP, in the four SEEFOR states averaged 34.89 per cent. The average annual income of the operators ranged between N1.85 million in Edo State to N3.51 million in Rivers State, and averaged about N2.46 million for all states. The value-added of the informal sector ranged from N848.92 billion in Bayelsa State to N2,106.00 billion in Rivers State. Thus, the estimated share of the sector in GDP ranged between 20.35 per cent in Rivers State and 64.65 per cent in Bayelsa State and averaged 34.89 per cent.
- b) The estimated total employment in the informal sector in the four SEEFOR states is 6,245,418.92. This was derived from 1,600 sampled informal sector operators in the four states which generated 5,389 jobs, translating to employment of 3.4 persons per operator. Given the total number of informal sector actors in the four states estimated at 1,865,510 the estimated total employment in the states is 6,245,418.92. The breakdown of estimated employment by state shows that Edo State has the highest informal sector employment of 1,944,600, while Bayelsa has the least employment of 847,490.
- c) In general, there are significant interdependencies between the formal and informal as well as within the informal sectors. These linkages are evident for raw materials, intermediate and capital inputs as well as for finished products. For instance, over two-third of the informal sector actors purchased raw materials worth between N1,000 and N49,999 weekly from formal sector firms, while over two-fifth of the actors sourced their machinery and equipment costing over N50,000 from the formal sector. Further, three-fifth of the actors supplied raw materials worth between N1,000 and N49,999 to other informal sector

enterprises per week, while almost half of the informal sector actors bought major finished products worth N50,000 and above from other actors within the sector weekly in the same period.

- d) Lack of access to credit and inadequate electricity supply are the most severe constraints to the growth of informal sector enterprises in the opinion of the operatives. Some other constraints are insecurity, poor transportation and multiple taxes. Improvement in electricity supply, provision of adequate security and reduction in taxes top the list of suggestions by the actors to encourage growth of the informal sector. Other suggestions include improving access to credit, eliminating multiple taxes and reducing interest rates.

State Profile

- a. Delta State aggregate contribution to rebased GDP is N5,070.73 billion. The size of the informal sector by contribution to rebased GDP is 20.35 per cent, while estimated employment generated by the sector is 1,868,328. Mean yearly income of operators is N2,123,284.41.
- b. Bayelsa State aggregate contribution to rebased GDP is N1,313.02 billion. In terms of size of the sector by contribution to rebased GDP, the state contributed 64.65 per cent, while estimated employment generated by the sector is 359,487. Mean yearly income of operators is N2,361,487.59.
- c. Rivers State aggregate contribution to rebased GDP is N6,379,810 billion. The size of the informal sector by contribution to rebased GDP is 33.0 per cent, while estimated employment generated by the sector is 1,698,000. Mean yearly income of operators is N3,512,275.00.
- d. Edo State aggregate contribution to rebased GDP is N3,599.07 billion. The size of the informal sector by contribution to rebased GDP is 21.56 per cent, while estimated employment generated by the sector is 420,000. Mean yearly income of operators is N1,847,827.65.
- e. The most severe challenges facing informal sector operators in the sampled states include multiple taxation; inadequate electricity supply; declining sales; lack of access to credit; high cost of rentals/shops; fuel scarcity; insecurity; poor transportation; and poor storage facilities.

f.

Recommendations

Immediate/Short-term:

- (a) SMEDAN should be designated as the national coordinating agency for informal sector activities.

- (b) The Inspectorate and Enterprise Extension Services Department of SMEDAN should be renamed as Micro Enterprise Advisory Centre (MEAC) and strengthened to provide advisory services for the informal sector.
- (c) State Ministries of Commerce and Industries should be designated as a coordinating agency for informal sector operations at the state level.
- (d) SMEDAN, together with state Ministries of Commerce and Industries, should identify and access relevant sources of soft credit for informal sector operators through their unions/associations.
- (e) SMEDAN, together with Office of the Head of the State Civil Service should identify relevant knowledge centres to upgrade the skills of informal sector operators.
- (f) SMEDAN and state Ministries of Commerce and Industries should routinely collect information/data on the informal sector for policy formulation as well as monitoring and evaluation (M&E).
- (g) State Ministries of Commerce and Industries in liaison with relevant associations should carry out a comprehensive registration of informal sector operators in their respective states.
- (h) The Federal Ministry of Finance (FMoF), in collaboration with FIRS and SMEDAN, should review and reform the administration of the personal income tax system and value-added tax for the informal sector to bring them into the tax net while avoiding multiple taxes.
- (i) Similarly, State Ministries of Finance, in collaboration with their respective Boards of Internal Revenue, SMEDAN at the state level and state Ministry of Commerce and Industries, should review and reform the administration of the personal income tax system and value-added tax for the informal sector to bring them into the tax net while avoiding multiple taxes.
- (j) Development Partners (DPs) should work closely with Federal Ministry of Industry, Trade and Investment, SMEDAN and state governments to provide technical and financial support to informal sector operators.
- (k) The FMoF, CBN, OSSAP-MDGs, DPs and state governments should provide financial support for the implementation of the second and third phases of the informal sector study.

Medium- and Long-term:

- (a) The Federal Ministry of Industry, Trade and Investment should, in collaboration with relevant MDAs and state governments, pursue formalization of the informal sector as a decisive policy thrust of the government.

- (b) The size of informal sector, in terms of number of operators and relative to the GDP, should be reduced by 30 per cent by the terminal date of second NIP (2014-2017), and by 50 per cent by end of NV20:2020.
- (c) SMEDAN, in collaboration with NPC, NBS, NISER and state governments, should monitor the progress in the formalization of the informal sector on an annual basis.
- (d) SMEDAN, in liaison with the Corporate Affairs Commission (CAC), should review the condition for registration of informal sector actors with a view to making it less cumbersome and affordable.
- (e) SMEDAN, together with Office of the Head of the State Civil Service should identify relevant knowledge centres to ensure standardization and certification of informal sector operators.
- (f) Government at all levels should address the challenge of infrastructure deficit, particularly electricity and water, to facilitate the operations of informal sector.
- (g) SMEDAN should provide a link with key stakeholders, including the private sector, innovation centres and informal actors to appraise the challenges facing each platform member and proffer solutions.
- (h) The Organised Private Sector (OPS) should liberalise conditions for entry and training of informal sector operators.
- (i) The Ministry of Industry, Trade and Investment should work closely with Ministry of Information and SMEDAN to develop a communication strategy for the formalisation and development of the informal sector.
- (j) NPC, in collaboration with NISER, NBS, CBN and SMEDAN should conduct periodic study of the informal sector, at least once every five years. In this regard, adequate budgetary provision should be made to facilitate the study.

SECTION ONE INTRODUCTION

1.1. Background

The informal sector plays a significant role in the economy of the Niger Delta region of Nigeria. It contributes significantly to employment generation and poverty reduction in the region. Indeed, the sector employs about 80 per cent of households in the region and, at least, two out of every three households are involved in the informal sector (NDDC, 2004).

The broader development challenge of the Niger Delta region has inspired the Federal Government to set up a number of institutions, some of which are defunct. Some of the established institutions include the Niger Delta Development Board (NDDDB) in 1960, 1.5 per cent Committee in 1980, Oil Mineral Producing Areas Development Commission (OMPADEC) in 1992, and the Niger Delta Development Commission (NDDC) in 2000. These institutional responses have largely failed to address in a sustainable manner the problems of environmental degradation, endemic poverty and huge unemployment among the youths (Omotola, 2007).

The economies of the States' Employment and Expenditure For Results (SEEFOR) states are dominated by subsistence agriculture as the mainstay of a large segment of the population. Most of these states are oil-producing which depend heavily on revenue from the federation account (largely made up of earnings from crude oil export) to prosecute their development programmes. The various medium-term plans of these states and similar policy documents¹ have increasingly emphasised diversification of their economic bases through the provisions of incentives and infrastructure to spur entrepreneurial initiatives in general and industrial development in particular, including encouragement of micro (informal) and small enterprises.

The objectives of SEEFOR is to enhance opportunities for employment and access to socioeconomic services, while improving public expenditure management systems of the participating Niger Delta states involved in the project – Bayelsa, Delta, Edo and Rivers. . The scope of the project involves

- creation of employment for unemployed youths through value chain activities in public works such as road and drainage maintenance, waste collection and disposal;
- providing grants to technical colleges, vocational and agricultural training institutions;
- providing grants for community-driven development projects and
- supporting the public financial management reforms in these states.

The beneficiaries of the SEEFOR project are unemployed youths, technical and vocational training institutions, communities, women groups, farmers, youth organisations that can access grants, students and teachers of technical colleges as well as activity executing agencies of the states. SEEFOR is funded through the assistance of the World Bank and the European Union (EU) with

¹These include Vision and State Economic Empowerment and Development Strategy (SEEDS) documents as well as annual budgets of the states

the participating states paying counterpart funds. The implementation period of the project is five years.

A dynamic and robust informal sector can contribute significantly to the SEEFOR states' Gross Domestic Product (GDP) due to its capacity to generate employment, create wealth, reduce poverty and foster economic growth and development. Thus, self-employment which is dominant in the informal sector, has been described as a community of the poor with a potential to raise output and reduce poverty (House, 1984; Djankov, *et al.*, 2002; ILO, 2004).

1.2. Statement of the Problem

There remains considerable debate on the character and appropriate role of the informal sector in the Nigerian economy. The debate involves the right definition of the sector, its structure and contribution to employment generation, output, training, technological development and linkages with the formal sector. It also includes problems confronting the sector as well as possible remedies and government policies facilitating or inhibiting its operations.

One of the cardinal principles of the Nigerian Vision 20:2020 is to bring about rapid industrial transformation of the economy. The document also targets creating industrial clusters and enterprise zones (NPC, 2009), a policy that could impinge on the informal sector. The bulk of the oil and gas resources of Nigeria are located in the Niger Delta. Meanwhile, the Delta's abundant natural wealth stands in stark contrast to its palpable underdevelopment, high level of poverty and unemployment as well as crime in the region (Ogboi, 2003). Despite the recognition of the importance of informal sector activities to the transformation of the economies of SEEFOR states, no recent comprehensive assessment of the informal sector has been made with particular attention to its characteristics (inclusive of institutions and networks), development potentials, linkages within and between the sector as well as the formal economy.

A crucial line of inquiry is the integration of the informal into the formal sector of the economy. Several studies have studied the factors that hinder the integration of the informal sector into the formal sector, emphasising the high cost of formalisation and the lack of incentives for operating in the formal sector. Notably, little or no empirical study exists on the modalities for achieving this integration. Some studies have argued that the informal sector impedes investment and growth due to the inability of the operatives to access credit, limiting the scale of their operations and exploitation of investment opportunities (Loayza, 1996). Others view the informal sector employment as a lifeline for the poor or as a legitimate response to excessive regulation, implying positive relationship between the informal sector and investment. Thus, there is a general lack of consensus among scholars on the impact of the informal sector activities in driving economic development. The need to fill these research gaps is the *raison d'être* for the planned study.

In light of the foregoing, some pertinent research questions are:

- What is the current size and structure of the informal sector in four SEEFOR states of Bayelsa, Delta, Edo and Rivers?
- What is the estimated employment in the informal sector of these states?

- What is the extent of interdependence within the informal sector and between the informal and formal sectors of these states?
- What factors constrain the growth of informal sector activities in the economy of these states?
- What policy strategies can be designed to achieve integration of informal sector activities into the formal sector in these states?

1.3. Objectives/Terms of Reference

The broad objective of the study is to characterize the informal sector of the SEEFOR States and assess the contribution of the sector to economic development in the country.

- | | |
|--------|--|
| TOR 1 | Identify the composition, ownership and size of informal sector activities in the SEEFOR project states of Bayelsa, Delta, Edo and Rivers; |
| TOR 2 | Review all studies on informal sector in the SEEFOR states; |
| TOR 3 | Generate a compendium of informal sector statistics of the various segments of the economies of the activities in the SEEFOR project states of Bayelsa, Delta, Edo and Rivers; |
| TOR 4 | Examine interdependencies within the informal sector and with the formal sector in these states in terms of intermediate input requirements and sale of output; |
| TOR 5 | Evaluate the employment and income generating capacities of the informal sector in these states; |
| TOR 6 | Identify the linkages between the informal and formal sectors in the economy of SEEFOR states; |
| TOR 7 | Integrate and mainstream the informal sector into the future development plans of the SEEFOR states; |
| TOR 8 | Examine the roles and activities of local institutions and international agencies in the growth and development of the informal sector in the four SEEFOR states; |
| TOR 9 | Identify the limiting factors to growth and development of the informal sector in these states; |
| TOR 10 | Examine the impact of the informal sector on employment generation in the four SEEFOR states; |
| TOR 11 | Carry out a field assessment of the magnitude, contributions, prospects and implications of the informal sector to the growth of the four SEEFOR states; |
| TOR 12 | Identify relevant policy interventions that will ensure that more informal sector activities are integrated into the tax bracket in these states. |

1.4. Rationale for the Study

This study is motivated by the need for a more systematic and coherent body of knowledge on the informal sector in the four SEEFOR states of Bayelsa, Delta, Edo and Rivers and its role in the economic development of the region. In the past four decades, the problems confronting the Niger Delta region have caused increased national concern. The region produces most of the country's oil wealth which makes it an important growth engine of the Nigerian economy. Paradoxically, these vast revenues have barely alleviated the pervasive poverty across the region. The Niger Delta Human Development Index (HDI) prepared by the UNDP in 2006 concludes that the human development situation of the region was appalling. The HDI score for the region stood at a low value of 0.564 (UNDP, 2006)). While the rating put the Niger Delta at a slightly higher level than Nigeria's overall HDI score of 0.453, it is far below countries or regions with comparable oil and gas resources.

Poverty rates for the SEEFOR states range from 47 per cent in Bayelsa to 65.6 per cent in Edo (NBS, 2012) (Table 1.1). The region is also experiencing pervasive unemployment, especially among the youths and women. The 2011 unemployment rates for the SEEFOR states range from 23.9 per cent in Bayelsa to 35.7 per cent in Edo (NBS, 2012). Indeed, the economic crisis in this region, accentuated by increased exploitation of oil and gas resources, has squeezed formal sector employment and aggravated poverty levels, leading to the proliferation of informal sector activities as source of livelihoods for the vast majority of the people. Specifically, the proportion of people engaged in the informal sector in the Niger Delta region is estimated at 70 per cent (Uyigüe and Agho, 2007).

Table 1. 1: Poverty and Unemployment Rates in the SEEFOR States

State	(%)	
	Poverty Rate (2010)	Unemployment Rate (2011)
Bayelsa	47.0	23.9
Edo	65.6	35.7
Delta	63.3	27.2
Rivers	50.4	25.5

Source: National Bureau of Statistics

This study explored the potentials of the informal sector to provide incomes and livelihoods for the SEEFOR states' population, especially where formal sector employments are scarce or non-existent. While there are potentials for economic growth and development in the formal sector, it does not have infinite capacity to provide adequate livelihood opportunities for the burgeoning population of these states. This signals a potentially important role for the informal sector as an alternative source of livelihood for the populace.

The study will provide vital information on the opportunities for advancing economic development in the SEEFOR states. By providing spatially-based information on the array of informal sector activities in the states, it will offer insights into areas and activities that policies can target to stimulate the development of these states.

SECTION TWO

SITUATION ANALYSIS OF THE INFORMAL SECTOR IN SEEFOR STATES

2.1. The Niger Delta Region

The most common criterion for defining the Niger Delta is geographical location. () According to Igbuzor (2006), the Niger Delta has been described in Nigeria in at least four different ways. The first is the *natural* or *core* Niger Delta, made up of those areas that constitute the *great delta* of the River Niger that arises from the north-eastern border of Sierra Leone and flows in a great arc for 4,100 km north-east through Mali and western Niger before turning southwards to empty into the Gulf of Guinea. The states that constitute the core Niger Delta are Rivers, Bayelsa, Delta and Rivers. The second is the geopolitical Niger Delta, which consists of states in the South-South geopolitical zone of Nigeria, namely Rivers, Bayelsa, Delta, Cross River, Akwa Ibom and Edo. The third is the oil-producing Niger Delta, made up of the nine oil-producing states of Rivers, Bayelsa, Delta, Cross River, Akwa Ibom, Edo, Abia, Imo and Ondo. The fourth refers to the coastal states of Rivers, Bayelsa, Delta, Ondo, Akwa Ibom, Cross River and Edo, popularised by the setting up of the Presidential Council on Social and Economic Development of the coastal states of the Niger Delta. The definition of the Niger Delta in this report is the geopolitical zone which comprises six states. The socio-demographic characteristic of the region is presented in Table 2.1.

Table 2. 1: Socio-demographic Characteristics of Niger Delta Region

States	Land Area (kms)	Population			2010	2014
		Male	Female	Total		
Akwa Ibom	6,806	2,044,510	1,875,698	3,920,208	4,412,229	4,966,002
Bayelsa	11,007	902,648	800,710	1,703,358	1,917,144	2,157,763
Cross River	21,930	1,492,465	1,396,501	2,888,966	3,251,557	3,659,656
Delta	17,163	2,074,306	2,024,085	4,098,391	4,612,775	5,191,719
Edo	19,698	1,640,461	1,577,871	3,218,332	3,622,261	4,076,887
Rivers	10,378	2,710,665	2,474,735	5,185,400	5,836,213	6,568,710

Source: National Population Commission.

The Niger Delta region of Nigeria illustrates a development paradox with its endemic poverty in the midst of abundant human and natural resources. The acute level of poverty is reflected in the low level of human development, measured in terms of maternal deaths, child mortality, a heavy disease burden (including the increasing prevalence of malaria and HIV/AIDs), a highly-polluted environment (caused by canalisation, oil spills, gas leaks, gas flares), limited access to potable water, dilapidated schools, poor health facilities and deplorable communication networks, especially in the waterlogged areas that constitute more than one-half of the region's total landmass. Moreover, the region is experiencing pervasive unemployment, especially among the youths and women. This high level of unemployment, coupled with a strongly-felt sense of exclusion and neglect have provoked debilitating or damaging conflicts and insecurity in the

region. These challenges are gradually being addressed through programmes and projects executed by the Ministry of Niger Delta Affairs and other stakeholders operating in the region. The region also experiences poor access to water, transport, telecommunication, power and fuel, housing, poor waste management and poor educational infrastructure. Indeed, the average HDI for the Niger Delta states is 0.564 (UNDP, 2005).

Despite the dominance of oil in the region, agriculture remains the highest employer of labour. The proportions of people employed in agriculture, forestry and fishing in 2004 are 70 per cent, Industry (44.2%), trade or selling activities (17.4%), education and health (7.1%), services (9.8%), administration (5.4%), transport (2.2%), construction (2.8%), while a combination of other activities accounted for 11.1 per cent (Demography and Baseline Sector Report, 2004). There are variations among the states in respect of this. While over 50 per cent of the people are actively engaged in agriculture in Cross River and Edo states, the proportion in agricultural and other related activities in Bayelsa and Rivers states is less than 40 per cent. Trading and selling are quite significant in Akwa Ibom and Rivers states with over 20 per cent of the employed household members compared with Cross River State with less than 10 per cent of the employed.

Although the overall level of industrial development in the medium and large-scale industries sector is rather low, the Niger Delta region still hosts some key industries. These include three refineries, two petrochemical plants, one liquefied natural gas plant, two liquefied petroleum gas plants expected to start production soon, a fertiliser plant, a major steel plant and three gas-fired electric generating stations.

In the Niger Delta Region, major manufacturing plants are located predominantly in Rivers state while other states have much lesser presence of medium or large-scale industrial plants. This is due to a number of factors, such as weak economic base, overdependence on the primary sector and uncoordinated efforts to develop industry, which has deterred investors. Moreover, several of the early post-independence set of industrial firms, which had substantial government equity interests, have declined or shut down due to poor management, while a few are being privatised and reactivated by new shareholders.

2.2. The Informal Sector and Niger Delta Economy

The informal sector plays a significant role in the economy of the Niger Delta Region. At least, one out of every three households is involved in the informal sector. Over 95 per cent of the informal enterprises in the region are sole proprietorships, focusing on wholesale and retail trading, as evident on almost every street in the cities, towns and villages where traders sell a variety of wares. Some sell from shops and kiosks while others hawk products or display them in traditional open markets. A survey of 2,377 small enterprises within the Niger Delta Region found that 26 per cent are in agriculture, 30 per cent in manufacturing/ traditional crafts, 39 per cent provide tertiary services and four per cent are engaged in multiple enterprises (two or more services). About 16 per cent of the enterprises employ just one person, 45 per cent employ two to five persons, 22 per cent employ six to ten persons, while 11 per cent employ 11 to 20 persons, five per cent employ 21 to 35 people, while one per cent employ over 36 people. (NDRDMP Demography and Baseline Sectors Study, (2005).

According to Niger Delta Regional Development Master Plan (2005), the region is largely driven by the informal sector in terms of percentage of people engaged. About 80 per cent of all employed persons in the Niger Delta states, in the households surveyed for the master plan study, are engaged in the private sector, with the greater proportion working in the informal sector. The public sector, though predominant in the volume of expenditure, employs a much smaller proportion of the employed persons in Niger Delta states with the public/semi-public sector accounting for nearly ten per cent of the household members employed.

2.3. Informal Sector-related Policies and Programmes in the Niger Delta Region

A number of states in the Niger Delta region are actively involved in the promotion of policies and programmes related to the development of the informal sector. For instance, as part of efforts to create jobs for its youths, the Cross River State Government, in collaboration with the Federal Government, has injected over N1 billion, through the Microfinance and Enterprise Development Agency (MEDA), into Micro, Small and Medium Enterprises (MSMEs) across several sectors in the state. Since 2007, over 3,297 youths have directly benefited from this fund, while 10,276 youths have undergone various forms of entrepreneurial development and capacity building training/mentorship programmes. There is also a Central Bank of Nigeria (CBN) Entrepreneurial Development Centre for the South-South zone which has been operational in the region. The plan is to support youths willing to develop their entrepreneurial potentials in a sustainable manner to make them self-reliant and employers of labour. Similarly, the River State Ministry of Women Affairs trains youths in technical and vocational skills at craft development centres and industrial units. The trades include electrical installation, radio and television repairs, diesel engine repairs, draughtsmanship, painting and decorations. The Rivers State Ministry of Local Government, Chieftaincy and Community Affairs, Port Harcourt regularly organises technical and vocational training to equip the state's youths with relevant skills to enable them secure employment or establish their own businesses. The Rivers State Ministry of Education, aside from its formal educational programmes, also runs skill development programmes for informal sector operators. These programmes include adult literacy, technical and vocational training and education.

SECTION THREE

APPROACH TO THE STUDY

This section discusses the approaches to the study. It gives the full description of how the study was conceptualised, developed and implemented.

3.1. Process of the Study

This study was inspired by the observation that the informal sector in the SEEFOR states plays an important role in providing employment, reducing poverty and promoting economic development. Thus, in furtherance of efforts to achieve the development agenda of these states, an understanding of the types of informal sector activities, their magnitudes and employment potentials are considered pertinent. The Nigerian Institute of Social and Economic Research (NISER), Ibadan, was charged with the responsibility of conducting the study. Funding was provided by the NPC, and the World Bank under the SEEFOR Project. The research team was drawn from the Institute's research staff. The study was carried out in the SEEFOR States of Bayelsa, Delta, Edo and Rivers.

The study took off with an extensive review of conceptual issues, relevant literature and methods; mapping of informal sector activities in the SEEFOR States and identification of clusters; development of survey instruments (Questionnaire and In-depth interview guides) and development of concept note and draft proposal.

The Fieldwork commenced in December, 2014. This entailed the collection of primary and secondary data. Primary data was collected through the administration of a structured questionnaire and in-depth interviews (IDIs). The structured questionnaire obtained data on ownership, mode of entry, employment, start-up capital, cost of production, profit, linkages with the formal sector, etc. The sectors covered are distributive trade, manufacturing, and technical services. In each of the four states, 400 copies of the questionnaire were administered totalling 1600. A ratio of 70 to 30 was applied for the distribution to urban and rural local government areas. The secondary data was collected from States' Ministries of Trade, Commerce and Industry, Sector unions/associations and other stakeholders such as NDE. The Statistical Package for Social Scientists (SPSS) was the main statistical software employed in the analysis of the data.

In terms of quality control, scrupulous efforts were made to ensure that experienced and competent people were recruited as research assistants and monitors. Moreover, two-level training programmes were organised for all the field officers. The first-level training tagged 'Train the Trainer' was targeted at the field coordinators. The second-level training meant for the field assistants was conducted by the coordinators at the states and local government areas on the first day of the field activity. A working knowledge of the local language by the field assistants was a requirement for their recruitment which ensured accurate construal of questions and enhanced communications between the actors and the interviewers.

Stakeholders' Validation Workshop was held in Asaba on 4th of March, 2015. The objectives of the workshop were to: (i) present the draft report of the study for the states of Bayelsa, Delta, Edo and RIVERS, representing the Four SEEFOR States and (ii) consider and adopt the report. Participants at the Workshop were drawn from the SEEFOR States, relevant Federal Ministries, Departments and Agencies (MDAs), other state Government representatives, Development Partners (DPs) as well as the Academia.

3.2. Data Types and Sources

Primary and secondary data were collected for this study. Primary data were collected through interviews and questionnaire administration. The questionnaire covered issues such as business status, educational qualification of actors, ownership and products, employment, profits and income, start-up capital, cost of production, method of entry into the sector and linkages between informal and the formal sector. Secondary data were obtained from states' ministries of trade, commerce and industry, sector unions/association and other stakeholders.

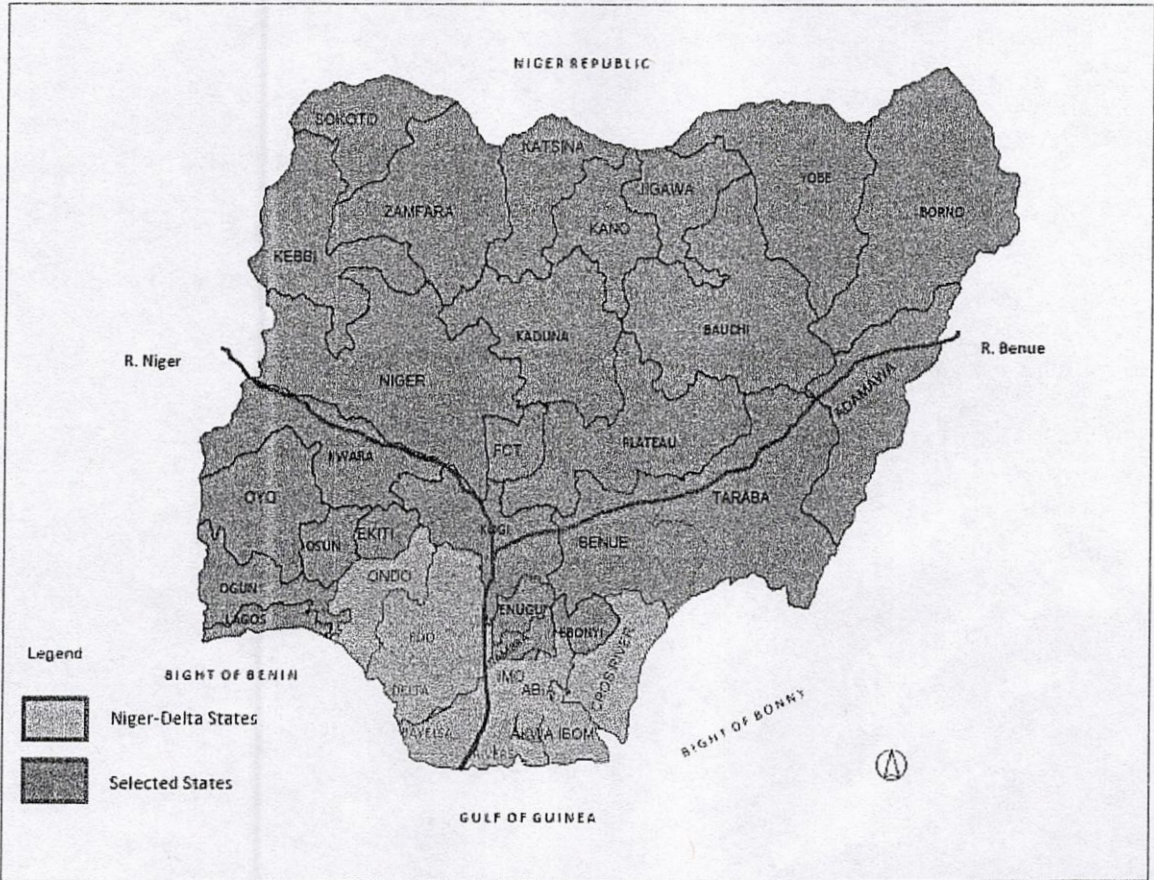
3.3. Sampling Technique and Sample Size

A two-stage sampling procedure was utilised to determine the sample size for the study. In each of the states surveyed, one urban and one rural local government area (LGA) was selected. Also in each of the four states, 400 copies of the questionnaire were administered totalling 1600. A ratio of 70 to 30 was applied for the distribution to urban and rural local government areas.

3.3.1. Study Location

The study was executed in the SEEFOR states of Bayelsa, Delta, Edo and Rivers, a component of the larger Niger Delta region of southern Nigeria. The region is made up of nine states: Edo, Akwa Ibom, Rivers, Cross Rivers, Abia, Delta, Ondo, Bayelsa and Imo. Figure 3.1 shows a map of the study area.

Figure 3. 1: Map of Nigeria Showing Niger Delta and the States



3.4. Data Collection

The main method of collecting quantitative data for this study was the use of a structured questionnaire. Qualitative data were gathered through personal contact and in-depth interviews (IDIs). In each state, 400 sets of the questionnaire were administered, totalling 1,600. The 400 sets for each state were spread across distributive trade, manufacturing, and technical services sectors. A ratio of 70 to 30 respectively was applied to the administration of the questionnaire in urban and rural LGAs. A working knowledge of the local language by the field assistants was a prerequisite for their recruitment. This ensured accurate interpretation of questions and enhanced communication between the actors and the interviewers.

Table 3. 1: Distributions of Coordinators and Field Assistants Across the SEEFOR States

S/N	State	No of LGAs	No of Coordinators	No of Field Assistants	No of Questionnaires
1	Bayelsa	2	1	10	400
2	Delta	2	1	10	400
3	Edo	2	1	10	400
4	Rivers	2	1	10	400
	Total	8	4	40	1,600

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

3.5 Data Analysis

Data generated from structured questionnaires for this study was analysed using descriptive statistics such as percentages, chart and trend analysis. The Statistical Package for Social Scientists (SPSS) was the main statistical software employed in the analysis of the data.

3.5 Project Deliverables

- ✓ A compendium of informal sector statistics for the SEEFOR states, their magnitude and overall contribution to growth and development in Nigeria.
- ✓ A policy memorandum on factors that hinder growth and entry into the informal sector in these states.
- ✓ A policy memorandum on strategies for integrating the informal sector into the formal sector of the economy of these states.

SECTION FOUR

CONCEPTUAL CLARIFICATIONS AND GLOBAL VIEW ON INFORMAL SECTOR

This section provides conceptual clarifications on the informal sector and reviews the literature on the sector.

4.1. Conceptual Clarifications

The literature on *informal sector* is fraught with terminological confusion (Harding and Jenkins, 1989). In spite of the early work by Hart (1973), the pioneering research on the informal sector is widely considered to be the report of the International Labour Office (ILO) on employment in Kenya (ILO, 1972). Though Hart's original notion of *informal sector* is limited to the *self-employed*, the introduction of the concept was able to incorporate activities that were previously ignored in theoretical models of development and national economic accounts (Swaminathan, 1991).

The early characterisation of the informal sector was decidedly negative. Some of the early phrasings of *informal sector* are the *bazaar-economy* and the *firm-centred economy* (Geertz, 1963); the wartime notion of the *black market* (Smithies, 1984); popular conceptions about the criminal *underworld*, or images of *the world turned upside down*. Feige (1989) introduces the term *underground economy*, whereas many others have labelled it subterranean, shadow, informal, hidden, parallel, black, clandestine, second, household, and so on. The generation of these concepts is explained by the simple fact that what Feige calls the "underground economy" is a mixture of multi-fold activities. This explanation clarifies, in some way, the terminological confusion that has characterised the informal sector. In addition, it illustrates why different domains (e.g., labour economics, sociology, finance, macroeconomics, statistics and criminology) give it a different meaning. It appears that no single definition of the underground economy could serve all these diverse domains (Feige, 1989).

An accurate academic meaning was not given to this phenomenon until it was analysed in 1972 by the ILO, under the name *informal sector*. Hart (1973), a social anthropologist, was the first to bring the term *informal sector* (in a Third World context) into the academic literature. He introduced the concept of the *informal sector* as a part of the urban labour force, which takes place outside of the formal labour market. Hart considered the *informal sector* as almost synonymous with the categories of small self-employed. This was thereafter typically used to refer to ways of making a living outside the formal wage economy, either as an alternative to it, or as a means of supplementing income earned from it (Bromley and Gerry, 1979). In addition, Hart distinguished formal and informal income opportunities on the basis of whether the activity entails wage or self-employment, implying that wage-earning employment is a characteristic of the formal sector only.

A number of distinguishing features defines the informal sector. They are predominantly owned by one-man, employ family labour as apprentices and do not report or make returns to government agencies, and so on. Others are ease of entry, unregulated and competitive markets, reliance on indigenous resources, family ownership of enterprises, small-scale operation, labour intensive and

adapted technology skills acquired outside the formal school system. These criteria contained in the ILO report on Kenya inspired subsequent efforts at simplification and specificity. Sethuraman (1997) elaborates the following conditions for membership of the informal sector: employment of no more than ten persons, non-application of legal and administrative regulations, employment of family members, no fixed working hours or days, no institutional loans, production intended for final consumer, less than six years of school for workers, and for certain activities, no use of mechanical and administrative energy and the peripatetic or semi-peripatetic nature of the activity.

The most pervasive view of the informal sector is his labour sponge role. Dwindling employment opportunities in the formal sector in the wake of prolonged recession in many economies have forced a large segment of the population into the fringe or periphery of the labour market. This phenomenon perhaps underpins the erroneous equation of informal sector with poverty, although, there might be intersection between both, the link is not organic. Where there is no disagreement is that informal sector activities are dominant in countries at low levels of development.

Table 4. 1: Typology of Characteristics of Informal and Formal Sectors

	Characteristics	Informal	Formal
1.	Employment of no more than 10 persons	√	
2.	Legal and administrative regulations		√
3.	Employment of family members	√	
4.	Fixed working hours or days		√
5.	Institutional loans		√
6.	Production intended for final consumer	√	√
7.	Less than six years of school for workers, and for certain activities	√	
8.	Use of mechanical and administrative energy		√
9.	Peripatetic or semi-peripatetic nature of the activity	√	
10.	Typically owned by one-man	√	
11.	Employs family labour as apprentices	√	
12.	Does not report or make returns to government agencies	√	
13.	Ease of entry	√	
14.	Unregulated and competitive markets	√	
15.	Reliance on indigenous resources	√	
16.	Family ownership of enterprises	√	
17.	Small-scale operation	√	
18.	Labour-intensive	√	
19.	Adapted technology skills acquired outside the formal school system	√	

Source: Literature Search, 2014

4.2. Literature Review

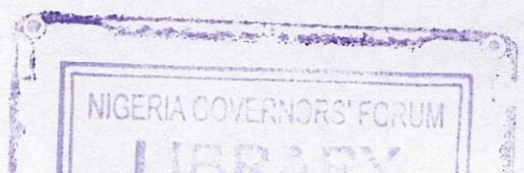
4.2.1: A Global View of the Informal Sector

The literature on informal activity sector in developing countries has expanded phenomenally, especially since the early 1970s when the sector offered some insights into a certain puzzling development in less developed countries (LDCs). Initially, ILO considered the main aim of the informal sector to be the provision of subsistence to families. It related the growth of the informal sector to its positive effects on the labour market and the distribution of income. As a consequence, it argues that solving the problems of the informal sector is only possible if the problems in these domains are solved. After this initial study, ILO carried out a number of other studies on the informal sector, bringing new developments to the field every time. One of these new developments was the recognition of a new aspect of the informal sector, its dynamism and potential for economic growth and employment.

Informal economic activities in Nigeria encompass a wide range of small-scale, largely self-employment activities, most of which are traditional occupations with old methods of production (Adamu, 1996). Others include such financial and economic endeavours of subsistence nature such as retail trade, transport, restaurant, repair services, financial intermediation and household or other personal services. According to this study, activities in the informal sector in Nigeria are difficult to measure; they are highly dynamic and contribute substantially to the general growth of the economy and personal or household income.

Informal sector activities in Nigeria is categorised in line with SITC classification, further aggregated into productive, service and financial activities (CBN/NISER/NBS, 2001). In this study, productive activities encompass all economic activities involving the production of tangible goods. They include agricultural production, mining and quarrying (excluding petroleum), small-scale manufacturing, building and construction. Specifically, they manifest in food production, woodwork, furniture making, garment making, welding and iron works, among others. The services subsector includes repairs and maintenance, informal education, health, counselling as well as labour for menial work. Repairs and maintenance services include tailoring, vehicle repairs and maintenance, tinkering, carpentry and servicing of various household and commercial tools. Informal health services, especially in the rural areas, include traditional birth attendants, herbalists and other traditional medical practitioners. There are also traditional spiritualists who offer counselling services. These services are rendered for fees paid to those who render them. The financial subsector activities are mostly underground, unofficial, irregular, informal, shadowy, and parallel.

There are several empirical studies at micro and macro levels on the nature, scope, extent and relative importance of the informal sector. Some have examined the mode of labour utilisation on the bases of conventional occupational categories: entrepreneurs, self-employed and associated workers, salaried workforce (skilled, semi-skilled and clerical workers) and unpaid workers (family workers and apprentices). Other studies have also focused on employment and training potentials of the informal sector. For instance, Simeone (1998) indicates that informal sector provides ten jobs for every one provided by formal sector employment. According to Chen (2001),



the more invisible informal workers or industrial outworkers contribute more to global trade than other sectors of the informal economy. She argues that home-based workers comprise a significant share of the workforce in key export industries, particularly those involving simple manual tasks such as labour-intensive operations, simple machine or portable technology as found in the textile, garments and footwear industry.

Informal sector activities play a significant role in absorbing the large pool of labour force in Nigeria. Fasanya and Onakoya (2012) investigated the impact of informal sector on employment generation in Nigeria during 1970 to 2010, using annual time series data. The results confirm the labour sponge role of the informal sector. The study contends that human capital formation is positively related to unemployment rate which reflects the dearth of government expenditure on education in the country. According to these contributors, in the past three decades, there has been a debate that basically asks "...whether the informal sector should really be seen as a marginalised, "survival" which mops up excess or retrenched workers or as a vibrant, entrepreneurial part of the economy which can stimulate economic growth and job creation. Sparks and Barneth (2010) submit that employment in the informal sector is no longer a journey, but has become the destination of many. In their opinion, if government aims to create jobs and reduce poverty, the informal sector must be included in poverty-reduction strategies.

The contribution of the informal sector to the economies of Third World countries is colossal. Chukwuezi (2010) explored the role of urban informal sector in the reduction of unemployment and poverty in Nigeria, he notes that apart from its employment provision role, the numerous products and services generated by the informal sector form the major supply base for consumption, especially to the poor segments of the population, at relatively cheap prices. It is also a major raw materials supplier to the formal sector. He concludes that the future lies in consciously strengthening the sector particularly through modernising its management modes and techniques.

Improving the skill of the informal sector workers is crucial to strengthening their capacity to access gainful self-employment, productivity and income. Akande and Akerele (2009) analyse skills development for the informal sector of the Nigerian economy. The study reveals that the informal sector which trains a vast majority of young people in Nigeria does so with its own resources (personal savings) while the national budget on education and training is almost exclusively spent on job training for a smaller category of young people who will struggle to find a job in the formal sector.

Although the informal sector has its challenges, especially for women, such as inaccessibility of credit, women's role in the sector is significant. Fapohunda (2012) examined the role of women in the informal sector in Nigeria, the constraints they face, and prospects for upgrading and progressively integrating them into the development process. He finds women are often denied employment opportunities in the formal sector as a result of family responsibilities, lack of skills, social and cultural barriers. Consequently, he surmises that the informal sector provides important avenues of income generation and accumulation for women, who have traditionally suffered from restricted access to formal education and formal sector employment (World Bank, 1989).

There is an ambiguous relationship between informal sector activities and level of investment in the economy. Some studies have argued that informality impedes investment and growth. This is because businesses that operate outside the tax and regulatory net have a hard time accessing credit, limiting the scale of their operations and exploitation of investment opportunities (Loayza, 1996). According to Kutcha-Helbling (2000), the informal sector facilitates undemocratic decision making and misguided policies since the sector does not have property rights, hence the participants are not empowered to influence policy making. Moreover, the existence of the informal sector not only threatens the existence of the formal sector as the latter mimics the former so as to avoid taxes but also erodes competitiveness since the remainder of the formal sector carries the weight of the tax burden. Meanwhile, Misati (2005) examined the linkage between informal sector and investment and recommends a revision of standard thinking about the role of the informal sector in development. His results show that the creation of wealth and poverty reduction in Sub-Saharan Africa (SSA) is associated with a larger informal sector.

Informal sector activities are a lifeline for the poor or a legitimate response to excessive regulation, underscoring the positive relationship between the informal sector and investment. Accordingly, informal sector activities provide the economy with a dynamic and entrepreneurial spirit, which in turn can lead to more competition, innovation, higher efficiency and increased investment (Schneider and Klingmair, 2004). According to Barro (2000), the existence of the informal market makes it possible for agents to engage in entrepreneurship or obtain scarce goods and services that otherwise would not exist.

SECTION FIVE

CHARACTERISTICS AND ACTIVITIES OF THE INFORMAL SECTOR ACTORS

This section presents the characteristics of the responding firms in the informal sector of the four SEEFOR states in this study. The discussion includes demographic characteristics of the actors, size of the sector, activities, workplace, hours of work, competition and unionisation.

5.1. Distribution of Actors in the Informal Sector

The informal sector actors for this study were equally distributed across the four SEEFOR states. The states are Bayelsa, Delta, Edo and Rivers, this implies that out of the 1,600 actors, 400 each were drawn from each selected state.

About one-half of the informal sector enterprises surveyed operate in the urban areas. Specifically, 51.5 per cent of the actors are located in the urban areas, while the remaining 48.5 per cent operate in the rural areas. This translates to 824 actors operating in the urban centres out of 1600 survey while 776 are located in the rural areas. The gender distribution of the sampled actors shows that majority of them are male. Specifically, 66.1 per cent are male while 33.9 per cent are female. In terms of the sectoral distribution, 34.9 per cent operate in the distributive trade sector, 41.8 per cent are in the technical services sector and 23.4 per cent in the manufacturing sector (Table 5.1).

Table 5. 1: Distribution of the Informal Sector Actors by Settlement, Gender and Sector

	Item	%	Item	%	Item	%
Settlement	Rural	48.5	Urban	51.5		
Gender	Male	66.1	Female	33.9		
	Distributive Trade	34.9	Technical Services	41.8	Manufacturing	23.4

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Majority of the actors (86.5 per cent) own their businesses, 5.5 per cent are employees in their respective firms, 1.3 per cent are unpaid family workers, while 2.2 per cent are apprentices. Only 0.3 per cent of them are journeymen. The marital status of the actors shows that majority of them (60%) are married, those single are 36.3 per cent, and about 1.2 per cent is divorced (Table 5.2).

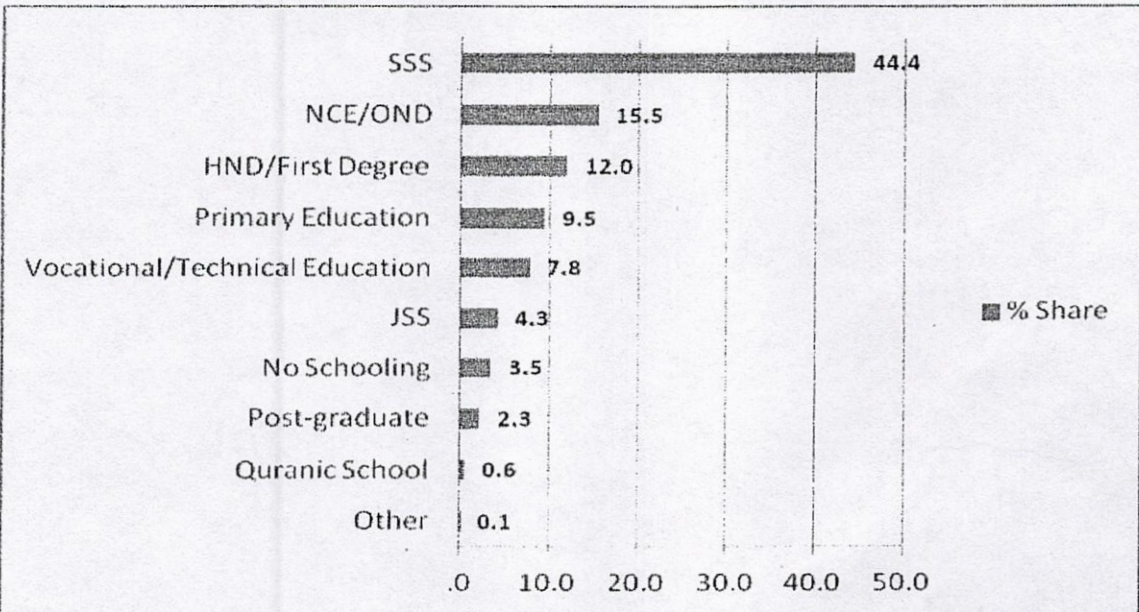
Table 5.2: Distribution of the Informal Sector Actors by Nature of Business and Marital Status

Nature of Business						
Options	Unpaid Workers	Family	Apprentices	Journeyman	Employees	Owners
%	1.3		2.2	0.3	5.5	86.5
Marital Status						
Options	Widowed	Separated	Divorced	Married	Single	
%	1	1.5	1.2	60	36.3	

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

The highest educational qualification of the surveyed actors is Senior Secondary School Certificate (SSSC). Specifically, 44.4 per cent of them hold SSSC, 15.5 per cent are holders of National Certificate of Education (NCE) or Ordinary National Diploma (OND). Some 12 per cent of them have Higher National Diploma (HND) or First Degree. Those that have Vocational or Technical Education and Primary School Leaving Certificate are 7.8 per cent and 9.5 per cent respectively. Those with Junior Secondary School Certificate and Quranic Certificate are respectively 4.3 per cent and 0.6 per cent, while 3.5 per cent have no formal education. This suggests that most of the informal sector operatives are secondary school certificate holders (Figure 5.1).

Figure 5. 1: Distribution of informal Sector Actors by Highest Educational Qualification



Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

5.2. Size of the Informal Sector

The size of the informal sector, in terms of contribution to the GDP in the four sampled states averaged 34.89 per cent. The average annual income of the operators ranged between N1.85 million in Edo State and N3.51 million in Rivers State, with an average of about N2.46 million (Table 5.3). The value-added of the informal sector ranged from N848.92 billion in Bayelsa State to N2,106.00 billion in Rivers State. Thus, the estimated share of the sector in GDP ranged between 30.35 per cent in Rivers State and 64.65 per cent in Bayelsa State and averaged 34.89 per cent (Table 5.3).

Table 5.3: Size of the Informal Sector by Share of GDP, 2013

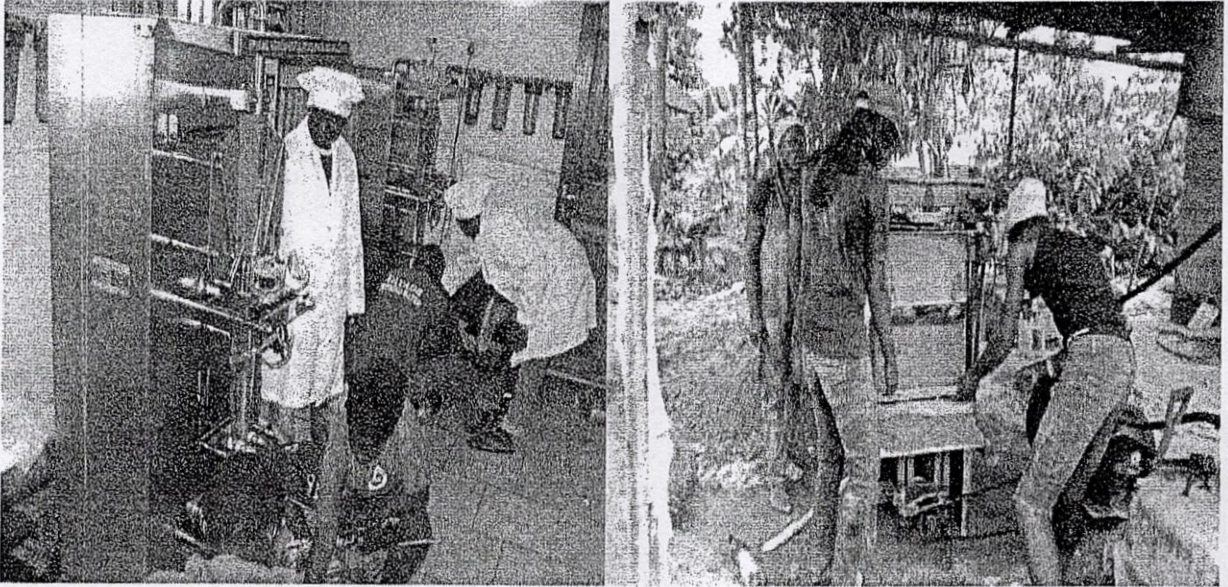
State	No. of Operators	Mean Income (N' million)	Value-Added (N' million)	Rebased GDP (N 'billion)	Share of Rebased GDP (%)
Bayelsa	359,487	2.36	848,924.09	1,313.02	64.65
Delta	486,023	2.12	1,031,965.06	5,070.73	20.35
Edo	420,000	1.85	776,087.61	3,599.07	21.56
Rivers	600,000	3.51	2,106,000.00	6,379.81	33.0
All States	1,865,510	2.46	4,762,976.76	16,362.62	34.89

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

5.3. Classification of Informal Sector Activities

Informal sector activities in the manufacturing category are classified into 17 groups. These include block making and agro-allied activities (garri, soya milk, zobo processing, etc.) constituting 18.8 per cent and 16.0 per cent, respectively. The activities also include bakery, leather products (shoemakers) and wood products which constitute 12.7 per cent, 11.9 per cent and 10.5 per cent, respectively. Others are sachet/table water manufacturing (6.9%), metal fabrication (5.2%) and other manufacturing (3.0%). Activities with low percentages in this category include beads making/jewellerys (2.8%), soap making (2.5%), cane products (2.2%), food products (2.2%), rubber and plastic products (1.7%), textile/weaving products makers (1.4%), mining/quarry (0.8%), boat building and net making (0.8%) and stone crafts (0.6%) (Table 5.4).

Figure 5. 2: Pictures of Pure Water and Block Manufacturers



Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Table 5.4: Distribution of Informal Sector Actors by Nature of Business (Manufacturing)

S/N	Manufacturing	Respondents	
		No.	per cent share
1	Block making	68	18.8
2	Agro-allied processing (Garri, Soya milk, Zobo processing, etc)	58	16.0
3	Bakery	46	12.7
4	Leather products (shoemakers)	43	11.9
5	Wood products (furniture, etc)	38	10.5
6	Sachet/table water manufacturing	25	6.9
7	Metal fabrication (furniture, etc)	19	5.2
8	Other manufacturing	11	3.0
9	Beads making/jewelleries	10	2.8
10	Soap making	9	2.5
11	Cane products (furniture, etc)	8	2.2
12	Food products	8	2.2
13	Rubber and plastic products	6	1.7
14	Textile/weaving products	5	1.4
15	Mining/ quarry	3	0.8
16	Boat building and net making	3	0.8
17	Stone crafts	2	0.6
	Total	362	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

The percentage distribution of actors by nature of business and=state for the manufacturing sector is captured in Table 5.5. The table reveals that while a significant number of actors engage in block making in Bayelsa (25.9%) and Rivers (18.3%), more actors engage in agro-allied processing activities in Edo (23.5%). Observably, more engage in block making and bakery in Delta (20.8% each).

Table 5.5: Distribution of Actors by Nature of Business (Manufacturing) and State, 2014

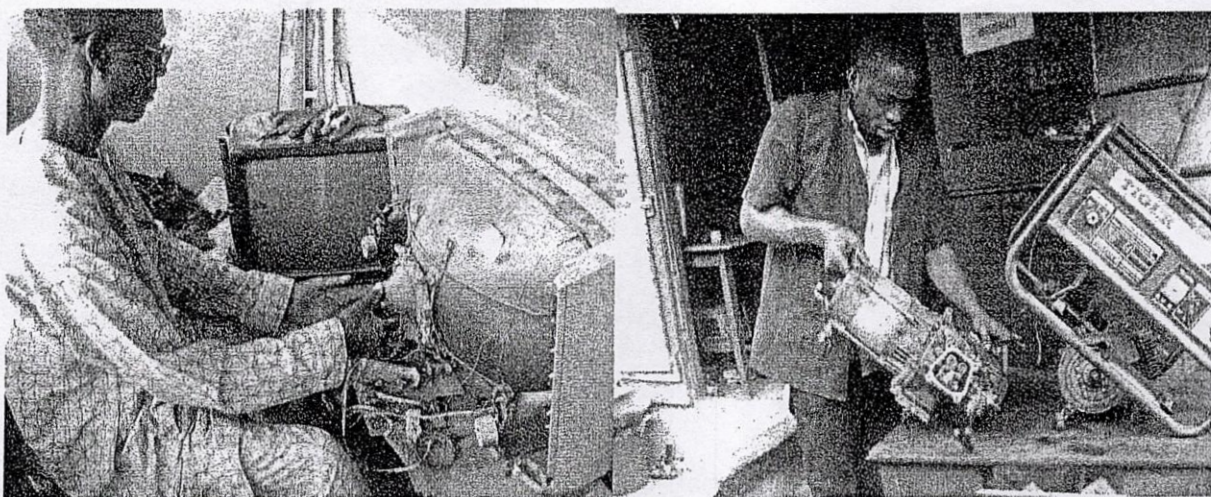
	Manufacturing	Bayelsa	Delta	Edo	Rivers	Total (%)
1	Block making	25.9	20.8	10.2	18.3	18.2
2	Agro-allied processing (Garri, Soya milk, Zobo processing, etc)	17.6	11.3	23.5	11.5	16.5
3	Bakery	9.4	20.8	9.2	15.4	12.9
4	Leather Products (Shoe makers)	12.9	7.5	12.2	13.5	12.1
5	Wood products (Furniture, etc)	10.6	11.3	17.3	5.8	11.2
6	Sachet/ Table water manufacturing	2.4	7.5	10.2	5.8	6.5
7	Metal fabrication (Furniture, etc)	9.4	1.9	2.0	7.7	5.6

8	Other Manufacturing	1.2	0.0	1.0	7.7	2.9
9	BeadsMaking/Jewelries	0.0	3.8	6.1	1.0	2.6
10	Soap making	1.2	1.9	0.0	5.8	2.4
11	Cane products (Furniture, etc)	0.0	3.8	1.0	3.8	2.1
12	Food Products	4.7	1.9	2.0	0.0	2.1
13	Rubber and Plastic Products	0.0	0.0	4.1	1.0	1.5
14	Textile/Weaving Products	0.0	3.8	0.0	1.9	1.2
15	Artwork	1.2	1.9	1.0	0.0	0.9
16	Mining/ Quarry	1.2	1.9	0.0	0.0	0.6
17	Boat Building and Net making	1.2	0.0	0.0	1.0	0.6
	Total	100.0	100.0	100.0	100.0	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

There are 23 known informal sector activity groups identified under technical services. These include hairdressing/barbing, automotive repairs (mechanics, rewiring, vulcanising, panel beating, painting, etc.), fashion designing, laundry and dry cleaning services, electronic/computer/gsm repairs, car wash and transport operations (taxi, buses, Okada, keke) constituting 16.0 per cent, 11.7 per cent, 8.8 per cent, 7.8 per cent, 7.0 per cent, 5.9 per cent and 5.5 per cent, respectively. Others are generator repairs, business centres (photocopying/typing/café), welding and frame cutting, decorator/event covering and radio/TV repairs with percentages of 5.1, 4.4, 4.1, 3.9, and 3.3, respectively. Some other activities with low percentages in this category include printing, photography, other technical services, footwear repairs, refrigerator/air conditional repairs, plumbing/pipe fittings, masonry/carpentry, bricklaying, blacksmith/goldsmith, bicycle/motorcycle repairs and artwork (Table 5.6).

Figure 5. 3: Pictures of a Radio and Generator Mechanic



Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Table 5.6: Distribution of Informal Sector Actors by Nature of Business (Technical services), 2014

S/N	Technical services	Respondents	
		No.	per cent share
1	Hairdressing/barbing	98	16.0
2	Automobile repairs (mechanics, rewire, vulcaniser, panel beater, painter etc),	72	11.7
3	Fashion designer	54	8.8
4	Laundry and dry cleaning services	48	7.8
5	Electronic/computer/GSM repairs	43	7.0
6	Car wash	36	5.9
7	Transport operators (Taxi, Buses, Okada, Keke)	34	5.5
8	Generator repairs	31	5.1
9	Business centre (photocopying/typing/cafe)	27	4.4
10	Welder and frame cutters	25	4.1
11	Decorator/event covering	24	3.9
12	Radio/TV repairs	20	3.3
13	Printing	15	2.4
14	Photographing	13	2.1
15	Other technical services	12	2.0
16	Footwear repairs	12	2.0
17	Refrigerator/Air conditional repairs	11	1.8
18	Plumbing/pipe fittings	10	1.6
19	Masonry/ carpentry	9	1.5
20	Brick laying	8	1.3
21	Blacksmith/goldsmith	5	0.8
22	Bicycle/ motorcycle repairs	3	0.5
23	Artwork	3	0.5
	Total	613	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

In terms of distribution of actors by technical services, Table 5.7 is incisive. The table reveals that while more actors engage in automobile repairs (mechanics, rewiring, vulcanising, panel beating, painting etc.) in Bayelsa (15.2%), more engage in hairdressing/barbing in Delta (24.4%), yet more actors engage in fashion designing in Rivers (14.4%) and Delta (7.5%), respectively.

Table 5.7: Distribution of Respondents by Nature of Business (Technical services) and State, 2013

	Technical Services	Bayelsa	Delta	Edo	Rivers	Total (%)
1	Hairdressing/Barbing	14.6	24.4	5.8	13.9	14.3
2	Automobile repairs (mechanics, rewire, vulcaniser, panel beater, painter etc),	15.2	6.9	5.3	13.9	10.3
3	Restaurants	6.2	17.5	10.1	7.8	10.2
4	Fashion designing	5.6	7.5	6.3	14.4	8.5
5	Laundry and dry cleaning services	4.5	6.9	13.2	3.3	7.1
6	Electronic/computer/GSM repairs	5.1	3.8	7.4	9.4	6.5
7	Car wash	2.8	1.9	13.2	1.7	5.1
8	Transport operators (Taxi, Buses, Okada, Keke)	9.0	5.0	2.1	3.3	4.8
9	Generator repairs	5.6	3.1	2.1	7.8	4.7
10	Welding and frame cutting	4.5	3.1	5.8	3.9	4.4
11	Business centre (photocopying/typing/cafe)	3.4	6.9	6.9	0.0	4.2
12	Decorator/event covering	0.6	3.1	7.4	2.2	3.4
13	Radio/TV repairs	3.9	1.9	0.5	5.6	3.0
14	Photography	2.2	.6	2.6	1.7	1.8
15	Other technical services	3.4	.6	0.5	2.2	1.7
16	Footwear repairs	1.1	2.5	1.6	1.7	1.7
17	Refrigerator/air conditional repairs	1.7	.0	2.6	1.7	1.6
18	Plumbing/ pipe fittings	2.8	.6	0.5	1.7	1.4
19	Masonry/ carpentry	1.7	.6	0.5	2.2	1.3
20	Printing	3.4	2.5	0.5	1.1	1.8
21	Brick laying	2.2	.0	2.1	0.0	1.1
22	Blacksmith/goldsmith	0.0	.0	2.1	0.6	0.7
23	Bicycle/ motorcycle repairs	0.6	.6	0.5	0.0	0.4
	Total	100.0	100.0	100.0	100.0	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

There are 20 informal sector activity groups identified in the distributive trade category. These include supermarket/provision, restaurant, other distributive trade, food stuff, building materials, sales of phone accessories, patent medicine, textile and wearing apparel and electronics/electrical which constitutes 16.8 per cent, 12.5 per cent, 10.4 per cent, 10.1 per cent, 8.6 per cent, 7.7 per cent, 7.2 per cent, 5.9 per cent and 4.2 per cent, respectively. Others are games/viewing centre, computer software and hardware, spare parts, plastics and rubber products, agro-allied, chemical and charcoal products, boutiques/cosmetics/beatification, and gas refilling/kerosene/engine oil with percentages of 3.4, 2.8, 2.8, 2.3, 1.3, 1.2 and 1.2, respectively. Some other activities with low percentages in this category include furniture and fittings, lottery agents, coal and charcoal and fabricated metal products (Table 5.8).

Figure 5. 4: Pictures of Market Traders



Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Table 5.8: Distribution of Informal Sector Actors by Nature of Business (Distributive Trade), 2014

S/N	Distributive Trade	Respondents	
		No.	per cent share
1	Supermarket/ provision store	105	16.8
2	Restaurants (drinks centre)	78	12.5
3	Other distributive trade	65	10.4
4	Food stuff	63	10.1
5	Building materials	54	8.6
6	Sales of phone accessories	48	7.7
7	Patent medicine	45	7.2
8	Textile and wearing apparel	37	5.9
9	Electronics/electrical	26	4.2
10	Games/viewing centre	21	3.4
11	Computer software and hardware	19	3.0
12	Spare parts	17	2.7
13	Plastics and rubber products	14	2.2
14	Agro-allied, chemical and charcoal products	8	1.3
15	Boutiques/cosmetics/beautification	7	1.1
16	Gas refilling/kerosene/engine oil	7	1.1
17	Furniture and fittings	4	0.6
18	Lottery agents	3	0.5
19	Coal and charcoal	2	0.3
20	Fabricated metal products	2	0.3
	Total	625	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Table 5.9: Distribution of Actors by Nature of Business (Distributive Trade) and State, 2014

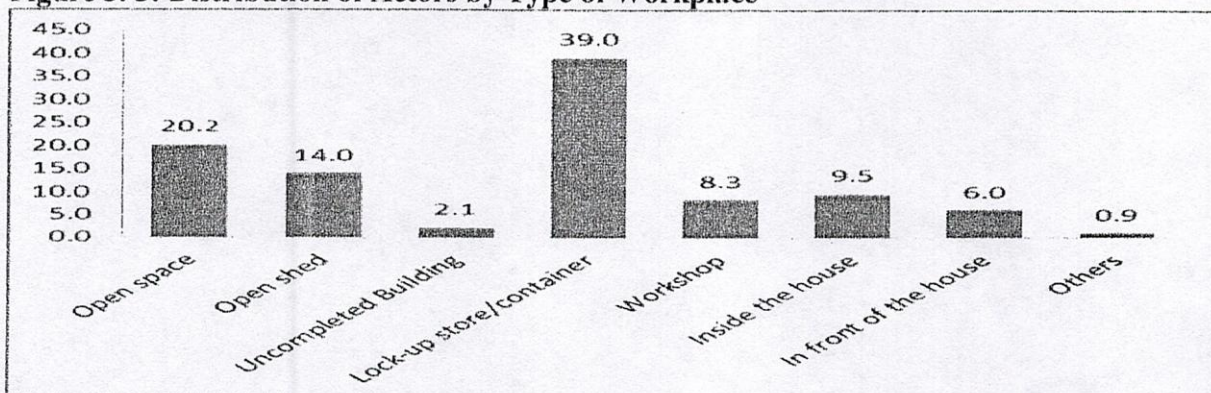
	Distributive Trade	Bayelsa	Delta	Edo	Rivers	Total (%)
1	Supermarket/ provision store	20.3	27.1	12.3	15.2	19.9
2	Other distributive trade	8.6	5.5	15.1	25.0	12.3
3	Food stuff	8.6	15.5	11.3	8.9	11.6
4	Building materials	12.5	7.2	12.3	8.9	9.9
5	Sales of phone accessories	10.2	10.5	5.7	7.1	8.7
6	Patent medicine	6.3	6.6	11.3	9.8	8.2
7	Textile and wearing apparel	7.8	9.9	1.9	2.7	6.3
8	Electronics/electrical fittings	4.7	3.9	5.7	6.3	4.9
9	Games/viewing centre	6.3	1.1	6.6	1.8	3.6
10	Computer software and hardware	3.9	1.7	5.7	2.7	3.2
11	Spare parts	2.3	2.8	4.7	3.6	3.2
12	Plastics and rubber products	3.1	1.1	3.8	3.6	2.7
13	Agro-allied, chemical and charcoal products	0.8	1.7	1.9	1.8	1.5
14	Boutiques/cosmetics/Beautification	1.6	1.7	0.0	1.8	1.3
15	Gas refilling/kerosine/engine oil	1.6	2.8	0.0	0.0	1.3
16	Furniture and fittings	0.8	0.6	0.9	0.0	0.6
17	Lottery agents	0.8	0.0	0.9	0.0	0.4
18	Coal and charcoal	0.0	0.6	0.0	0.0	0.2
19	Fabricated metal products	0.0	0.0	0.0	0.9	0.2
	Total	100.0	100.0	100.0	100.0	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

The percentage distribution of actors by nature of business and state of the distributive trade is contained in Table 5.9, which reveals that more actors engaged in supermarket/provision store in Bayelsa (20.3 per cent) and Delta (27.1%), other distributive trade in Edo (15.1%), and Rivers (25.0%) (Table 5.9).

Almost two-fifths of the informal sector actors (39.0 per cent) operate from lock-up stores, 9.5 per cent and 6.0 per cent operate inside the house and in front of the house, respectively. Some 20.2 per cent of them operate from open spaces; some 8.3 per cent and 14.0 per cent operate in workshops and open sheds, respectively, while 2.1 per cent run their businesses from uncompleted buildings (Figure 5.5).

Figure 5. 5: Distribution of Actors by Type of Workplace



Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

The informal sector actors (5.5%) open for business for 1 to 2 hours from 12am to 6am, while 17.3% of the actors open for business for 3 to 4 hours between 6.01am and 12 noon. Similarly, most of the actors (27.7%) open for business for 5 to 6 hours between 12.01pm and 6pm, while 6.3% of informal sector actors open for business for 1 to 2 hours between 6.01pm and 11.59pm. The proportion of the actors that open between 12am and 6am for business for 3 to 4 hours daily, 5 to 6 hours daily and above 6 hours daily are 0.2 per cent, 0.4 per cent and 0.2 per cent, respectively. The proportion of the actors that open between 6.01am and 12 noon for business for 1 to 2 hours daily, 5 to 6 hours daily and above 6 hours daily are 6.3 per cent, 14.4 per cent and 0.1 per cent, respectively. The proportion of the actors that open between 12.01pm and 6pm for business for 1 to 2 hours daily, 3 to 4 hours daily and above 6 hours daily are 6.3 per cent, 4.3 per cent and 1.2 per cent, respectively. Between 6.01pm and 11.59pm, 2.9 per cent open for business between 3 and 4 hours daily, 0.6 per cent opens for business from 5 to 6 hours daily, while 0.2per cent opens for business for above 6 hours daily (Table 5.10).

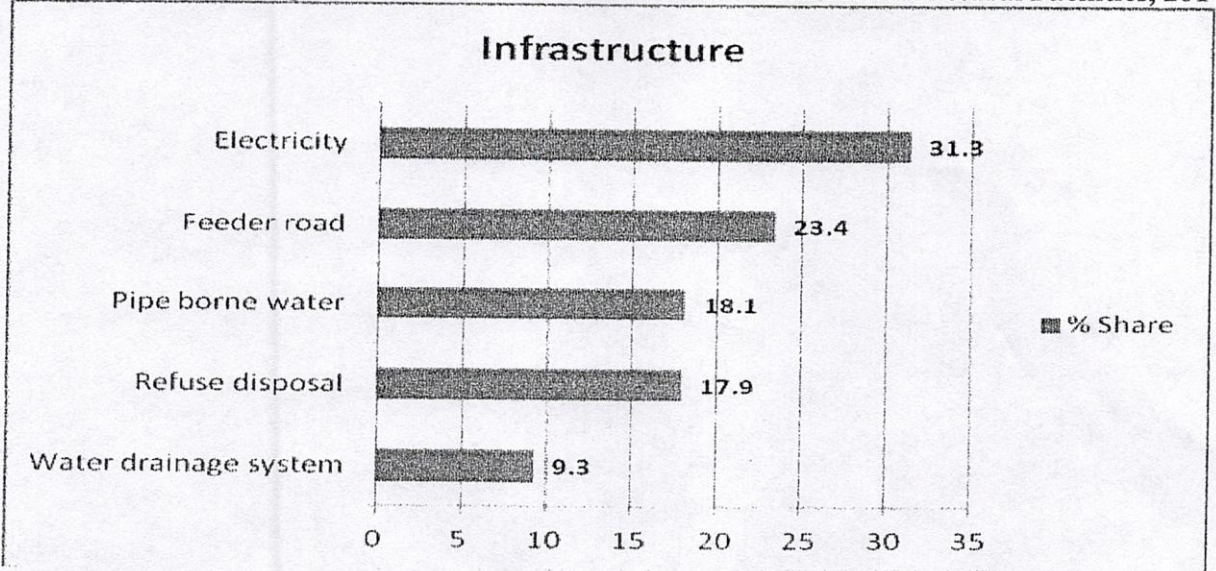
Table 5.10: Distribution of Enterprises by Daily Business Opening Hours

Period	1-2 hrs	3-4 hrs	5-6 hrs	Above 6hrs	Total
12am-6am	5.5	0.2	0.4	0.2	6.3
6.01am-12 noon	6.3	17.3	14.4	0.1	38.1
12.01pm-6pm	6.3	4.3	27.7	1.2	39.6
6.01pm-11.59pm	12.4	2.9	0.6	0.2	16.0
Total	30.6	24.7	43.1	1.6	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

There are varying degrees of access to infrastructural facilities in the workplaces. Indeed, 31.3 per cent of the actors have electricity connections, 17.9 per cent have access to refuse disposal, 23.4 per cent have access road leading to their workplaces, 9.3 per cent have access to water drainage system while 18.1 per cent have access to pipe borne water (Figure 5.6).

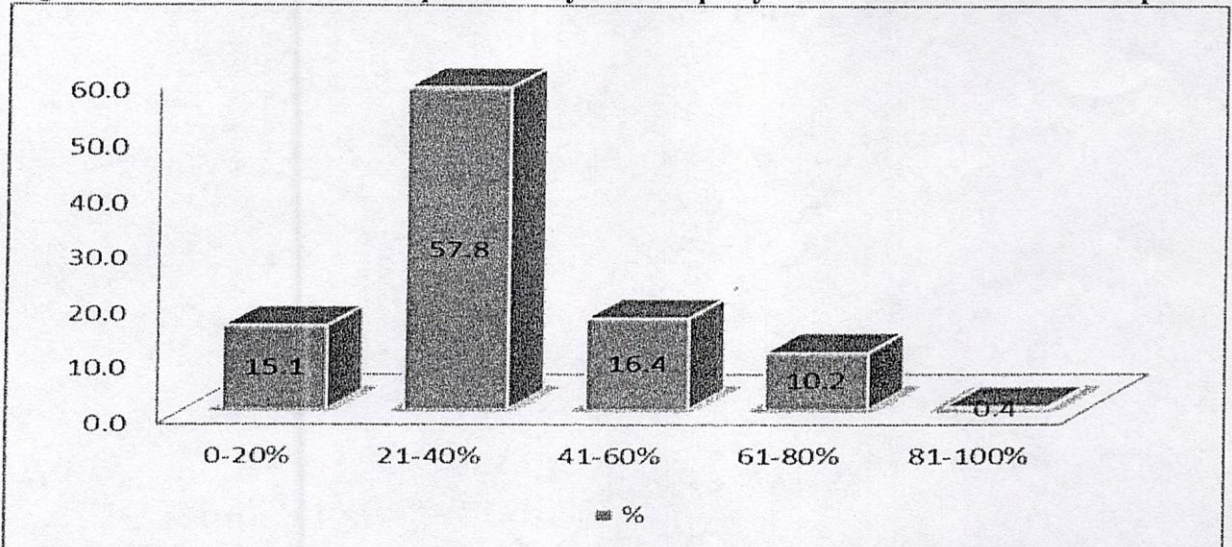
Figure 5. 6: Percentage of Actors who have Access to Selected Infrastructural Facilities, 2014



Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Majority of the informal sector operators (57.8%) rated the adequacy of facilities at workplaces between 21 per cent and 40 per cent, 15.1 per cent of the respondents rated it at between 0 per cent and 20 per cent, 16.4 per cent rated the adequacy of the facilities at between 41 per cent and 60 per cent. Only 0.4 per cent rated it at above 80 per cent (Figure 5.7).

Figure 5. 7: Distribution of Respondents by the Adequacy of the Facilities at the Workplace



Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

A significant proportion of the informal sector actors (74.4%) rented their workplaces, while 20.7 per cent owned theirs . Only 1.8 per cent of them squat and 3.1 per cent leased their workplaces (Table 5.11).

Table 5.11: Classification of Actors by Ownership and Workplace

Ownership of Workplace				
Options	Owner's Premises	Squatting	Rented	Leased
%	20.7	1.8	74.4	3.1
Options	Sole Proprietorship	Partnership	Family-Owned	Others
%	92.4	3.7	3.8	0.4

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Most of the actors (92.4%) operate as sole proprietors. 3.7 per cent are partnerships, while family-owned business accounted for 3.8 per cent. Only 0.4 per cent of the enterprises are under other form of business enterprises (Table 5.11).

A large proportion of the operators (38.8%) covers two kilometres to get to the nearest market to their business location. 12 per cent cover more than two kilometres from the location of their enterprises to the closest market. Only 24 per cent of the respondents have their business places located at less than one kilometre to the closest market. One quarter of the informal sector actors covers approximately one kilometre to get to the closest market (Table 5.12).

Table 5. 12: Average Distance from Location of the Business Enterprise to Closest Market

Distance	No.	per cent Share
Less than one kilometre	44	24.0
One kilometre	46	25.1
Two kilometres	71	38.8
More than two kilometres	22	12.0
Total	183	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Majority of the respondents opened for business from between 22 and 31 days in a month. Specifically 77.7 per cent of the actors opened for business during this number of days in January. This increased to 81 per cent in February and 92.7 per cent in March. Over 90 per cent of the operators indicated that they opened for business between 22 and 31 days from April to October. The percentage dropped marginally to 89.9 per cent in November and to 75.2 per cent in December (Table 5.13).

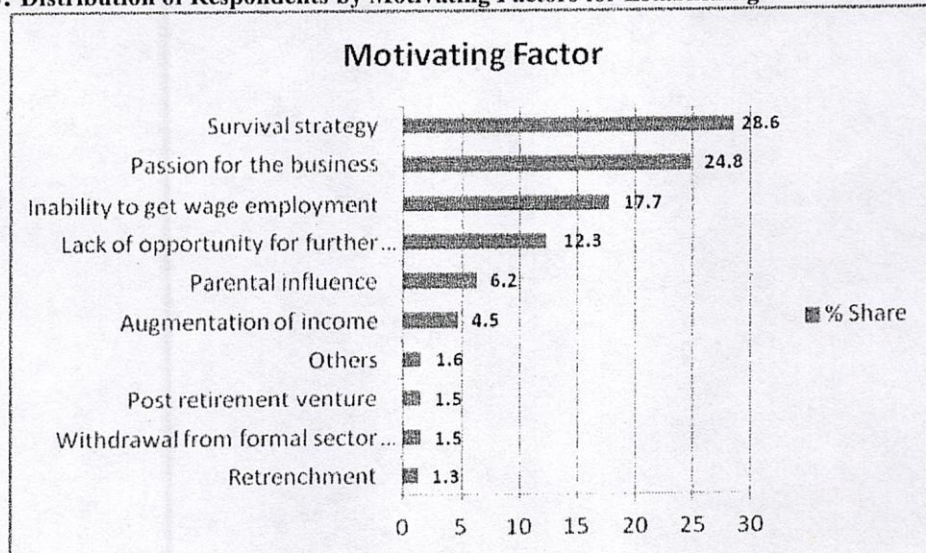
Table 5.13: Distribution of Respondents by the Number of Days Opening for Business in a Month

Months	1-7 days	8-14 days	15-21 days	22-31 days	Total (%)
January	0.6	3.6	18.1	77.7	100
February	0.1	0.5	18.2	81.1	100
March	0.0	0.3	7.1	92.7	100
April	0.1	0.3	7.1	92.5	100
May	0.0	0.2	6.1	93.7	100
June	0.0	0.8	7.8	91.4	100
July	0.2	0.9	7.1	91.8	100
August	0.0	0.5	6.6	92.9	100
September	0.0	0.4	6.6	92.9	100
October	0.1	0.3	7.3	92.3	100
November	0.7	0.3	9.1	89.9	100
December	0.2	3.2	21.3	75.2	100

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Majority of the actors (28.6%) indicated that the quest for survival was the principal motivation for setting up their businesses. About 24.8 per cent of them indicated that they opened shop because they had a flair for business. It is interesting to note that 17.7 per cent of the operators indicated that the main impulse was their inability to secure wage employment. Other reasons adduced for establishing their enterprises by the actors included parental influence, lack of opportunity for further education, augmentation of income, post retirement venture, withdrawal from formal sector job and retrenchment (Figure 5.8).

Figure 5. 8: Distribution of Respondents by Motivating Factors for Establishing a Business Enterprise



Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

SECTION SIX

INFORMAL SECTOR AND DEVELOPMENT POTENTIALS

This section analyses the development potentials of the informal sector in terms of employment creation, income (wealth) generation, capital and production structure as well as constraints to the growth of the sector.

6.1. Employment Generation

The estimated total employment in the informal sector in the four SEEFOR states is 6,245,418.92 (Table 6.1), derived from 1,600 sampled informal sector operators which generated 5,389 jobs, translating to employment of 3.4 persons per operator. Given the total number of informal sector actors in the four states, estimated at 1,865,510, the estimated total employment in the states is 6,245,418.92. The breakdown of estimated employment by state shows that Edo has the highest informal sector employment of 1,944,600 estimated while Bayelsa has the least, with 847,490.

Table 6.1: Distribution of Estimated Total Informal Sector Employment by State

	No. of Operators Sampled	No. Employed by Sampled Operators	No. Employed per Sampled Operator (2/1)	Total No. of Operators	Estimated Employment (3*4)
Delta	400	1536	3.84	486,023	1,866,328.32
Edo	400	1852	4.63	420,000	1,944,600.00
Bayelsa	400	943	2.36	359,487	847,490.60
Rivers	400	1058	2.65	600,000	1,587,000.00
All States	1,600	5389	3.37	1,865,510	6,245,418.92

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Total employment in the sampled informal sector enterprises in the SEEFOR states increased from 3,824 in 2011 to 4,207 in 2012 and to 5045 in 2013 (Tables 6.2). The gender distribution of employment during 2011 to 2013 shows, on average, a clear dominance of male relative to female across the three sectors – 65 per cent male and 35 per cent female. The distribution of employment by type of personnel during 2011 to 2013 shows that, on average, owners accounted for 30.5 per cent, paid employees 37.6 per cent, apprentices 16.3 per cent, unpaid family workers 9.95 per cent and journeymen 5.6 per cent. In 2011, total employment for the sampled enterprises in Bayelsa stood at 767, Delta was 1,058, while those of Edo and Rivers stood at 1,150 and 849, respectively (Table 6.3). In 2012, total employment for the sampled enterprises in Bayelsa, Delta, Edo and Rivers stood at 879, 1196, 1255 and 907 respectively (Table 6.4). The employment figures for the sampled enterprises for 2013 for these four states were 951, 1541, 1,592 and 961 respectively (Table 6.5).

Table 6.2: Distribution of Total Number of Owners/Employees by Type of Personnel and Gender, 2011-2013

Types of Personnel	2011			2012			2013		
	M	F	T	M	F	T	M	F	T
Owner	879	352	1231	890	405	1295	985	473	1458
Employee	867	488	1355	1067	556	1623	1258	682	1940
Journey Men	136	138	274	108	62	170	199	90	289
Apprentice	407	199	606	480	203	683	608	243	851
Unpaid family worker	178	180	358	207	229	436	227	280	507
Total	2467	1357	3824	2752	1455	4207	3277	1768	5045

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Table 6.3: Distribution of Owners/Employees by Type of Personnel, State and Gender, 2011

Types of Personnel	State														
	Bayelsa			Delta			Edo			Rivers			Total		
	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T
Owner	228	74	302	165	145	310	190	69	259	296	64	360	879	352	1231
Paid employees	185	99	284	123	141	264	357	142	499	202	106	308	867	488	1355
Journey men	12	5	17	58	52	110	61	70	131	5	11	16	136	138	274
Apprentices	65	16	81	99	103	202	149	55	204	94	25	119	407	199	606
Unpaid family workers	35	48	83	99	73	172	29	28	57	15	31	46	178	180	358
Total	525	242	767	544	514	1058	786	364	1150	612	237	849	2467	1357	3824

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Table 6.4: Distribution of Owners/Employees by Type of Personnel, State and Gender, 2012

Types of Personnel	State														
	Bayelsa			Delta			Edo			Rivers			Total		
	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T
Owner	241	84	325	184	152	336	208	77	285	257	92	349	890	405	1295
Paid employees	232	103	335	204	192	396	400	143	543	231	118	349	1067	556	1623
Journey men	13	3	16	55	48	103	29	4	33	11	7	18	108	62	170
Apprentices	72	16	88	100	74	174	214	79	293	94	34	128	480	203	683
Unpaid family workers	43	72	115	108	79	187	35	36	71	21	42	63	207	229	436
Total	601	278	879	651	545	1196	886	339	1225	614	293	907	2752	1455	4207

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Table 6.5: Distribution of Owners/Employees by Type of Personnel, State and Gender, 2013

Owners/Employees	State														
	Bayelsa			Delta			Edo			Rivers			Total		
	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T
Owner	234	103	337	247	192	439	250	89	339	254	89	343	985	473	1458
Paid employees	232	110	342	291	248	539	475	212	687	260	112	372	1258	682	1940
Journey men	22	8	30	60	52	112	95	7	102	22	23	45	199	90	289
Apprentices	98	19	117	138	85	223	264	98	362	108	41	149	608	243	851
Unpaid family workers	47	78	125	118	110	228	43	59	102	19	33	52	227	280	507
Total	633	318	951	854	687	1541	1127	465	1592	663	298	961	3277	1768	5045

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

The sector distribution shows that technical services had the highest employment of 1407 in 2011 followed by manufacturing (1,278) and distributive trade (1,139) (Table 6.6). Employment in the technical services sector stood at 1,407 and 1,406 in 2011 and 2012, respectively, employment in the distributive trade sector increased from 1,139 in 2011 to 1,343 in 2012, while employment in the manufacturing sector rose from 1,278 in 2011, to 1,458 in 2012 (Tables 6.6 and 6.7).

Table 6.6: Distribution of Employment by Sector, Gender and Type of Personnel, 2011

Personnel	Manufacturing			Technical Services			Distributive Trade			Total		
	M	F	T	M	F	T	M	F	T	M	F	T
Owner	243	69	312	354	121	475	282	162	444	879	352	1,231
Paid Employees	507	184	691	201	128	329	159	176	335	867	488	1,355
Journeymen	26	10	36	78	97	175	32	31	63	136	138	274
Apprentices	112	35	147	231	112	343	64	52	116	407	199	606
Unpaid Family Workers	52	40	92	39	46	85	87	94	181	178	180	358
	940	338	1,278	903	504	1,407	624	515	1,139	2,467	1,357	3,824

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Table 6.7: Distribution of Employment by Sector, Gender and Type of Personnel, 2012

Personnel	Manufacturing			Technical Services			Distributive Trade			Total		
	M	F	T	M	F	T	M	F	T	M	F	T
Owner	256	97	353	350	127	477	284	181	465	890	405	1,295
Paid Employees	577	228	805	208	132	340	282	196	478	1,067	556	1,623
Journeymen	35	5	40	49	28	77	24	29	53	108	62	170
Apprentices	121	28	149	279	135	414	80	40	120	480	203	683
Unpaid Family Workers	62	49	111	48	50	98	97	130	227	207	229	436
	1,051	407	1,458	934	472	1,406	767	576	1,343	2,752	1,455	4,207

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Table 6.8: Distribution of Employment by Sector, Gender and Type of Personnel, 2013

Personnel	Manufacturing			Technical Services			Distributive Trade			Total		
	M	F	T	M	F	T	M	F	T	M	F	T
Owner	265	124	389	386	142	528	334	207	541	985	473	1,458
Paid Employees	648	260	908	309	179	488	301	243	544	1,258	682	1,940
Journeymen	42	19	61	125	37	162	32	34	66	199	90	289
Apprentices	159	41	200	343	162	505	106	40	146	608	243	851
Unpaid Family Workers	75	68	143	46	67	113	106	145	251	227	280	507
	1,189	512	1,701	1,209	587	1,796	879	669	1,548	3,277	1,768	5,045

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Sectoral employment increased, in large part, in the SEEFOR states over 2011 to 2013. The distribution of employment by sector and states shows that manufacturing employment in Bayelsa State increased from 260 in 2011 to 303 in 2012 and 321 in 2013. Employment in technical services increased from 231 in 2011 to 247 in 2012, but increased to 259 in 2013 while employment in distributive trade in Bayelsa State increased from 276 in 2011 to 379 in 2012 and 371 in 2013. In Delta State, manufacturing employment rose from 169 in 2011 to 227 in 2012 and 275 in 2013. Employment in technical services in Delta State increased from 412 in 2011 to 450 in 2012 and to 570 in 2013 while employment in distributive trade increased from 477 in 2011 to 519 in 2012 and 696 in 2013. In Edo State, manufacturing employment rose from 474 in 2011 to 507 in 2012 and 600 in 2013. Employment in technical services in Edo State decreased from 491 in 2011 to 448 in 2012, but rose to 698 in 2013 while employment in distributive trade increased from 185 in 2011 to 270 in 2012 and 294 in 2013. Rivers State, manufacturing employment rose from 375 in 2011 to 421 in 2012 and 505 in 2013. Employment in technical services in Rivers State declined from 273 in 2011 to 261 in 2012, but rose to 269 in 2013 while employment in distributive trade declined from 201 in 2011 to 175 in 2012, rising to 187 in 2013 (Tables 6.9 to 6.11).

Table 6.9: Distribution of Employment by Sector and State; 2011

State	Sector			Total
	Manufacturing	Technical services	Distributive trade	
Bayelsa	260	231	276	767
Delta	169	412	477	1058
Edo	474	491	185	1150
Rivers	375	273	201	849
Total	1278	1407	1139	3824

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Table 6. 10: Distribution of Employment by Sector and State; 2012

State	Sector			Total
	Manufacturing	Technical services	Distributive trade	
Bayelsa	303	247	379	929
Delta	227	450	519	1196
Edo	507	448	270	1225
Rivers	421	261	175	857
Total	1458	1406	1343	4207

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Table 6. 11: Distribution of Employment by Sector and State; 2013

State	Sector			Total
	Manufacturing	Technical services	Distributive trade	
Bayelsa	321	259	371	951
Delta	275	570	696	1,541
Edo	600	698	294	1,592
Rivers	505	269	187	961
Total	1,701	1,796	1,548	5,045

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Majority of workers in the informal sector are in the 15 to 44 years age bracket. The ratio of this age group for owners and other workers are 70.8 and 79.2 per cent, respectively. The percentage distribution of other workers in the 45 years and above age group and less than 15 years age group are 9.0 per cent and 11.8 per cent (Table 6.12).

Table 6. 12: Distribution of Total Number of Owners/Employees by Gender and Age Group, 2014

Age group	Owner			Others			Total		
	M	F	T	M	F	T	M	F	T
Less than 15 yrs	5.8	4.5	10.2	6.1	5.7	11.8	6.0	5.3	11.3
15-44 yrs	49.1	21.7	70.8	50.1	29.1	79.2	49.8	27.0	76.8
45 yrs and above	13.3	5.6	18.9	4.9	4.2	9.0	7.3	4.6	11.9
Total	68.2	31.8	100.0	61.0	39.0	100.0	63.1	36.9	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Most of apprentices that graduated from informal sector enterprises in the last three years remained with their masters as employee/journeymen. The ratio of apprentices in this category stood at 339.9, 32.2 and 35.3 per cent in 2011, 2012 and 2013, respectively. A significant proportion of employees started their own businesses. Those in this category were 24.1, 24.4 and 24.8 per cent, respectively in 2011, 2012 and 2013. The percentage proportion of apprentices that indicated they were searching for jobs are about 19.4 in 2011, 18.2 in 2012 and 16.1 in 2013 while

10.6, 13 and 12.5 per cent of the apprentices were respectively employed in the formal sector in 2011, 2012 and 2013 (Table 6.13).

Table 6. 13: Total Number of Apprentices by Step Taken after Training in the last three years

Apprentice category	2011			2012			2013		
	M	F	T	M	F	T	M	F	T
Remained with master as employee/journey men	23.2	10.7	33.9	20.3	12.0	32.2	23.5	11.8	35.3
Started own business	17.1	7.0	24.1	15.0	9.4	24.4	15.8	9.0	24.8
Looking for job	13.6	5.8	19.4	11.4	6.9	18.2	11.0	5.1	16.1
Got formal employment	6.1	4.5	10.6	7.1	5.9	13.0	7.2	5.3	12.5
Engaged with another master as employee/journey men	6.3	5.8	12.0	6.5	5.6	12.1	6.7	4.6	11.3
Total	66.3	33.7	100.0	60.3	39.7	100.0	64.1	35.9	100.0

Source: NPC-NISER study on Informal Sector and Economic Development, 2014

An overwhelming proportion of owners/employees of the enterprises were trained by their bosses or other informal sector masters. This proportion stood at 59.9 and 51.0 per cent for owners and other employees (Paid employees and journeymen only). A relatively smaller percentage of the owners/employees were trained by the National Directorate of Employment (NDE), private and public firms and government training organisations (Table 6.14).

Table 6. 14: Total Number of Owners/Employees by Mode of Training, 2014

Mode of training	Owners			Others (Paid Employees & Journey Men Only)			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Trained by informal sector masters	46.8	13.1	59.9	36.0	15.0	51.0	40.3	14.3	54.6
Trained by NDE	3.8	3.5	7.3	4.7	4.3	9.1	4.4	4.0	8.3
Trained by firms (Private & Public)	6.2	4.2	10.4	7.5	6.2	13.6	7.0	5.4	12.4
Trained by government owned training organization (ITF, NDCC, SURE-P)	5.0	2.9	7.9	9.1	4.9	14.0	7.5	4.1	11.6
Others	4.9	9.6	14.5	7.4	4.9	12.3	6.4	6.8	13.1
Total	66.7	33.3	100.0	64.7	35.3	100.0	65.5	34.5	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014



The bulk of the actors started their business with capital worth N50, 000 and above. While 72.8 per cent of the firms fall into this category, almost 21.9 per cent of the enterprises opened shop with capital worth between N10,000 and N49,000. The current capital of most of the firms (72.8%) is valued at N50, 000 and above. (Tables 6.15 and 6.16).

Table 6. 15: Distribution of Respondents by the Amount used to Start the Business (N) 2014

Initial Capital Base	No.	% Share
Less/equal N1,000	12	0.8
Btw N1,001-N9,999	66	4.5
Btw N10,000-N49,999	324	21.9
N50,000 & Above	1,078	72.8
Total	1,480	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Table 6. 16: Distribution of Respondents by their Current Capital Base (N) 2014

Current Capital Base	No.	% Share
Less/equal N1,000	22	2.0
Btw N1,001-N9999	55	5.0
Btw N10,000-N49,999	145	13.2
Btw N50,000 & Above	877	79.8
Total	1,099	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Personal savings is ranked highest as the source of initial capital for starting a business. Next in the ranking order are loans from friends and relatives, gift from friends/relatives, micro credit from cooperative societies and loan from banks (Table 6.17).

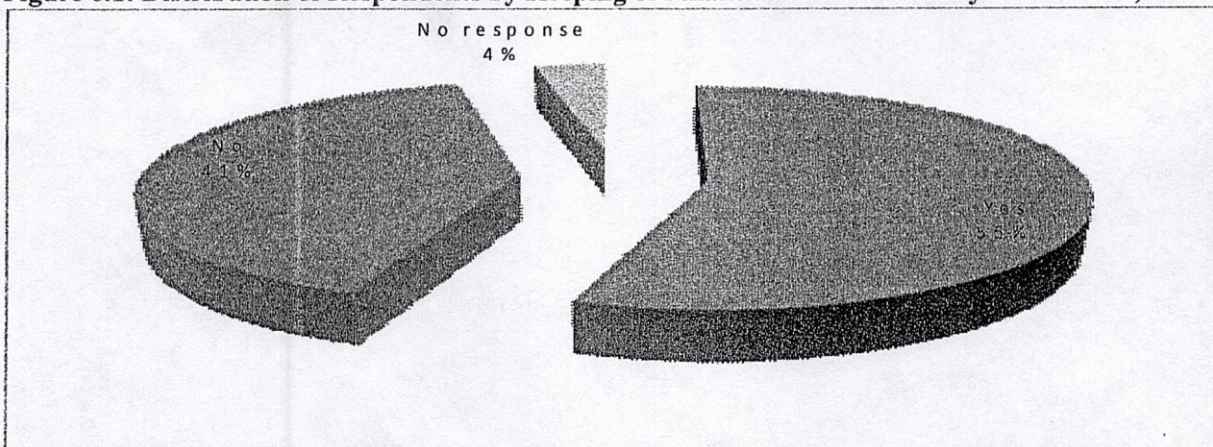
Table 6. 17: Distribution of Respondents by Mode of Raising Initial Capital, 2014

Initial Capital	Respondents	
	No.	% Share
Personal savings	1264	57.3
Loans from friends/relatives	417	18.9
Loans from bank	76	3.4
Micro Credit from co-operative society	124	5.6
Gift from friends/relatives	275	12.5
Micro Finance from Government Agencies	10	0.5
Agricultural savings	15	0.7
Remittances	17	0.8
Others	9	0.4
Total	2207	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

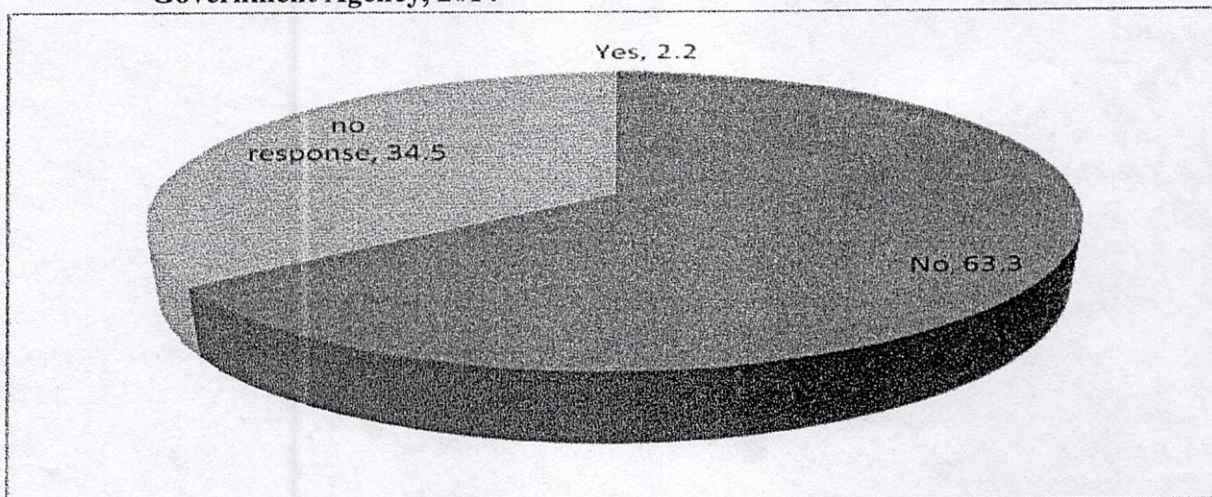
About 55 per cent of the operators keep financial record of their daily transactions (Figure 6.1). Only 2.2 per cent of them submit their financial records to a government agency (Figure 6.2). Importantly, only 10 per cent of the operators engage in other jobs outside running of their enterprises (Figure 6.3).

Figure 6.1: Distribution of Respondents by Keeping of Financial Records of Daily Transaction, 2014



Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Figure 6.2: Distribution of Respondents by Submission of their Financial Records to any Government Agency, 2014



Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

6.2 Constraints on Growth of Informal Sector Enterprises

Lack of access to credit and inadequate electricity supply are the most severe constraints on the growth of informal sector enterprises. Some of the other constraints reported are insecurity, poor transportation and multiple taxes (Table 6.18).

Table 6. 18: Distribution of Respondents by the Effect of Constraints on the Growth of their Business

Constraints	Important	
	No.	%Share
Inadequate electricity supply	1330	7.3
Lack of access to credit	1201	6.6
High cost of rentals/shops	1157	6.4
Insecurity	1153	6.4
Poor transportation	1134	6.3
Multiple taxation	1038	5.7
Inadequate water supply	1015	5.6
Lack of modern equipment	1009	5.6
High interest rate	926	5.1
Declining sales	917	5.1
Bribery and corruption	907	5.0
Scarcity of raw materials	905	5.0
Competition with other informal sector enterprises	904	5.0
Shortage of qualified manpower	876	4.8
Fuel scarcity	867	4.8
Poor storage facilities	841	4.6
High tariff	807	4.5
Competition with formal sector	804	4.4
Others	338	1.9
Total (Multiple Response)	18129	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

SECTION SEVEN
STATE PROFILE ON INFORMAL SECTOR

This section presents the profile of informal sector for the four SEEFOR states.

7.1 BAYELSA STATE

7.1.1 Background

Bayelsa State was created on 1st October, 1996 from Rivers State. Bayelsa State is located in southern Nigeria, in the core Niger Delta region. It shares boundary with Delta State in the north and Rivers State in the east and the Atlantic Ocean in the west and south. Bayelsa State has eight local government areas (LGAs) with four main languages; namely Izon, Nembe, Epie-Atissa, and Ogbia.

7.1.2 Key Findings

The state's aggregate contribution to the rebased GDP was N1,313.02 billion in 2014. In terms of size of the informal sector by contribution to rebased GDP, the state contributed 64.65%, while estimated employment generated by the sector was 359,487 and the mean yearly income of operators was about N2,361,487.59 (Table 7.1).

Table 7. 1: Performance in Selected Indicators, 2014

S/N	Indicators	
1	Rebased State GDP (N 'billion)	1,313.02
2	Share of the Informal Sector in GDP	64.65
3	Estimated Employment by the Informal Sector	847,490.60
4	Mean Yearly Income of Informal Sector Operators	N2,361,487.59

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

7.1.3. Sectoral Composition of Informal Sector Operators

In Bayelsa State, more of informal sector operators are engaged in technical service subsector (37.5%), followed by distributive trade (37.0%). The remaining 25.5 per cent are engaged in manufacturing (Table 7.2).

Table 7. 2: Distribution of Actors by Sector in Bayelsa State

Manufacturing		Technical Service		Distributive Trade		Total	
No.	%	No.	%	No.	%	No.	%
102	25.5	150	37.5	148	37.0	400	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

7.1.4. Policies and Programmes

The Ministry of Women Affairs, Yenegoa Chambers of Commerce and Industry, National Directorate of Employment (NDE) are the major ministries/agencies responsible for intervention programmes in the informal sector in Bayelsa State. The Ministry of Trade, Industry and Investment is responsible for the registration of space and business of the informal sector in the state. The policies and programmes directed at supporting the SMEs in the state include:

- Training and empowerment programmes for youths/women in technical and vocational skills.
- Establishment of micro-finance by the Ministry of Finance to assist SMEs in the state.
- Skills development programme which includes adult literacy, technical and vocational training as well as education.
- Provision of seed money /equipment (Starter Parks) by Ministry of Women Affairs and NDE.
- SME training programmes.
- SME trust fund for training and provision of soft loans to the informal sector operators.

In addition, the Bayelsa State Ministry of Women Affairs trains youth in technical and vocational skills at its craft development centres and industrial units. The different trades include electrical installation, radio and television repairs, diesel engine repairs, draughtsmanship, painting and decorations. They also conduct specialised training for traditional midwives in order to improve maternal and child health care and reduce mortality in both cases in the state.

7.1.5. Key Challenges and the Way Forward

The key challenges to informal sector development in the state as revealed by its operators include credit sales, lack of access to credit facilities/financial support, multiple taxation and incessant harassments by local government officials and uniformed men. Others are inadequate infrastructural facilities particularly irregular power supply, flood especially during raining season, declining sales; insecurity; high tariff; lack of quality modern equipment and harassment from opposite sex as well as inability to get faithful person to assist in the running of the business either in form of journeymen/apprentices/sales persons. From the perspective of the MDAs, the major challenges of informal sector development in Bayelsa State are inadequate funding, infant stage of informal sector activities, high cost of enlightening the informal sector operators because of the difficult terrain, illiteracy, lack of infrastructure and enabling environment. From policy perspective, there are only few state policies targeted at supporting informal sector actors which have been inadequate. These include provision of security and infrastructure, provision of micro-finance services and certification of quality goods, especially for palm kernel, banana, rubber for export. An investment forum was also organized by the state chambers of commerce to encourage SMEs in the state, this was insufficient to address the high level of youth unemployment in the state despite the great potentials of the sector in employment generation.

As a way forward, the state should develop informal sector specific policies, targeted at the constraints of informal sector operators in the state. In addition, conditions should be attached to the soft loans (seed money) given to the operators of the informal sector by the Women Affairs Ministry and NDE. Tax regime should also be streamlined to avoid multiplicity of taxes and

adequate infrastructure (electricity, water, road, etc) should be provided to promote the activities of the operators in the informal economy. MDA working directly with the informal sector should be empowered financially to access and monitor the operators of the informal sector, especially the Ministry of Women Affairs.

7.1.6 Interdependencies between Informal and Formal Sectors in the Bayelsa State

7.1.6.1 Backward Linkages: Purchases from Informal and Formal Sectors in Bayelsa State

Almost half of the informal sector actors purchased raw materials worth between N1,000 and N49,999 weekly from formal sector firms. While 7.7 per cent obtained raw materials worth between N1,000 and N9,999 from the formal sector on weekly basis, 38.5 per cent were supplied raw materials worth between N10,000 and N49,999 on weekly basis by the formal sector and 53.8 per cent got weekly raw materials supplies worth N50,000 and above from the formal sector (Table 7.3).

Table 7. 3: Distribution of Informal Sector Actors by the Average Value of Purchases from the Formal Sector in Bayelsa State

Category	Raw Materials	Intermediate Inputs	Machinery and Equipment	Finished Goods
Less than N1,000	0.0	0.0	15.4	0
Btw N1,000-N9,999	7.7	0.0	0.0	0
Btw N10,000-N49,999	38.5	0.0	46.2	0
N50,000 & Above	53.8	100.0	38.5	100.0
Total	100	100	100	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

All the informal sector actors obtained their intermediate inputs that worth N50,000 and above from formal sector on weekly basis.

About two-third of the actors sourced their machinery and equipment costing over N50, 000 from the formal sector, while almost one-half of the actors sourced their machinery and equipment that worth between N10,000 and N49,000 from the formal sector in Bayelsa state.

7.1.6.2 Forward Linkages: Sales to Formal Sectors in Bayelsa State

One-third of the informal sector actors sold intermediate inputs that worth between N1,000 and N9,999 to the formal sector weekly, while another two-third supplied intermediate inputs valued above N50,000 weekly to the formal sector (Table 7.4).

One half of the actors supplied machinery and equipment costing over N50, 000 to the formal sector, while another one-half of the actors sold machinery and equipment costing between N1,000 and N9,999 to the formal sector. All of the actors supplied finished product costing between N10,000 and N49,999 to the formal sector

Table 7. 4: Distribution of Informal Sector Actors by the Average Value of Sales to the Formal Sector

Category	Raw Materials	Intermediate Inputs	Machinery and Equipment	Finished Goods
Less than N1,000	0.0	0.0	0.0	0.0
Btw N1,000&N9,999	0.0	0.0	50.0	0.0
Btw N10,000&N49,999	0.0	33.3	0.0	100.0
N50,000 & Above	0.0	66.7	50.0	0.0
Total	0.0	100	100	100

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

7.1.6.3 Interdependencies within the Informal Sector in Bayelsa State

More than seven-tenth of the actors supplied raw materials that worth between N1, 000 and N49, 999 to other informal sector enterprises per week. Specifically, 13.7 per cent of the actors supplied raw materials worth less than N1,000 weekly, 42.5per cent of the actors supplied raw materials worth between N1, 000 and N9, 999 weekly while 27.9 per cent supplied raw materials worth between N10,000 and N49,999 to other informal sector actors. Further, 15.9 per cent of informal sector actors supplied raw materials valued at N50, 000 and above to their counterparts in the sector on a weekly basis (Table 7.5).

Table 7. 5: Distribution of Informal Sector Actors by the Average Value of Purchases within the Sector

Category	Raw Materials	Intermediate Inputs	Machinery and Equipment	Finished Goods
Less than N1,000	13.7	0.0	18.2	0
Btw N1,000 & N9,999	42.5	61.1	28.3	0
Btw N10,000 & N49,999	27.9	11.1	38.4	0
N50,000 & Above	15.9	27.8	15.2	0
Total	100	100	100	0.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Over three-fifth of the actor purchased intermediate inputs valued between N1,000 and N9,999on weekly basis from the informal sector. About 11.1 per cent purchased intermediate inputs valued between N10,000 and N49,999on weekly basis from the informal sector while only 27.8 per cent of the actors obtained intermediate inputs worth above N50, 000 weekly from the informal sector.

About 15 per cent of the actors sourced their machinery and equipment costing over N50, 000 from the formal sector, while about one-fifth got their machinery and equipment costing less than N1, 000 from the informal sector. 28.3 per cent of the actors purchased their machinery and equipment costing between N1, 000 and N9, 999 from the informal sector, while about 38 per cent obtained their machinery and equipment costing between N10,000 and N 49,000 from the informal sector.

7.1.6.4 Forward Linkages: Sales to Informal Sector

Almost three-fifth of the actors supplied raw materials worth between N1, 000 and N49, 999 to other informal sector enterprises per week. Specifically, 10.3 per cent of the actors supplied raw materials worth less than N1, 000 weekly, 24.1 per cent of the actors supplied raw materials worth between N1, 000 and N9, 999 weekly while 34.5 per cent supplied raw materials worth between N10, 000 and N49,999 to other informal sector actors. Further, 31 per cent of informal sector actors supplied raw materials valued at N50, 000 and above to their counterparts in the sector on a weekly basis (Table 7.6).

Table 7. 6: Distribution of Informal Sector Actors by the Average Value of Sales to Other Informal Sector Operators

Category	Raw Materials	Intermediate Inputs	Machinery and Equipment	Finished Goods
Less than N1,000	10.3	0.0	0.0	4.2
Btw N1,000&N9,999	24.1	42.9	0.0	19.2
Btw N10,000&49,999	34.5	42.9	85.7	22.5
N50,000 & Above	31.0	14.3	14.3	54.2
Total	100	100	100	100

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

42.9 per cent supplied intermediate inputs valued between N10, 000 and N49, 999 on weekly basis to the informal sector. Only 14.3 per cent of the actors sold intermediate inputs worth above N50, 000 weekly to other informal sector operators while another 42.9 per cent sold intermediate inputs costing between N1, 000 and N 9,999.

Over one-half of the actors supplied finished good costing over N50, 000 to other informal sector operators, while 19.2 per cent of the actors sold machinery and equipment costing between N1,000 and N9,999 to other informal sector operators, 22.5 per cent of the actors supplied costing between N10,000 and N49,999 within the informal sector. Only 4.2 per cent of the actors supplied finished good less than N1,000 to other informal sector operators.

14.3 per cent of the actors in informal sector sold machinery and equipment worth N50,000 and above to the formal sector's actors, while 85.7 per cent of the actors supplied machinery and equipment costing N10,000 to N49,999 to other informal sector operators.

In general, this analysis suggests significant interdependencies between the formal and informal and within the informal sectors of the Bayelsa state. These linkages are evident for the distribution of raw materials, intermediate and capital inputs as well as finished products within the sectors.

7.2. DELTA STATE

7.2.1. Background

Delta State was created out of the former Bendel State on 27th August, 1991. The state is located in the south of southern region of Nigeria with a total land area of 16,842 square kilometres (6,503 sq ml). The population of the state is 4,098,291 (male: 2,674,306; female: 2,024,085). Delta State is one of Nigeria's nine oil-producing states. Agriculture is the second-largest economic sector of the state. Poverty rate in Delta State is 63.3 per cent in 2010 relative to the national figure of 62.6 per cent. The unemployment rate for the state is 27.2 per cent (NBS, 2012) while the literacy rate is 71.2 per cent (NBS, 2010)

7.2.2. Key Findings

The state's aggregate contribution to rebased GDP was N5,070.73 billion in 2014. In terms of size of the informal sector by contribution to the rebased GDP, the state contributed 20.35 per cent, while estimated employment generated by the sector was 1,622,400. The mean yearly income of operators was N2,123,284.41 (Table 7.7).

Table 7. 7: Performance in Selected Indicators, 2013

S/N	Indicators	
1	Rebased State GDP (N 'billion)	5,070.73
2	Share of the Informal Sector in GDP	20.35%
3	Estimated employment by the Informal Sector	1,868,328
4	Mean yearly income of Informal Sector operators	2,123,284.41

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

7.2.3. Sectoral Composition of Informal Sector Operators

More of informal sector activities in Delta State are in the distributive trade (47.5%), closely followed by technical services (38.3%). The balance of 14.3 per cent is engaged in manufacturing activities (Table 7.8).

Table 7. 8: Distribution of Actors by Sector in Delta State

Manufacturing		Technical service		Distributive trade		Total	
No.	%	No.	%	No.	%	No.	%
57	14.3	153	38.3	190	47.5	400	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

7.2.4. Policies and Programmes

The principal agency responsible for interventions in the informal sector is the Delta State Ministry of Commerce and Industry. The agency has been involved in the following set of activities relevant to the informal sector.

- i. Construction of industrial estates, equipped with infrastructural facilities such as roads, water supply, electricity and drainage.
- ii. Provision of grants to informal sector operators, averaging N150, 000 to N200,000; also granting loans at 8 per cent interest per annum.
- iii. Provision of management training, especially to start up enterprises, empowering them through grants and linking them up with financial institutions for additional financial support and training, while encouraging them to form cooperatives.

The Delta State agency for poverty alleviation has empowered over 110,312 people; 10,429 groups with average of 10 members per group; 67, 861 women and 43,451 men in various crafts such as bead making, fishing, *gari* processing, aquaculture, shoe/belt making, confectionery, *akwaocha* making. The entrepreneurs are granted interest-free loan, usually below N500, 000 with a three-month moratorium and 15-month repayment period.

The Delta State Ministry of Women Affairs is involved in the training of physically challenged persons in various arts and crafts, fish farming, shoemaking, and so on, in skill acquisition centres across the state. The graduates are subsequently given starter packs (equipment) and loans in groups of ten persons at N300, 000 per group. About 200 people are empowered this way every year.

The Community Development Department (CDD) of the Ministry of Women Affairs grants N200,000 each to communities that have executed community-based projects on their own. About 20 communities have been supported this year (2014). Under the SEEFOR, the ministry is working in 19 communities, eight of which are closed to receiving a grant of N10 million (which includes one million counterpart contribution from each community), to embark on two micro projects.

7.2.5. Challenges and Way Forward

The informal sector in Delta State is confronted with numerous challenges some of which include lack of periodic baseline studies to track the structure and contribution of the informal sector to the state's economy; absence of reliable register of informal sector enterprises; inadequate infrastructure to support the growth of business; inadequate access to finance; lack of unionisation; multiple taxation and inadequate skills in organisational and financial management. Informal sector operators in the state listed their main challenges as fuel scarcity; high cost of rentals/shops; multiple taxation; declining sales; lack of access to credit; inadequate electricity supply; poor transportation; competition with formal sector and poor storage facilities.

In terms of the way forward,

- a) Delta State Ministry of Economic Planning, in collaboration with the Ministry of Commerce and Industry, should conduct a baseline study on the informal sector enterprises for the state.

- b) Delta State Ministry of Commerce and Industry should ensure periodic registration of informal sector enterprises in the state.
- c) The Delta State government, in collaboration with the state ministries of power and energy, housing, water resources, transport, works and environment, should intensify efforts in the provision of critical infrastructure such as markets, electricity, potable water and access road for informal sector actors in the state.
- d) The Delta State government should streamline existing taxes in the state to stem multiple taxing of businesses enterprises.
- e) Delta State Ministry of Commerce and Industry in collaboration with the Agency for poverty alleviation should encourage the unionisation of informal sector operators by making it a condition for accessing state support.
- f) Delta State Ministry of Commerce and Industry in collaboration with the directorate of science and technology should provide more skill acquisition centres for entrepreneurial and vocational training in the state.
- g) Delta State Ministry of Commerce and Industry in collaboration with Agency for Poverty Alleviation and SMEDAN at state level, should provide micro-credit facilities to informal sector operators

7.2.6 Interdependencies between Informal and Formal Sectors in the Delta States

7.2.6.1 Backward Linkages: Purchases from Informal and Formal Sectors in Delta State

Almost one-half of the informal sector actors purchased raw materials worth between N1,000 and N49,999 weekly from formal sector firms. While 11.1 per cent obtained raw materials worth between N1,000 and N9,999 from the formal sector on weekly basis, 36.1 per cent were supplied raw materials worth between N10,000 and N49,999 on weekly basis by the formal sector and 33.3 per cent got weekly raw materials supplies worth N50,000 and above from the formal sector (Table 7.9).

Table 7. 9: Distribution of Informal Sector Actors by the Average Value of Purchases from the Formal Sector

Category	Raw Materials	Intermediate Inputs	Machinery and Equipment	Finished Goods
Less than N1,000	19.4	40.0	0.0	0
Btw N1,000-N9,999	11.1	0.0	22.2	0
Btw N10,000-N49,999	36.1	20.0	33.3	0
N50,000 & Above	33.3	40.0	44.4	100.0
Total	100	100	100	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Two-fifth of the informal sector actors obtained their intermediate inputs that are less than N1,000 from the formal sector weekly while about 20 per cent purchased intermediate inputs valued between N10,000 and N49,999 on weekly basis from the informal sector. Another two-fifth of the actors obtained intermediate inputs worth above N50,000 weekly from the formal sector.

More than two-fifth of the actors sourced their machinery and equipment costing over N50, 000 from the formal sector, while about one-fifth of the actors sourced their machinery and equipment at less than N1, 000 from the formal sector. One-third of the actors sourced their machinery and equipment that worth between N10,000 and N49,000 from the formal sector.

7.2.6.2 Forward Linkages: Sales to Formal Sectors

More than three-fifth of the informal sector actors sold raw materials worth between N1,000 and N49,999 weekly to formal sector firms. While 27.3 per cent of them sold raw materials worth between N1,000 and N9,999 to the formal sector on weekly basis, 36.4 per cent supplied raw materials worth between N10,000 and N49,999 on weekly basis to the formal sector and 18.2 per cent supplied raw materials worth N50,000 and above to the formal sector. Another 18.2 per cent supplied raw materials worth less than N1,000 to the formal sector (Table 7.10).

All of the informal sector actors sold intermediate inputs less than N1, 000 to the formal sector weekly. One-third of the actors supplied machinery and equipment valued between N1, 000 and N9,999 on weekly basis to the informal sector, while two-third of the actors sold machinery and equipment that worth above N50,000 weekly to the formal sector. All of the informal sector actors sold finished goods worth between N1,000 and N9,999 to the formal sector weekly.

Table 7. 10: Distribution of Informal Sector Actors by the Average Value of Sales to the Formal Sector

Category	Raw Materials	Intermediate Inputs	Machinery and Equipment	Finished Goods
Less than N1,000	18.2	100.0	0.0	0.0
Btw N1,000&N9,999	27.3	0.0	33.3	100.0
Btw N10,000&N49,999	36.4	0.0	0.0	0.0
N50,000 & Above	18.2	0.0	66.7	0.0
Total	100	100	100	100

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

7.2.6.3 Interdependencies within the Informal Sector in Delta State

More than three-fifth of the actors supplied raw materials that worth between N1, 000 and N49, 999 to other informal sector enterprises per week. Specifically, 16.7 per cent of the actors supplied raw materials worth less than N1,000 weekly, 27.8 per cent of the actors supplied raw materials worth between N1, 000 and N9, 999 weekly while one-third of the actors supplied raw materials worth between N10,000 and N49,999 to other informal sector actors. Further, 13.9 per cent of informal sector actors supplied raw materials valued at N50, 000 and above to their counterparts in the sector on a weekly basis (Table 7.11).

Table 7. 11: Distribution of Informal Sector Actors by the Average Value of Purchases within the Sector

Category	Raw Materials	Intermediate Inputs	Machinery and Equipment	Finished Goods
Less than N1,000	16.7	44.1	38.2	0
Btw N1,000 & N9,999	27.8	50.0	14.7	0
Btw N10,000 & N49,999	33.3	5.9	38.2	0
N50,000 & Above	13.9	0.0	8.8	0
Total	100	100	100	0.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Over two-fifth of the informal sector actors obtained their intermediate inputs of less than N1,000 from the informal sector weekly, while one-half purchased intermediate inputs valued between N1,000 and N9,999 on weekly basis from the informal sector. Only 5.9 per cent purchased intermediate inputs valued between N10,000 and N49,999 on weekly basis from the informal sector.

Only 8.8 per cent of the actors sourced their machinery and equipment costing over N50, 000 from the formal sector, while about two-fifth got their machinery and equipment costing less than N1, 000 from the informal sector. 14.7 per cent of the actors purchased their machinery and equipment costing between N1, 000 and N9, 999 from the informal sector, while about 38.2 per cent obtained their machinery and equipment costing between N10,000 and N49,999 from the informal sector.

7.2.6.4 Forward Linkages: Sales to Informal Sector

Half of the actors supplied raw materials worth between N1, 000 and N49, 999 to other informal sector enterprises per week. Specifically, 12.5 per cent of the actors supplied raw materials worth less than N1, 000 weekly, one-quarter of the actors supplied raw materials worth between N1, 000 and N9, 999 weekly while another one-quarter supplied raw materials worth between N10, 000 and N49,999 to other informal sector actors. Further, 37.5 per cent of informal sector actors supplied raw materials valued at N50, 000 and above to their counterparts in the sector on a weekly basis (Table 7.12).

Table 7. 12: Distribution of Informal Sector Actors by the Average Value of Sales to Other Informal Sector Operators

Category	Raw Materials	Intermediate Inputs	Machinery and Equipment	Finished Goods
Less than N1,000	12.5	100.0	0.0	0.0
Btw N1,000&N9,999	25.0	0.0	0.0	28.1
Btw N10,000&49,999	25.0	0.0	0.0	28.1
N50,000 & Above	37.5	0.0	0.0	43.8
Total	100	100	0.0	100

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014



All of the informal sector actors sold intermediate inputs less than N1, 000 to the informal sector weekly. 28.1 per cent of the informal sector actors sold finished good that worth between N1, 000 and N9,999 to the informal sector weekly, while another 28.1 per cent supplied finished goods valued between N10, 000 and N49, 999 on weekly basis to the informal sector. 43.8 per cent of the actors sold finished goods.

In general, this analysis suggests significant interdependencies between the formal and informal and within the informal sectors of the Delta state. These linkages are evident from the distribution of raw materials, intermediate and capital inputs as well as finished products among the sectors.

7.3 EDO STATE

7.3.1. Background

Edo State was carved out of the former Bendel State on the 27th August, 1991. The state is located in the South-South region of Nigeria, it occupies about 17,802 square kilometres. The state is bounded in the north and the east by Kogi State, in the south by Delta State and the west by Ondo State. The population of the state was 3,218,332 in 2006 (NPopC).

Edo State is one of the nine oil-producing states in the country. Agriculture is the second largest economic sector of the state; manufacturing sector activities are small, while trading activities are predominant. Poverty rate in Edo State was 50.2 per cent in 2010, relative to national figure of 62.6 per cent. Human Development Index (HDI) for the state was 0.543 in 2005 relative to Nigeria's HDI of 0.434 for the same year. The unemployment rate for the state is 11.2 per cent (NBS, 2012) while the literacy rate is 78.2 per cent (NBS, 2010).

7.3.2 Key Findings

The estimated state GDP, based on the recent rebasing exercise at the national level, amounted to N3,599.07 billion in 2013 . The informal sector accounted for 21.56 per cent of the estimated rebased state GDP in the same year. The estimated employment generated by the sector was 420,000. The mean yearly income of operators was N1, 847,827.65 (Table 7.13).

Table 7. 13: Performance in Selected Indicators, 2013

S/N	Indicators	
1	Rebased GDP (N 'billion)	3,599.07
2	Share of the Informal Sector in GDP	21.56%
3	Estimated Employment by the Informal Sector	1,944,600.00
4	Mean Yearly Income of Informal Sector operators	N1,847,827.65

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

7.3.3. Sectoral Composition of Informal Sector Operators

In Edo State, more of informal sector operators are engaged in technical service subsector (48.3%), followed by distributive trade (27.5%). The balance of 24.3 % is engaged in manufacturing (Table 7.14).

Table 7. 14: Distribution of Actors by Sector in Edo State

Sector							
Manufacturing		Technical Service		Distributive Trade		Total	
No.	%	No.	%	No.	%	No.	%
97	24.3	193	48.3	110	27.5	400	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

7.3.4. Policies and Programmes

The principal agency responsible for interventions in the informal sector is the Edo State Ministry of Commerce and Industry, which recently announced some incentives to assist cassava farmers and users of cassava-based raw materials. The state government also initiated a pilot programme at Uromi, aimed at reducing annual post-harvest loss by 50 per cent and to improve storage capability.

7.3.5. Key Challenges and the Way Forward

The informal sector actors in the state face a myriad of challenges. According to the actors, the most severe challenges to informal sector operations in the state include lack of access to credit; insecurity; fuel scarcity; inadequate electricity supply and multiple taxation.

To address these challenges, micro-finance institutions should be encouraged to provide soft credit facilities for the informal sector operators; also the tax regime should be streamlined to avoid multiplicity of taxes. Adequate infrastructure (electricity, water, road, etc) and adequate security should be provided to promote the activities of the informal sector operators in Edo State.

7.3.6 Interdependencies between Informal and Formal Sectors in the Edo States

7.3.6.1 Backward Linkages: Purchases from Informal and Formal Sectors in Edo State

Almost three-fifth of the informal sector actors purchased raw materials worth between N1,000 and N49,999 weekly from formal sector firms. While 27.8 per cent obtained raw materials worth between N1,000 and N9,999 from the formal sector on weekly basis, another 27.8 per cent were supplied raw materials worth between N10,000 and N49,999 on weekly basis by the formal sector. 22.2 per cent of the actors purchased raw materials from the formal sector, while another 22.2 per cent got weekly raw materials supplies worth N50,000 and above from the formal sector (Table 7.15).

Table 7. 15: Distribution of Informal Sector Actors by the Average Value of Purchases from the Formal Sector

Category	Raw Materials	Intermediate Inputs	Machinery and Equipment	Finished Goods
Less than N1,000	22.2	100.0	66.7	0
Btw N1,000-N9,999	27.8	0.0	0.0	0
Btw N10,000-N49,999	27.8	0.0	33.3	100.0
N50,000 & Above	22.2	0.0	0.0	0
Total	100	100	100	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

All the informal sector actors obtained their intermediate inputs that are less than N1,000 from the formal sector weekly. 66.7 per cent of the actors purchased machinery and equipment inputs valued less than N1,000 on weekly basis from the informal sector, while one-third of the actors machinery and equipment valued between N10,000 and N49,999 on weekly basis from the informal sector.

7.3.6.2 Forward Linkages: Sales to Formal Sectors

All of the informal sector actors sold raw materials valued between N1,000 and N9,999 weekly to formal sector firms, while all the informal sector actors sold machinery and equipment worth less than N1,000. While 33.3 per cent of them sold finished goods worth between N1,000 and N9,999 to the formal sector on weekly basis, 8.3 per cent supplied raw materials worth between N10,000 and N49,999 on weekly basis to the formal sector and 58.3 per cent supplied finished goods worth N50,000 and above to the formal sector (Table 7.16).

Table 7. 16: Distribution of Informal Sector Actors by the Average Value of Sales to the Formal Sector

Category	Raw Materials	Intermediate Inputs	Machinery and Equipment	Finished Goods
Less than N1,000	0.0	0.0	100.0	0.0
Btw N1,000&N9,999	100.0	0.0	0.0	33.3
Btw N10,000&N49,999	0.0	0.0	0.0	8.3
N50,000 & Above	0.0	0.0	0.0	58.3
Total	100	0.0	100	100

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

7.3.6.3 Interdependencies within the Informal Sector

About two-fifth of the actors supplied raw materials that worth less than N1,000 to other informal sector enterprises per week. 34.9 per cent of the actors supplied raw materials that worth between N1,000 and N9,999 to other informal sector enterprises per week. 18.3 per cent supplied raw materials worth between N10,000 and N49,999 to other informal sector actors, while 7.5 per cent of informal sector actors supplied raw materials valued at N50, 000 and above to their counterparts in the sector on a weekly basis (Table 7.17).

Table 7. 17: Distribution of Informal Sector Actors by the Average Value of Purchases within the Sector

Category	Raw Materials	Intermediate Inputs	Machinery and Equipment	Finished Goods
Less than N1,000	39.2	69.3	39.1	0
Btw N1,000 & N9,999	34.9	25.3	22.8	0
Btw N10,000 & N49,999	18.3	1.3	28.3	0
N50,000 & Above	7.5	4.0	9.8	0
Total	100	100	100	0.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Almost seven-tenth of the informal sector actors obtained their intermediate inputs of less than N1,000 from the informal sector weekly, while about one-quarter of the actors purchased intermediate inputs valued between N1,000 and N9,999 on weekly basis from the informal sector. Only 1.3 per cent purchased intermediate inputs valued between N10,000 and N49,999 on weekly basis from the informal sector while 4.0 per cent of the actors obtained intermediate inputs worth above N50,000 weekly from the informal sector.

About two-fifth of the actors sourced their machinery and equipment costing less than N1,000 from the informal sector. 22.8 per cent of the actors purchased their machinery and equipment costing between N1,000 and N9,999 from the informal sector, while about 28.3 per cent obtained their machinery and equipment costing between N10,000 and N49,999 from the informal sector. Only 9.8 per cent of the actors purchased machinery and equipment costing over N50,000 from the formal sector.

7.3.6.4 Forward Linkages: Sales to Informal Sector

More than three-fifth of the informal sector actors supplied raw materials worth between N1,000 and N49,999 to other informal sector enterprises per week. Specifically 27.3 per cent of the actors supplied raw materials worth between N1,000 and N9,999 weekly while 36.4 per cent supplied raw materials worth between N10,000 and N49,999 to other informal sector actors. Further, another 36.4 per cent of informal sector actors supplied raw materials valued at N50,000 and above to their counterparts in the sector on a weekly basis (Table 7.18).

Table 7. 18: Distribution of Informal Sector Actors by the Average Value of Sales to Other Informal Sector Operators

Category	Raw Materials	Intermediate Inputs	Machinery and Equipment	Finished Goods
Less than N1,000	0.0	66.7	0.0	35.1
Btw N1,000 & N9,999	27.3	16.7	100.0	35.1
Btw N10,000 & N49,999	36.4	16.7	0.0	12.3
N50,000 & Above	36.4	0.0	0.0	17.5
Total	100	100	100	100

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Two-third of the informal sector actors sold intermediate inputs less than N1, 000 to the informal sector weekly, while another 16.7 per cent supplied intermediate inputs valued between N1, 000 and N9, 999 on weekly basis to the informal sector. Only 16.7 per cent of the actors sold intermediate inputs worth N10,000 and N49,000.

All of the actors supplied machinery and equipment costing between N1,000 and N9,999 to other informal sector operators. 35.1 per cent of the actors sold finished goods worth less than N1,000 to other formal sector, while another 35.1 per cent of the actors sold finished goods costing between N1,000 and N9,999 to other informal sector operators. 12.3 per cent of the actors supplied finished goods costing between N10,000 and N49,999 within the informal sector, while 17.5 per cent of the actors sold finished goods costing N50,000 and above to the informal sector.

In general, this analysis suggests significant interdependencies between the formal and informal and within the informal sectors of the Nigerian economy. These linkages are evident from the distribution of raw materials, intermediate and capital inputs as well as finished products among the sectors.

7.4 RIVERS STATE

7.4.1. Background

Rivers State was created on May 27, 1967; it is one of the six states in the South-South geopolitical zone. The state is bounded in the south by the Atlantic Ocean, to the north by Imo, Abia and Anambra states, to the East by Akwa Ibom State and the west by Bayelsa and Delta states. Rivers State had a population of 5.18 million in 2006 and population projection of more than six million people in 2010.

Rivers State is one of the nine oil-producing states in Nigeria. The unemployment rate for the state in 2011 was about 26 per cent, higher than the national unemployment rate of about 24 per cent. The poverty level in the state is estimated at 47.2 per cent; HDI is 0.591, and literacy rate is 75.2 per cent. The maternal mortality ratio is 889 per 100,000 live births, under-five mortality rate is 90/1000 and general mortality rate is 60/1000, higher than national averages.

7.4.2 Key Findings

The state's aggregate contribution to rebased GDP was N6, 379,810 billion in 2014. In terms of size of the sector by contribution to rebased GDP, the state contributed 33.0 per cent, while estimated employment generated by the sector was 1,587,000, the mean yearly income of operators was about N3, 512,275.00. In terms of membership of unions/associations, about one-fifths (22.8%) of operators of informal sector enterprises indicated membership (Table 7.19).

Table 7. 19: Performance in Selected Indicators, 2014

S/N	Indicators	
1	Rebased State GDP (N 'billion)	6,379.81
2	Share of the Informal Sector in GDP	33.0%
3	Estimated Employment by the Informal Sector	1,587,000
4	Mean Yearly Income of Informal Sector operators	N3, 512,275.00
5	Enterprise Membership of Unions/Associations	22.8%

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

7.4.3. Sectoral Composition of Informal Sector Operators

In Rivers State, more of informal sector operators are engaged in technical service subsector (43.0%), followed by distributive trade (27.5%), the balance of 29.5 per cent is engaged in manufacturing (Table 7.20).

Table 7. 20: Distribution of Actors by Sector in Rivers State

Sector						Total	
Manufacturing		Technical Service		Distributive Trade		Total	
No.	%	No.	%	No.	%	No.	%
118	29.5	172	43.0	110	27.5	400	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

7.4.4 Policies and Programmes

There are generally several programmes directed at supporting SMEs in Rivers State, such as training programmes organized by different state ministries within the state. Examples are Rivers State Ministry of Women Affairs training for youth in technical and vocational skills; Rivers State Ministry of Local Government, Chieftaincy and Community Development, technical and vocational training for youths to enable them secure employment or set up their own businesses and Rivers State Ministry of Education skill development programme for informal sector participants. The most recent effort in capacity building designed to support the informal sector is the establishment of the Songhai Rivers Initiative farms, a skill acquisition programme in the area of crop and animal as well as agro-allied production.

In addition, the Rivers State Ministry of Women Affairs trains youths in technical and vocational skills at its craft development centres and industrial units. The different trades include electrical installation, radio and television repairs, diesel engine repairs, draughtsmanship, painting and decorations. Rivers State Ministry of Local Government, Chieftaincy and Community Affairs, Port Harcourt regularly organises technical and vocational training in order to impact the state's youth with relevant skills to enable them secure employment or set up their own businesses.

The Rivers State Ministry of Education in addition to its formal education programme also runs skill development programme for the informal sector participants, the programme includes, adult literacy, technical and vocational training as well as education

7.4.5. Key Challenges and the Way Forward

The key challenges to informal sector development in the state as revealed by the informal sector operators, include inadequate access to credit facilities, multiple taxation and incessant harassments by local government officials. Others are inadequate infrastructural facilities, particularly irregular power supply, fuel scarcity; high cost of rentals/shops; multiple taxation; declining sales; lack of access to credit; insecurity; high tariff; lack of modern equipment and competition with informal sector. From policy perspective, there is no specific state policy targeted at supporting informal sector actors in spite of the potentials of the sector in employment generation. This is important in the light of the high level of youth unemployment in the state.

As a way forward, it is recommended that the state develop informal sector specific policies targeted at addressing the constraints on informal sector operators in the state. In addition, SMEDAN, in collaboration with the State Ministries of Commerce and Industry, and Women Affairs and Poverty Alleviation should provide soft credit facilities for the informal sector operators; the tax regime should also be streamlined to avoid multiplicity of taxes and adequate infrastructure (electricity, water, road, etc.) should be provided to promote the activities of the operators in the informal economy.

7.4.6 Interdependencies between Informal and Formal Sectors in the Rivers States

7.4.6.1 Backward Linkages: Purchases from Informal and Formal Sectors in Rivers State

Almost two-fifth of the informal sector actors purchased raw materials worth between N1,000 and N49,999 weekly from formal sector firms. While only 4.0 per cent obtained raw materials worth between N1,000 and N9,999 from the formal sector on weekly basis, 32.0 per cent were supplied raw materials worth between N10,000 and N49,999 on weekly basis by the formal sector and 64.0 per cent got weekly raw materials supplies worth N50,000 and above from the formal sector (Table 7.21).

Table 7. 21: Distribution of Informal Sector Actors by the Average Value of Purchases from the Formal Sector

Category	Raw Materials	Intermediate Inputs	Machinery and Equipment	Finished Goods
Less than N1,000	0.0	16.7	0.0	0
Btw N1,000-N9,999	4.0	25.0	0.0	0
Btw N10,000-N49,999	32.0	8.3	100.0	50.0
N50,000 & Above	64.0	50.0	0.0	50.0
Total	100	100	100	100.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Almost two-tenth of the informal sector actors obtained their intermediate inputs at less than N1,000 from the formal sector weekly while about one-quarter of the actors purchased intermediate inputs valued between N1,000 and N9,999 on weekly basis from the informal sector. 8.3 per cent purchased intermediate inputs valued between N10,000 and N49,999 on weekly basis from the informal sector while approximately 50 per cent obtained intermediate inputs worth above N50, 000 weekly from the formal sector. All of the actors purchased machinery and equipment costing between N10,000 and N49,999 from the formal sector:

7.4.6.2 *Forward Linkages: Sales to Formal Sectors*

One-third of the informal sector actors sold intermediate inputs worth between N10,000 and N49,999 weekly to formal sector firms, while two-third of them sold raw materials worth N50,000 and above to formal sector. One-third of the actors supplied machinery and equipment costing over N50, 000 to the formal sector, one-third of the actors sold machinery and equipment costing between N10,000 and N49,999 to the formal sector, while another one-third of the actors supplied machinery and equipment costing between N1,000 and N9,999 to the formal sector.

More than four-fifth sold finished goods worth N50,000 and above to formal sector actors, while only 15.2 per cent of the actors supplied goods costing between N10,000 and N49,999 to the formal sector (Table 7.22).

Table 7. 22: Distribution of Informal Sector Actors by the Average Value of Sales to the Formal Sector

Category	Raw Materials	Intermediate Inputs	Machinery and Equipment	Finished Goods
Less than N1,000	0.0	0.0	0.0	0.0
Btw N1,000&N9,999	0.0	0.0	33.3	0.0
Btw N10,000&N49,999	0.0	33.3	33.3	15.2
N50,000 & Above	0.0	66.7	33.4	84.8
Total	0.0	100	100	100

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

7.4.6.3 *Interdependencies within the Informal Sector*

More than three-fifth of the actors supplied raw materials that worth between N1, 000 and N49, 999 to other informal sector enterprises per week. Specifically, 11.5 per cent of the actors supplied raw materials worth less than N1,000 weekly, 39.4per cent of the actors supplied raw materials worth between N1, 000 and N9, 999 weekly while 24.0 per cent supplied raw materials worth between N10,000 and N49,999 to other informal sector actors. Further, one-quarter of informal sector actors supplied raw materials valued at N50, 000 and above to their counterparts in the sector on a weekly basis (Table 7.23).

Table 7. 23: Distribution of Informal Sector Actors by the Average Value of Purchases within the Sector

Category	Raw Materials	Intermediate Inputs	Machinery and Equipment	Finished Goods
Less than N1,000	11.5	15.6	27.6	0
Btw N1,000 & N9,999	39.4	31.1	37.9	0
Btw N10,000 & N49,999	24.0	44.4	31.0	0
N50,000 & Above	25.0	8.9	3.4	0
Total	100	100	100	0.0

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

15.6 per cent of the informal sector actors obtained their intermediate inputs of less than N1,000 from the informal sector weekly, while about 31.1 per cent purchased intermediate inputs valued between N1,000 and N9,999 on weekly basis from the informal sector. About 44.4 per cent purchased intermediate inputs valued between N10,000 and N49,999 on weekly basis from the informal sector while only 8.9 per cent of the actors obtained intermediate inputs worth above N50, 000 weekly from the informal sector.

Only 3.4 per cent of the actors sourced their machinery and equipment costing over N50, 000 from the formal sector, while about 27.6 per cent got their machinery and equipment costing less than N1, 000 from the informal sector. 37.9 per cent of the actors purchased their machinery and equipment costing between N1, 000 and N9, 999 from the informal sector, while 31 per cent obtained their machinery and equipment costing between N10,000 and N 49,000 from the informal sector.

7.4.6.4 Forward Linkages: Sales to Informal Sector

All of the actors supplied raw materials worth N50, 000 and above to other informal sector enterprises per week. One-half of the actors supplied intermediate input worth between N1, 000 and N9,999 weekly, while the other one-half of the actors supplied intermediate input worth between N10, 000 and N49, 999 weekly. (Table 7.24).

Table 7. 24: Distribution of Informal Sector Actors by the Average Value of Sales to Other Informal Sector Operators

Category	Raw Materials	Intermediate Inputs	Machinery and Equipment	Finished Goods
Less than N1,000	0.0	0.0	0.0	0.0
Btw N1,000&N9,999	0.0	50.0	0.0	18.0
Btw N10,000&49,999	0.0	50.0	0.0	19.0
N50,000 & Above	100.0	0.0	0.0	63.0
Total	100	100	0.0	100

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

18.0 per cent of the informal sector actors sold finished goods between N1, 000 and N9,999 to the informal sector weekly, while another 19.0 per cent supplied finished goods valued between N10, 000 and N49, 999 on weekly basis to the informal sector. 63.0 per cent of the actors sold finished goods worth above N50, 000 weekly to other informal sector operators.

In general, this analysis suggests significant interdependencies between the formal and informal and within the informal sectors of the Nigerian economy. These linkages are evident for raw materials, intermediate and capital inputs as well as finished products.

SECTION EIGHT

PERCEPTIONS OF STAKEHOLDERS IN THE FOUR SEEFOR STATES

This section presents the results of in-depth interviews (IDIs) held with informal sector's union leaders, operators and MDAs in the four SEEFOR states. The questions were posed in snapshot mode to aid memory recall. The perceptions of these various categories of stakeholders to the questions are presented in this section.

8.1. Perceptions of the Union Leaders

The perceptions of the union leaders regarding the objectives, size, registration conditions, support given to members, problems facing members, strategies employed to address the problems, relationship with government and how this can be strengthened, and ways by which members can be assisted are presented in this subsection.

8.1.1. Objectives of the Union

Catering to the interests of members, forging a common front and solving problem(s) among members are considered the dominant goals of informal sector unions, according to 24.3 per cent of the union leaders. Upholding professionalism is indicated as a major goal of the union by 18.9 per cent of the union leaders interviewed while helping members to save, provision of financial assistance and fostering unity among members are perceived as the major goals by 16.2 per cent of the union leaders (Table 8.1).

Table 8. 1: Objectives of the Union

Objectives of the union	%
Catering to the interest of the members, forging a common front and solving problems	24.3
Upholding professionalism	18.9
Helping members to save and providing loans and timely support when it is needed	16.2
Fostering unity and understanding among members and protecting /projecting the interest of the association	16.2
To create wealth to talent, gift and hard works	13.5
To help member to generally have regards to the growth of their business and welfare.	10.8

Source: NPC-NISER study on Informal Sector and Economic Development, 2014

8.1.2. Range of Members in the Union

Majority of the union leaders interviewed (57.1%) responded that they had up to 50 members in their various unions, 25 per cent said they have between 50 and 100 members, while 17.9 per cent revealed that they had more than 100 members (Table 8.2).

Table 8. 2: Range of Members in the Union

Range of members in the union	%
Less than or equal to 50 members	57.1
Between 50 and 100 members	25.0
Above 100 members	17.9

Source: NPC-NISER study on Informal Sector and Economic Development, 2014

8.1.3. Conditions for Registration of Members

A significant proportion of the union leaders (25.6%) posited that payment of registration fees and dues, punctuality as well as regularity at meetings are the conditions for registration of members. Registration is also predicated on having a place to carry out business in the opinion of 23.1 per cent of the union leaders while 17.9 per cent indicated that the prospective member must be a practicing professional in the required field (Table 8.3).

Table 8. 3: Conditions for Registration of Members

Conditions for registration of members	%
Members must pay the registration fees, be regular /punctual and maintain regular attendance at meetings/payment of dues	25.6
A member must have at least a place to carry out his/her activities	23.1
Must be practicing professional in the required field	17.9
Members must be certified/Have freedom certificate	15.4
Members must have a goods worth certain amount pegged by the Union	10.3
Must abide by rules and regulations	7.7

Source: NPC-NISER study on Informal Sector and Economic Development, 2014

8.1.4. Kind of Support Given to Members

Most of the union leaders contended that support in the form of social engagement, welfare-oriented activities and financial help through credit facilities (61.5%) are regularly accorded their members. Other kinds of support provided included protection against intimidation and harassment from law-enforcement agencies (25.6%) and organisation of seminars to improve their skills and providing loans at reduced interest rates (12.9%) (Table 8.4).

Table 8. 4: Kind of Support Given to Members

Kind of support given to members	%
Social engagement, Welfare/Moral support/Psychological support and financial support through credit facilities	61.5
Protect members from intimidation/harassment by law enforcement agencies (e.g. Nigerian Police)	25.6
Organise seminars to improve skills and providing loans at reduced interest rates.	12.9

Source: NPC-NISER study on Informal Sector and Economic Development, 2014

8.1.5. Problems Facing Members' Businesses

The union leaders identified a number of challenges facing businesses of their members. These included inadequate electricity and bad roads (15.4%), low/poor turnover (12.8%), multiple taxation and use of force for tax collection (10.3%), lack of modern equipment/facilities (10.3%) and inadequate security (10.3%).

Table 8. 5: Problems Facing Members' Businesses

Problems facing members in their businesses	%
Inadequate electricity supply/unmotorable roads	15.4
Lack of rapid turnover	12.8
Multiple taxation/levies from local govt./using of force by the govt.	10.3
Lack of modern equipment facilities	10.3
Lack of security	10.3
Others (Include 7 items)	41.0

Source: NPC-NISER study on Informal Sector and Economic Development, 2014

8.1.6: Strategies for Addressing Problems

The imposition of fines is the dominant strategy employed in addressing some of the problems confronting the unions according to 26.3 per cent of the respondents. Other strategies include: enforcing registration of non-registered members (21.1%) and formal meetings, training, seminars and personal rapport (18.4%) among others (Table 8.6).

Table 8. 6: Strategies Use in Addressing the Problems

Strategies use in addressing the problems	%
Fine on defaulters	26.3
Identifying members with stickers while non-registered members are forced to register	21.1
Formal meetings, training, seminars and personal rapport	18.4
Loans were given out without interest to members to purchase generators/Soft loans to members	13.2
Sourcing for funds from private and public sector/ microfinance banks/ Credits facilities from government at reduced rate	10.5
Others (Include 2 items)	10.6

Source: NPC-NISER study on Informal Sector and Economic Development, 2014

8.1.7. Relationship between Union and Government

Most of the union leaders (38.5%) contended that there was no direct relationship between the unions and government agencies in the SEEFOR states, 20.5 per cent indicated that their relationship with government was not good, while 23.1 per cent revealed that their only direct link with government was in terms of payment of dues.

Table 8. 7: Relationship between Union and Government

Relationship of union with government	%
No relationship was established	38.5
Paying of dues to government	23.1
No really good relationship	20.5
Implementation of government policies as directed by NASSI	7.7
There is cordial/mutual relationship/formal relationship/ Registered with Ministry	5.1
Helping government in collection of revenue/taxes from our members	5.1

Source: NPC-NISER study on Informal Sector and Economic Development, 2014

8.1.8. How the Relationship can be Strengthened

The suggestions by the union leaders on ways the relationship between government and unions could be strengthened are varied (Table 8.8). These include: provision of adequate power supply by the government (27.1%), provision of low interest yielding credit facilities/ provision of funds (18.8%) and empowering unions to assist their members (16.7%).

Table 8. 8: How the Relationship can be Strengthened

How the relationship can be strengthened	%
Provision of adequate power supply (electricity) by government	27.1
Credit facilities/Loans with less interest rate/provision of funds	18.8
Empowering unions to assist members	16.7
Awareness and proper sensitization of members/Obeying govt. Policies	14.6
Reduction in tax charges	10.4
Others (Include 3 items)	12.4

Source: NPC-NISER study on Informal Sector and Economic Development, 2014

8.1.9. How Members can be Assisted

Provision of loans/grants by government for business expansion dominated union leaders' perception of how members could be assisted (30.6%). Others include: provision of good drainage system, good roads and regular power supply (25.0%) and tax reduction and robust welfare packages (19.4%).



Table 8. 9: How Members can be Assisted

How members can be assisted	%
Provision of more loans/ grants from government/ Access to loans/Funding for expansion of business	30.6
Provision of good drainage system, constant power supply and good roads.	25
Tax reduction and provision of welfare packages	19.4
Reduction of dues and levies	13.9
Training	5.6
Provide grants and benefit for civil servants	5.6

Source: NPC-NISER study on Informal Sector and Economic Development, 2014

8.2. Perceptions of the Operators

The perceptions of the informal sector operators on pertinent questions include when and how they started business, experience running the business, reasons for choice of the business, problems encountered running the business, prospects of the business in the future and advice to other operators are presented in this subsection

8.2.1. When the Business Started

Most of the operators interviewed (54.8%) started their business between 2011 and 2014, 25.8 per cent started between 2005 and 2010 while 19.4 per cent did between 2000 and 2004 (Table 8.10).

Table 8. 10: When Business Started

When business started	%
2000 – 2004	19.4
2005 – 2010	25.8
2011 – 2014	54.8

Source: NPC-NISER study on Informal Sector and Economic Development, 2014

8.2.2. How the Business Started

A significant proportion (34.2%) of the operators interviewed started their businesses out of passion or interest or due to lack of job opportunities. About 24 per cent started their business with financial support received from parents/spouse and personal savings, while 18.4 per cent started by obtaining loans from other sources such as friends, banks, and cooperatives (Table 8.11).

Table 8. 11: How the Business Started

How the business started	%
Passion for the business/no work to do/ideas/interest	34.2
Finance from parents and spouse/personal savings	23.7
Through loans (friends, banks, cooperative etc)	18.4
Started as apprentices	15.8
Retrenchment benefit	7.9

Source: NPC-NISER study on Informal Sector and Economic Development, 2014

8.2.3. Experience Running the Business

The perceptions of operators' experiences running their businesses include complaints from customers on quality and price (18.4%), epileptic power supply (15.8%) and high cost of securing outlets/shops (13.2%) (Table 8.12).

Table 8. 12: Experience Running the Business

Experience shared in running business	%
Complaints on quality and price of goods by customers	18.4
Poor supply of electricity	15.8
High shop rentage	13.2
Strenuous/Time demanding/labour intensive	10.5
Selling on credit at times to customers/Low patronage	7.9
Others (Include 3 items)	18.4

Source: NPC-NISER study on Informal Sector and Economic Development, 2014

8.2.4. Reasons for Choice of Business

Survival instincts, in the absence of job opportunities and the need to augment their incomes dominated the reasons advanced by the operators for choosing their lines of businesses (29.0%). Others are: high demand/quick and high returns (22.6%) and passion for the business (19.4%).

Table 8. 13: Reasons for Choosing the Business

Reasons for choosing the business	%
No jobs/need to augment the income/Survival purpose	29.0
High demand / quick returns/lucrative/high profit benefits	22.6
Passion for the business	19.4
Love being creative and designs	16.1
Schooling became difficult and i went to learn the job/Sustainable	12.9

Source: NPC-NISER study on Informal Sector and Economic Development, 2014

Box 8. 1: A Passion for Entrepreneurship

Mr. Ogun owns and runs a furniture business in Benin-City. The enterprise manufactures a range of products such as upholstery chairs, tables and beds. Ogun floated the business in 2000 after completing a two-year apprenticeship training, drawing on his personal savings. He acknowledged that business had been generally good, and submitted that he records decent sales most of the year except for sporadic downturns in certain periods of the year. While urging informal sector operators to be creative and innovative, Mr Ogun foresees a bright future for his business “because here in Benin-City, good wood to make furniture is available”.

Box 8. 2: Forced by Personal Circumstances

Having experienced a personal tragedy of the loss of his father soon after completing college education and as the first of five children, Mr. Mbukanma's foray into business was inspired more by a survival instinct and the need to care for his aged mother and four siblings, than anything else. The first obstacle he had to conquer was deciding what line of business to embrace. Since he lacked any form of apprenticeship experience, he opted for merchandising products in and around Asaba, which he reckoned did not require overly high degree of training or skills to accomplish. The second constraint was financial – how and where to raise the initial capital. Since, he could not apply for soft loans from the banks as he had no indemnity to guarantee the loan, and no private savings or assistance from his family, the only choice he had was to borrow from money lenders (private creditors). Mr. Mbukanma has been operating his business for five years and has had to navigate through a series of challenges including constant threat of eviction from his shed, infrastructural issues of power shortages and bad roads and excessive dues from local authorities. Although initially forced into business by limited resources and the desperation to survive, Mbukanma has effectively settled in as an entrepreneur and seemed quite happy at the personal autonomy it gives him. He currently has five people working for him, two of whom receive monthly salaries. He lamented what he termed a lack of meaningful support from the government to business, recalling various failed attempts he had made to access microcredit from formal sources to expand his enterprise. Overall, Mbukanma remained upbeat about the future of his business and the potential of the informal sector to create employment and contribute to national growth and development.

8.2.5. Problems Encountered in the Business

The problems enumerated by the operators are numerous but only the top six are highlighted in Table 8.14. Some operators complained about the lack of apprentices and journeyman to assist (18.4%), some stressed lack and insufficiency of funds (13.2%) while 15.8 per cent expressed their displeasure with poor electricity/road network as well as improper drainage and poor transportation.

Table 8. 14: Problems Encountered in the Business

Problems encountered in the business	%
No apprentices to assist or learn/no journeyman	18.4
Poor electricity/Roads network/Transportation/Improper drainage	15.8
Lack of capital/Insufficient funds	13.2
No enough space	10.5
High government dues/tax	10.5
Others (Include 5 items)	31.6

Source: NPC-NISER study on Informal Sector and Economic Development, 2014

8.2.6. Prospects of the Business in the Future

Majority of the respondents (51.3%) were of the opinion that the prospect of their businesses was bright. About 28 per cent were of the view that the future is only bright for their business if electricity supply and road infrastructure improved while 12.8 per cent predicated the future of their businesses on availability of more space for expansion (Table 8.15).

Table 8. 15: Prospects of the Business in the Future

Prospects of the business in the future	%
The prospect is bright/good/great	51.3
If bad roads are repaired and there is adequate power supply (electricity)	28.2
If there is more space to expand	12.8
To be consistence and humble	7.7

Source: NPC-NISER study on Informal Sector and Economic Development, 2014

8.2.7. Advice to Other Operators

The advice given by the operators interviewed to their counterparts include: upholding the production and supplying of quality products as well as avoiding production of fake products (28.9%), maintaining good customer relation (21.1%) and being focused, determined, dedicated, creative and industrious in their businesses (15.8%).

Table 8. 16: Advice to Other Operators

Advice to other operators	%
Uphold quality products/avoid fake products	28.9
Good customers relationship/consistence and humble	21.1
To be focussed, determined, dedicated/creative and industrious in their business activities/ Never give up	15.8
To be law abiding /patience with customers/tolerant in dealing with the public	13.2
To be consistence and humble	13.2
Maintaining clean environment	7.9

Source: NPC-NISER study on Informal Sector and Economic Development, 2014

8.3. Perception of Ministries, Departments and Agencies (MDAs) on their Mandates

This section presents the perceptions of the MDAs in terms of their mandates, involvement in the registration procedure of and the availability of legal/regulatory framework for the informal sector operators, types of support given to them among other issues.

8.3.1. Mandates of Ministries, Departments and Agencies (MDAs) on the Informal Sector.

There are several MDAs at the state level with diverse mandates. For instance, while the mandate of the Ministry of Commerce and Industry across the SEEFOR states includes the supervision of industries owned or partly owned by state government, supervision of trade networks and enhancing the state government policy of creating a favourable environment for investment to thrive, the mandate of their counterpart, the Ministry of Women Affairs, centres on initiating programmes and projects to enhance the wellbeing of vulnerable groups, empowerment of women and welfare monitoring of children and their mother among others. The diverse perceptions of MDAs on their mandates reflect the multidimensional nature of development.

8.3.2 Involvement of MDAs in the Registration Procedure of Informal Sector Operations

MDAs play little or no role in the registration procedure of the informal sector operators. The registration of business enterprises whether formal or informal sector, with the Cooperate Affairs Commission (CAC) is one of the major prerequisite for accessing credit facilities and other support from governments and donor agencies. The registration of informal sector business enterprise is considered a difficult undertaking by most informal sector operators which hinders their capacity to access credit facilities from formal financial institutions. What the MDAs do in this regard is to encourage and sensitise informal sector actors to the importance of registering their businesses to enhance access to institutional support. The excerpts below corroborates this fact.

We encourage them to register their business with CAC - or form cooperatives and registered with the State Ministry of Commerce and Industry. It is the condition to access any government facility
(SMEDAN (Asaba Industrial Dev. Centre))

We make the women to form association, for training and empowerment them by giving them seed money to start trading

(Ministry of Women Affairs & Social Development, Asaba, Delta State)

As a bank, it is a requirement for accessing loans. The bank can only deal with a legal entity, cooperate, Plc, individual. The bank do not registered or collect document for registration, CAC do the registration

(Bank of Industry (Zonal Office), Asaba, Delta State)

8.3.3. Conditions for Registration of Informal Sector Operators

Several agencies are involved in issuing conditions for registration of informal sector operators in their respective states. In the case of business registration, it is the responsibility of CAC to issue conditions for registration. For the registration of the unions, the Ministry of Commerce and Trade plays a pivotal role. The requirements for the registration of the unions at the Ministry include the submission of constitution/bye laws, list of members including union executives and address. For agencies involved in train-the-trainers activities such as NDE, the conditions for registration of informal sector operators vary. In this case, if an informal sector operator declares intent to engage in training, the NDE inspects their facilities and check their competencies and if satisfied, it proceeds to register them.

8.3.4. Perceptions of MDAs on Availability of Legal/Regulatory Framework for Informal Sector

Most of the MDAs have no specific legal framework for informal sector operators. What seems to exist is only at the Ministry of Commerce and Industry in most of the states which applies a framework domiciled in the Ministry of Justice. For instance, NDE, an agency with a mandate to provide skill acquisition/training programmes for informal sector operators, does not have any legal framework in relation to informal sector operation across the SEEFOR states as evident from the excerpts below.

*No legal framework but we have training engagement procedure
(National Directorate of Employment (NDE), Bayelsa state)*

8.3.5. Kinds of Support given to Informal Sector Operators

Provision of credit facilities, training and enabling environment for informal sector operations are the main kinds of support given to informal sector operators according to the MDAs interviewed. The following excerpts buttress this:

*Provides credit facilities (without interest)/Improve access to credit facilities
(Ministry of Women Affairs & Social Development, Asaba, Delta State)*

*The BoI gives less than 10 million naira loan to informal enterprises in processing output of their firms, most especially, those includes in value addition like garri, fish packaging, processed chicken, palm oil, soya beans and mining
(Bank of Industry [Zonal Office], Asaba, Delta State)*

*Trainers capacity upgrading
(National Directorate of Employment (NDE), Bayelsa State)*

8.3.6 Policies and Programmes of the State on Informal Sector Activities

There are various programmes across the SEEFOR states targeting the informal sector operators. Most of the programmes are focused on improving access of micro-credit to the informal sector operators. The following excerpts illustrate the kinds of programmes implemented by some MDAs across the SEEFOR states.

*Edo State government coordination of Artisan scheme, EDSG-Trust Fund Micro-credit Scheme, Edo State empowerment programme, EDSG-BOI Micro-credit Scheme, Edo State welder scheme
(Ministry of Commerce and Industry, Edo State)*

*Establishment of SME trust funds
(Yenegoa Chambers of Commerce, Bayelsa State)*

*Disbursement of money allocated to them through microfinance banks so they can chase them for repayment
(Ministry of Women Affairs, Social Department, Delta State)*

*Advancing entrepreneurship education
(SMEDAN, Rivers State)*

8.3.7. Have MDAs Conducted Prior Baseline Study on Informal Sector?

Most MDAs have not conducted baseline studies on the informal sector in their respective states. The only agency that has conducted a baseline study on the informal sector is SMEDAN in 2010. The absence of baseline data across the states undermines understanding of the nature and characteristics of the informal sector across the SEEFOR states over time.

8.3.8 The Challenges Facing Informal Sector in the State

The challenges facing informal sector operators according to the MDAs include poor record keeping, poor organisational skills, inadequate access to credit facilities, illiteracy and poor access to infrastructural facilities. The following excerpts highlight the perceptions of the MDAs on the challenges of the informal sector operators:

*No record keeping, inadequate capacity building, corporate governance is not there. They are usually not organised. They have inability to receive shock, low access to credit facilities/Funding/Finances
(Bank of Industry [Zonal Office], Delta State).*

Most MSMEs are not registered so capturing them is difficult, market, weak infrastructure, workspace, multiple taxation, use of obsolete technology, not operating at optimal capacity; they do not understand what competences they need for their employees
(SMEDAN, Asaba Industrial Dev. Centre)

Accessibility cost of their terrain, illiteracy, monitoring
(Ministry of Women Affairs & Social Development, Bayelsa State)

SECTION NINE
INTERDEPENDENCIES WITHIN AND BETWEEN INFORMAL AND FORMAL
SECTORS

The section analyses interdependencies between formal and informal sectors as well as within the informal sector of the economy in terms of input and output relationships. Three types of inputs, namely raw materials, intermediate and capital goods were considered.

9.1. Interdependencies between Informal and Formal Sectors

9.1.1. Backward Linkages: Purchases from Informal and Formal Sectors

Almost one-half of the informal sector actors purchased raw materials worth between N1,000 and N49,999 weekly from formal sector firms. While 14.1 per cent obtained raw materials worth between N1,000 and N9,999 from the formal sector on weekly basis, 33.7 per cent were supplied raw materials worth between N10,000 and N49,999 on weekly basis by the formal sector and 42.4 per cent got weekly raw materials supplies worth N50,000 and above from the formal sector (Table 9.1).

Table 9. 1: Distribution of Informal Sector Actors by the Average Value of Purchases from the Formal Sector

Category	Raw Materials	Intermediate Inputs	Machinery and Equipment	Finished Goods
Less than N1,000	9.8	14.7	66.7	3.2
Btw N1,000-N9,999	14.1	23.5	0	4.2
Btw N10,000-N49,999	33.7	8.8	0	40.5
N50,000 & Above	42.4	52.9	33.3	52.1
Total	100	100	100	100

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

More than one-tenth of the informal sector actors obtained their intermediate inputs at less than N1,000 from the formal sector weekly while about 24 per cent purchased intermediate inputs valued between N1,000 and N9,999 on weekly basis from the informal sector. Further, about nine per cent purchased intermediate inputs valued between N10,000 and N49,999 on weekly basis from the informal sector while approximately 53 per cent obtained intermediate inputs worth above N50, 000 weekly from the formal sector.

One-third of the actors sourced their machinery and equipment costing over N50, 000 from the formal sector, while three-fifth of the actors sourced their machinery and equipment at less than N1, 000 from the formal sector.

More than one-half of the actors purchased products worth N50, 000 and above (52.1%) from the formal sector, 40.5 per cent of the actors bought goods costing between N10,000 and N49,999 from the formal sector, 4.2 per cent of the actors bought goods costing between N1,000 and

N9,999 from the formal sector, while 3.2 per cent purchased goods worth less than N1,000 from the formal sector.

9.1.2. Forward Linkages: Sales to Formal Sectors

Almost seven-tenth of the informal sector actors sold raw materials worth between N1,000 and N49,999 weekly to formal sector firms. While 38.5 per cent of them sold raw materials worth between N1,000 and N9,999 to the formal sector on weekly basis, 30.8 per cent supplied raw materials worth between N10,000 and N49,999 on weekly basis to the formal sector and 15.4 per cent supplied raw materials worth N50,000 and above to the formal sector (Table 9.2).

One-quarter of the informal sector actors sold intermediate inputs less than N1, 000 to the formal sector weekly, while another 25 per cent supplied intermediate inputs valued between N10, 000 and N49,999 on weekly basis to the informal sector. One-half of the actors sold intermediate inputs worth above N50,000 weekly to the formal sector.

Two-fifth of the actors supplied machinery and equipment costing over N50, 000 to the formal sector, while three-tenth of the actors sold machinery and equipment costing between N1,000 and N9,999 to the formal sector. One-tenth of the actors supplied machinery and equipment costing between N10,000 and N49,999 to the formal sector while one-fifth of the actors supplied machinery and equipment costing less than N1, 000 to the formal sector. More than seven-tenth sold finished goods worth N50,000 and above to formal sector actors, 16.7 per cent of the actors supplied finished goods costing between N10,000 and N49,999 to the formal sector, 10.4 per cent sold finished goods costing between N1,000 and N9,999 to the formal sector, while no finished goods worth less than N1,000 was sold to the formal sector.

Table 9.2: Distribution of Informal Sector Actors by the Average Value of Sales to the Formal Sector

Category	Raw Materials	Intermediate Inputs	Machinery and Equipment	Finished Goods (%)
Less than N1,000	15.4	25.0	20.0	0
Btw N1,000 & N9,999	38.5	0	30.0	10.4
Btw N10,000 & N49,999	30.8	25.0	10.0	16.7
N50,000 & Above	15.4	50.0	40.0	72.9
Total	100	100	100	100

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

9.2. Interdependencies within the Informal Sector

More than three-fifth of the actors supplied raw materials worth between N1, 000 and N49, 999 to other informal sector enterprises per week. Specifically, 16.7 per cent of the actors supplied raw materials worth less than N1,000 weekly, 43.9 per cent of the actors supplied raw materials worth between N1, 000 and N9, 999 weekly while 24.8 per cent supplied raw materials worth between N10,000 and N49,999 to other informal sector actors. Further, 14.6 per cent of informal sector actors supplied raw materials valued at N50, 000 and above to their counterparts in the sector on a weekly basis (Table 9.3).

Table 9.3: Distribution of Informal Sector Actors by the Average Value of Purchases within the Sector

Category	Raw Materials	Intermediate Inputs	Machinery and Equipment	Finished Goods (%)
Less than N1,000	16.7	34.9	22.0	5.2
Btw N1,000 & N9,999	43.9	43.6	33.1	15.7
Btw N10,000 & N49,999	24.8	14.5	33.9	38.8
N50,000 & Above	14.6	7.0	11.0	40.3
Total	100	100	100	100

Source: NISER-SEEFOR Study on Informal Sector and Economic Development, 2014

Over one-third of the informal sector actors obtained their intermediate inputs of less than N1,000 from the informal sector weekly, while about 43.6 per cent purchased intermediate inputs valued between N1,000 and N9,999 on weekly basis from the informal sector. About 14.5 per cent purchased intermediate inputs valued between N10,000 and N49,999 on weekly basis from the informal sector while only 7.0 per cent of the actors obtained intermediate inputs worth above N50, 000 weekly from the informal sector.

About one-tenth of the actors sourced their machinery and equipment costing over N50, 000 from the formal sector, while about one-fifth got their machinery and equipment costing less than N1, 000 from the informal sector. 33.1 per cent of the actors purchased their machinery and equipment costing between N1, 000 and N9, 999 from the informal sector, while about 34 per cent obtained their machinery and equipment costing between N10,000 and N 49,000 from the informal sector.

Two-fifth of the actors purchased finished products worth N50, 000 and above from the informal sector. 38.8 per cent bought finished goods costing between N10,000 and N49,999 from the informal sector, 15.7 per cent of the actors bought goods costing between N1,000 and N9,999 from the formal sector, while 5.2 per cent purchased finished goods worth less than N1,000 from the informal sector.

9.2.1. Forward Linkages: Sales to Informal Sector

Three-fifth of the actors supplied raw materials worth between N1, 000 and N49, 999 to other informal sector enterprises per week. Specifically, 8.5 per cent of the actors supplied raw materials worth less than N1, 000 weekly, 23.7 per cent of the actors supplied raw materials worth between N1, 000 and N9, 999 weekly while 30.5 per cent supplied raw materials worth between N10, 000 and N49,999 to other informal sector actors. Further, 37.3 per cent of informal sector actors supplied raw materials valued at N50, 000 and above to their counterparts in the sector on a weekly basis (Table 9.4).

Table 9. 4: Distribution of Informal Sector Actors by the Average Value of Sales to Other Informal Sector Operators

Category	Raw Materials	Intermediate Inputs	Machinery and Equipment	Finished Goods
Less than N1,000	8.5	29.4		7.7
Btw N1,000 & N9,999	23.7	35.3	22.2	23.4
Btw N10,000 & 49,999	30.5	29.4	66.7	19.9
N50,000 & Above	37.3	5.9	11.1	49.0
Total	100	100	100	100

About one-third of the informal sector actors sold intermediate inputs less than N1, 000 to the informal sector weekly, while 29.4 per cent supplied intermediate inputs valued between N10, 000 and N49, 999 on weekly basis to the informal sector. Only 5.9 per cent of the actors sold intermediate inputs worth above N50, 000 weekly to other informal sector operators while 35.3 per cent sold intermediate inputs costing between N1, 000 and N 9,999.

Over one-tenth of the actors supplied machinery and equipment costing over N50, 000 to other informal sector operators, while 22.2 per cent of the actors sold machinery and equipment costing between N1,000 and N9,999 to other informal sector operators, 66.7 per cent of the actors supplied machinery and equipment costing between N10,000 and N49,999 within the informal sector. About half of the actors in informal sector sold finished products worth N50,000 and above to the formal sector's actors. 19.9 per cent of the actors supplied goods costing N10,000 to N49,999 to other informal sector operators, 23.4 per cent of the actors sold finished goods costing between N1,000 and N9,999 within the informal sector, while 7.7 per cent sold finished goods worth less than N1,000 to other informal sector.

In general, this analysis suggests significant interdependencies between the formal and informal and within the informal sectors of the Nigerian economy. These linkages are evident for raw materials, intermediate and capital inputs as well as finished products.

SECTION TEN
CONSTRAINTS AND INSTITUTIONAL FRAMEWORK FOR
INFORMAL SECTOR DEVELOPMENT

10.1. Constraints on Informal Sector

The result of the analysis of data reveals that the informal sector operators in the SEEFOR states are faced with a plethora of constraints. These undermine the operators' capacity to expand productivity and potentials for employment generation in the region. The constraints include inadequate access to credit, low level of technological adaptation and innovation, insufficient institutional support, poor and inadequate infrastructural facilities, low education as well as poor skills. These constraints are discussed in the following section.

Inadequate Access to Credit

Many informal sector enterprises lack adequate access to credit. Credit is one of the most important inputs required by informal sector operators. The importance of credit to the informal sector operators stems from the fact that credits are needed to purchase other inputs necessary for production. In most cases, to access credit facilities, enterprises are required to meet certain conditions, especially by formal credit institutions, such requirements are providing certificate of incorporation and other collateral securities, which many informal sector actors are unable to provide. The low literacy level of some informal sector operators compounds the problem as this impedes access to necessary information on available cheap sources of credit.

Low Level of Technology Adoption and Innovation

The small size of many informal sector enterprises hinders adoption of technology and innovation. Technology and innovation are vital elements for promoting productivity and efficiency in formal and informal sectors. Therefore, to improve efficiency and productivity, the adoption of appropriate technology and innovation by operators is necessary. However, results from the study indicate that there is low adoption of technology and innovation among informal sector operators in the SEEFOR states, which weakens productivity of their enterprises. This constraint has been attributed to several factors associated with the informal sector operators such as the low capital base, low literacy level and the poor linkages among knowledge generation centres, interface institutions and the informal sector operators themselves.

Lack of Access to Institutional Support

Informal sector enterprises are constrained by insufficient access to institutional support. The Organization for Economic Cooperation and Development (OECD) (2003) defines institutional framework as the set of governmental and other institutions responsible for the design and implementation of informal sector policies. A number of institutions have been established to enhance the growth of the informal sector activities in Nigeria. Meanwhile, operators are hardly able to access the various government intervention programmes designed to enhance informal sector growth.

Infrastructural Deficiencies

The operations of informal sector enterprises are inhibited by infrastructural deficiencies, such as inadequate electricity, insufficient water supply and poor road networks. While majority of the enterprises have electricity connections from the national grid, the problem is erratic supply and frequent outages. Consequently, many of the actors rely heavily on standby generators to run their businesses. The water supply problem is also acute as many of the enterprises have no access to potable water from public sources and have to depend on deep wells or private boreholes. Although many of the enterprises have road networks linking them to other parts of the town, these roads are generally in deplorable states as they are poorly maintained or neglected outrightly.

Low Education and Poor Skill Levels

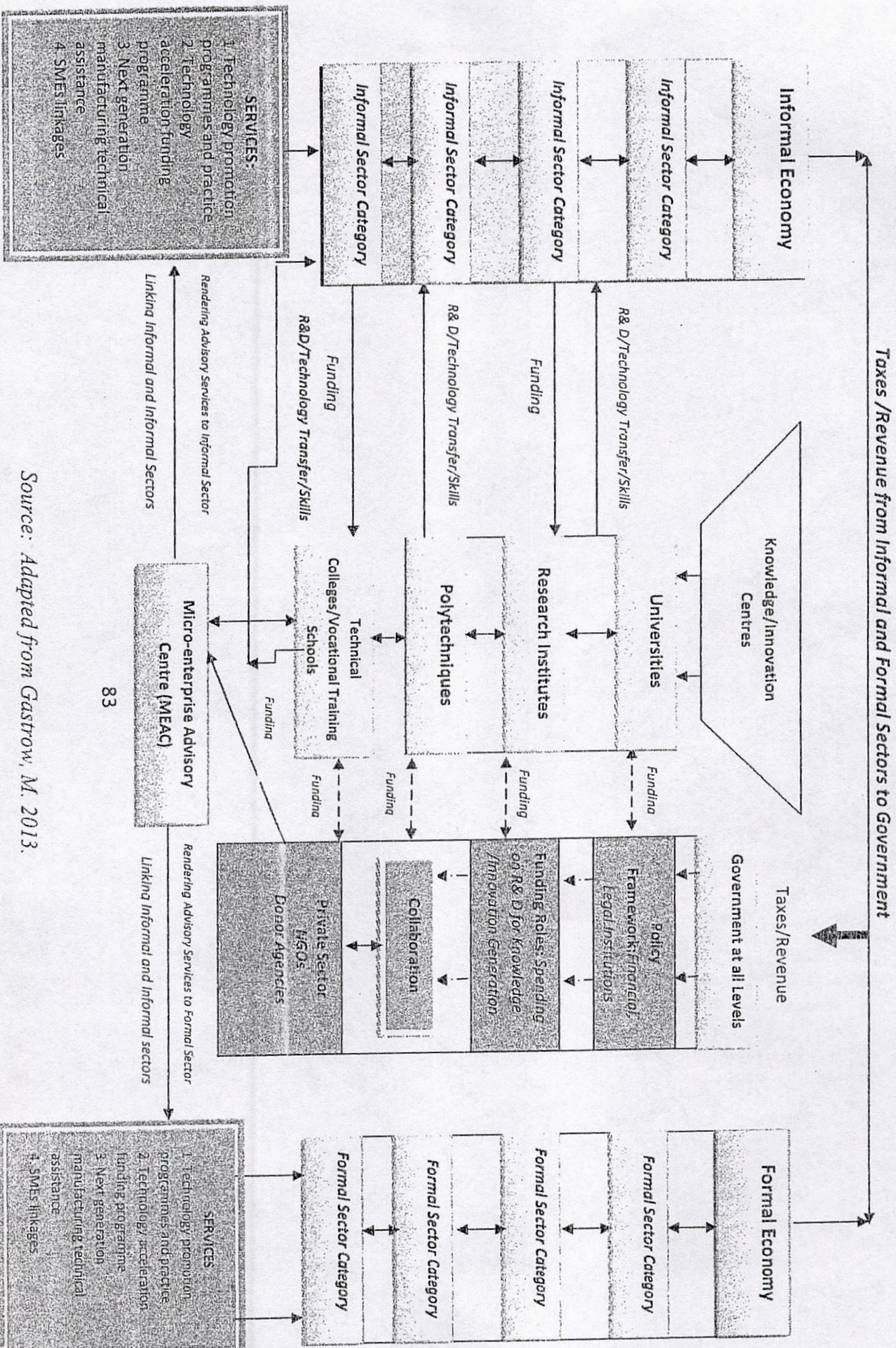
Low level of education and poor skills in the informal sector accounted for the low quality of outputs of the sector and associated low returns. The generally low educational attainment also explains the inability of the operators to access relevant information on sources of cheap and affordable credit facilities or avail themselves of other forms of institutional support from the government.

10.2. A Model of Informal Sector Organization and Management

Informal sector enterprises are often celebrated as the employment backbone of thriving economies. During the last two to three decades, many countries in the developed and developing world experienced a number of development strategies to strengthen the role of informal sector. This has contributed to a diverse laboratory of experiences in approaches, tools, methodologies and best practices in informal sector development. Despite these differences in informal sector development strategies, there are common learning experiences and certain success criteria that have emerged. A diagnosis of these strategies reveals key imperatives germane to the development of a dynamic informal sector. These include adequate infrastructure, sufficient institutional support, education and skills upgrading, technological adaptation and innovation as well as availability and accessibility to financial services.

Based on these key imperatives in some developed nations, a new model of informal sector organisation and management is proposed for the SEEFOR states (Figure 10.1). The starting point in the model is the identification of key actors and stakeholders directly or indirectly involved in the informal sector operations. These include the government, private sector, knowledge and innovation generation actors; Micro Enterprise Advisory Centre (MEAC); as well as the group of formal and informal sector operators.

Figure 10. 1: Model of Informal Sector Organisation and Management



10.3. Roles of Key Actors in the Proposed Model of Informal Sector Organisation and Management

Government: The government actors; including the federal, states and local governments are expected to provide an informal sector-friendly policy environment and regulations. This involves the establishment of relevant support institutions, provision of tax incentives and provision of basic infrastructure as well as funding opportunities among others.

Private Sector Actors: The private sector actors are expected to perform funding roles, in collaboration with the government where necessary. They are also expected to perform capacity building and mentoring roles for informal sector actors.

The Knowledge and Innovation Centres: The knowledge and innovation centres include universities, polytechnics, research institutes and technology incubation centres. They are expected to provide innovation solutions for actors in the informal sector economy and work closely with the informal sector actors with a view to identifying knowledge and innovation gaps and needs.

Micro Enterprise Advisory Centre (MEAC): The MEAC in the model is an institution with a sole mandate of providing extension services to the informal sector actors. It acts as a bridge between the informal and formal sectors' actors on the one hand and knowledge and innovation centres on the other. Specifically, MEAC collaborating with the informal sector actors, is expected to identify their innovation needs, pass same to the knowledge generation centres to provide innovation and knowledge solutions. Thus, the institution is expected to provide strong linkages between knowledge centres and the informal economy. By so doing, knowledge and innovations from universities, research institutes and other knowledge centres will be demand-driven and effectively utilised. The centre is also expected to serve as a bridge between the informal sector actors and those in the formal sector.

Formal and Informal Sector Actors: The formal and informal sectors' actors are expected to link up and collaborate with each other in sharing information and other resources. They are expected also to link up with the knowledge generation centres to share knowledge and technological needs. Finally, they are expected to pay taxes to government.

The proposed model emerged out of the identified challenges plaguing the informal sector economy in the Niger Delta. These challenges include inadequate access to credit, low level of technological adaptation and innovation, insufficient institutional support, poor and inadequate infrastructural facilities, low education and poor skills. While government has responded to these challenges by the establishment of a number of agencies, none is specifically mandated to coordinate the programmes in the informal sector. The closest agency with respect to coordination is SMEDAN but its focus is more on capacity building of SME operators. Issues of linkage of informal sector with knowledge centres and markets feature less in its activities.

In the model proposed, MEAC is structured to be specifically dedicated to connect the various agencies and government interface structures on the one hand, as well as the formal and informal sectors in the SEEFOR states on the other hand. Issues relating to low educational attainments among operators and low level of technology adaptation are other major challenges constraining

the performance of the informal sector in the Niger Delta region. One of the contributing factors to these two challenges is the lack of linkages between the knowledge centres and the informal sector operators. While knowledge and innovations useful to informal sectors are developed at the knowledge centres, they are hardly accessible to the informal sector operators, also the innovations and knowledge from the innovation centres are not demand-driven due to poor linkages among stakeholders and actors in the informal sector. In the model, MEAC is expected to liaise with the knowledge centres and the informal sector operators. This will ensure that the innovations from the knowledge centres are not only accessible to the informal sector operators but also meet their innovation and knowledge needs. It will also ensure that knowledge and innovations are demand-driven and put to optimum use.

10.4 Implementation Framework

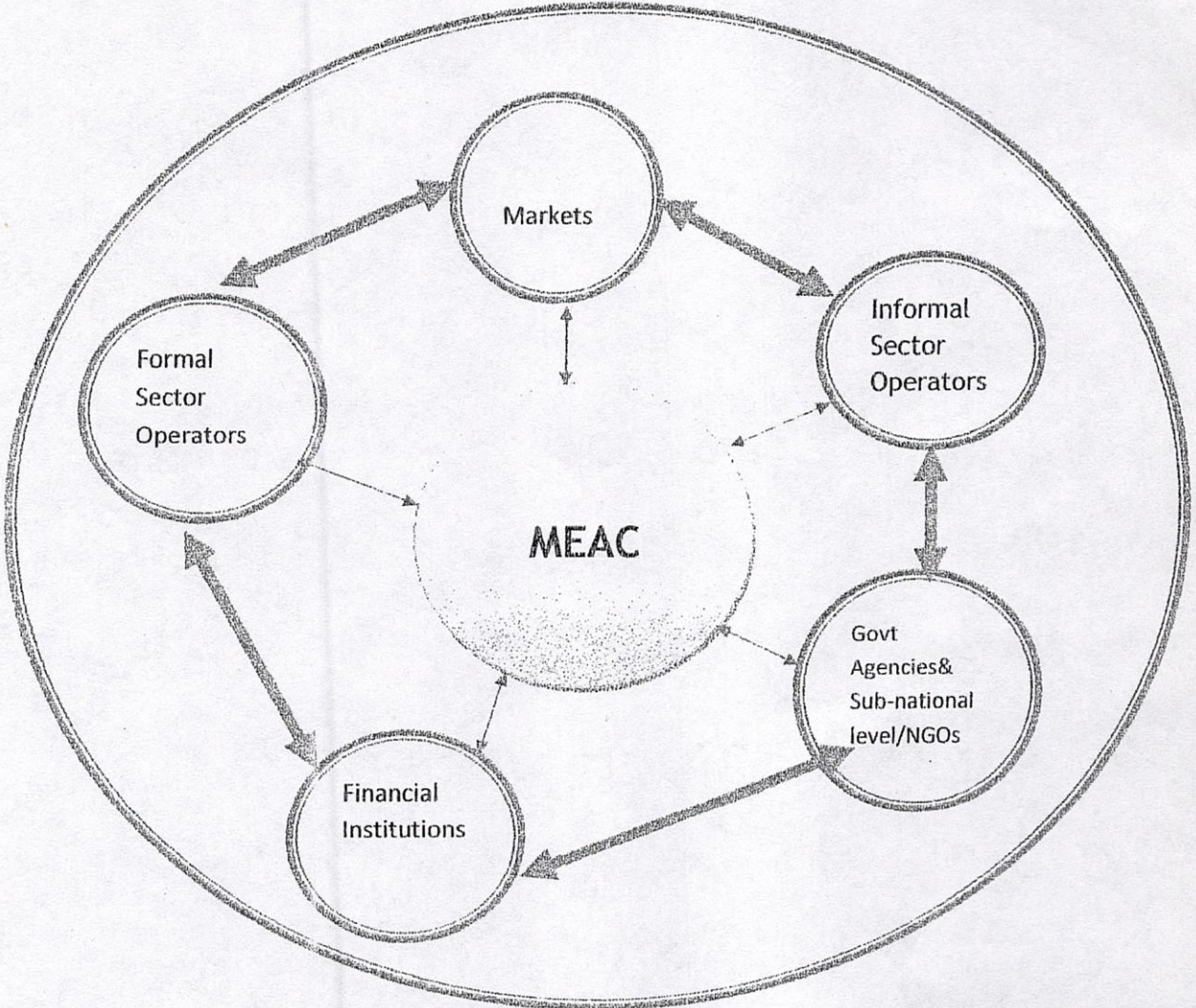
The following implementation framework is proposed for the MEAC model (Figure 10.2). In the SEEFOR states, there are numerous agents and institutions that deal with the individual challenges highlighted above, but the lack of a coordinating body for the various activities has constrained the development of the informal sector in these states. These agents include the states ministries of commerce and industry, the Ministry of the Niger Delta Affairs, the Niger Delta Development Commission (NDDC), oil companies operating in the region, universities and polytechnics and numerous non-governmental organisations (NGOs) contributing to development in this region. In this context, the establishment of MEAC to link these various institutions and agents with the informal sector operators is imperative. Apart from SMEDAN, a federal agency, there is no other agency specifically dedicated to the coordination of the informal sector activities in the region. To avoid duplication of mandates and in line with the new vision of government to streamline the existing government parastatals and agencies, it is proposed that the Inspectorate and Enterprise Extension Services Department of SMEDAN be strengthened to take up the above responsibilities and should be renamed MEAC. The MEAC is expected to be operational across the nine states of the Niger Delta region.

Without prejudice to the mandate of the Inspectorate and Enterprise Extension Services Department of SMEDAN, MEAC is expected to perform the following functions:

1. Provide advisory services to informal sector operators on existing sources of funds for their operations.
2. Determine the technological needs of the informal sector operators and identify appropriate knowledge centres to meet their needs.
3. Determine the capacity gaps among informal sector operators and help bridge the gaps by linking them with the appropriate institutions.
4. Serve as a link between informal and formal sectors' operators and the knowledge generation centres such as the universities of technologies, polytechnics and technology incubation centres.
5. Ensure that knowledge and innovations from the knowledge centres are demand-driven and address the technological needs of particular informal sector operators.
6. Organise and mobilise informal sector operators in similar areas of operation into cooperatives to facilitate easy sharing of information resources, a single voice and linkages to markets
7. Provide general extension services to informal sector operators.

The framework for the operation of MEAC is shown in Figure 10.2.

Figure 10. 2: Framework for Operating MEAC



Source: NISER, 2014

10.4. Formalising the Informal Sector

Addressing the challenges facing the informal sector is the key to formalising the informal sector activities in the SEEFOR states. This is evident from regions and countries that have successfully integrated their informal sector into the formal sector. The main areas where formalisation was promoted in these countries include: technology and knowledge generation and adaptation, enhanced access to credit facilities, provision of critical infrastructure such as power and enabling policy environment. In the proposed framework for the formalisation of activities of

operation in the informal sector, MEAC is expected to liaise with the various institutions whose mandate is targeted at addressing the challenges that the informal sector confronts. Table 10.1 shows the programmes and the institutional framework for formalising the informal sector in the SEEFOR states.

Table 10. 1: Institutional Framework for Formalising the Informal Sector

Constraints	Programmes	Coordinating Department	Principal Implementing Agencies	Supporting Implementing Agencies
1. Inadequate appropriate technical know-how	Technological and innovation generation through: a. Technology incubation centres b. Universities of technology c. Polytechnics d. Research institutes	MEAC	SMEDAN	<ul style="list-style-type: none"> • States • Ministry of Science and Technology • Ministry of Industry, Trade & Investment • Ministry of Education • Ministry of Niger Delta Affairs • NDDC • Donor Agencies • NGOs
2. Inadequate access to finance	a. Provision of credit facility/loan at reduced interest b. Formal organisation of informal sector operators. c. Identification of relevant sources of funding for informal sector actors	MEAC	SMEDAN, DMB, MFB, BoI, Other DFIs	<ul style="list-style-type: none"> • State Governments • CBN • Ministry of Industry, Trade & Investment • Ministry of Niger Delta Affairs • NDDC • Donor Agencies • NGOs
3. Weak bargaining power and access to raw materials	Capacity building in the areas of: a. Organisational skills b. Linkages within informal sector operators and formal sector operators c. Financial management	MEAC	SMEDAN, <ul style="list-style-type: none"> • State Governments • Ministry of Agriculture, • Ministry of Trade and Investment, 	<ul style="list-style-type: none"> • State Governments • NDE • Knowledge Centres
4. Poor enabling/business environment	a. Good governance b. Business-friendly policies c. Provision of infrastructure d. Ease of business registration	MEAC	SMEDAN,	State Governments States IRS CAC State Ministry of Works Ministry of Power, Water Resources Ministry of Transport Ministry of Labour State Assemblies

Source: NISER study on Informal Sector, 2014

SECTION ELEVEN

CONCLUSION AND RECOMMENDATIONS

11.1. Conclusion

- e) The size of the informal sector, in terms of contribution to the GDP, in the four SEEFOR states averaged 34.89 per cent. The average annual income of the operators ranged between N1.85 million in Edo State to N3.51 million in Rivers State, and averaged about N2.46 million for all states. The value-added of the informal sector ranged from N848.92 billion in Bayelsa State to N2, 106.00 billion in Rivers State. Thus, the estimated share of the sector in GDP ranged between 20.35 per cent in Rivers State and 64.65 per cent in Bayelsa State and averaged 34.89 per cent (Table 5.3).
- f) The estimated total employment in the informal sector in the four SEEFOR states is 6,245,418.92. This was derived from 1,600 sampled informal sector operators in the four states which generated 5,389 jobs, translating to employment of 3.4 persons per operator. Given the total number of informal sector actors in the four states estimated at 1,865,510 the estimated total employment in the states is. 6,245,418.92. The breakdown of estimated employment by state shows that Edo State has the highest informal sector employment of 1,944,600, while Bayelsa has the least employment of 847,490 (Table 6.1).
- g) In general, there are significant interdependencies between the formal and informal as well as within the informal sectors. These linkages are evident for raw materials, intermediate and capital inputs as well as for finished products. For instance, over two-third of the informal sector actors purchased raw materials worth between N1,000 and N49,999 weekly from formal sector firms, while over two-fifth of the actors sourced their machinery and equipment costing over N50,000 from the formal sector. Further, three-fifth of the actors supplied raw materials worth between N1,000 and N49,999 to other informal sector enterprises per week, while almost half of the informal sector actors bought major finished products worth N50,000 and above from other actors within the sector weekly in the same period (Table 9.4).
- h) Lack of access to credit and inadequate electricity supply are the most severe constraints on the growth of the enterprises in the opinion of the actors. Some other constraints are insecurity, poor transportation and multiple taxes. Improvement in electricity supply, provision of adequate security and reduction in taxes top the list of suggestions by the actors to encourage growth of the informal sector. Other suggestions include improving access to credit, eliminating multiple taxes and reducing interest rates.

State Profile

- g. Delta State aggregate contribution to rebased GDP was N5, 070.73 billion. In terms of size of the sector by contribution to rebased GDP, the state contributed 20.353%, while estimated employment generated by the sector was 1, 868,328. Mean yearly income of operators was N2,123,284.41 (Table 7.1).
- h. Bayelsa State aggregate contribution to rebased GDP was N1, 313.02 billion. In terms of size of the sector by contribution to rebased GDP, the state contributed 64.65 per cent, while estimated employment generated by the sector was 359,487. Mean yearly income of operators was N2, 361,487.59 (Table 7.3).
- i. Rivers State aggregate contribution to rebased GDP was N6, 379,810 billion. In terms of size of the sector by contribution to rebased GDP, the state contributed 33.0 per cent, while estimated employment generated by the sector was 1,698,000. Mean yearly income of operators was N3,512,275.00 (Table 7.5).
- j. Edo State aggregate contribution to rebased GDP was N3, 599.07 billion. In terms of size of the sector by contribution to rebased GDP, the state contributed 21.56 per cent, while estimated employment generated by the sector was 420,000. Mean yearly income of operators was N1,847,827.65 (Table 7.7).
- k. The most severe challenges facing informal sector operators in the sampled states include multiple taxation; inadequate electricity supply; declining sales; lack of access to credit; high cost of rentals/shops; fuel scarcity; insecurity; poor transportation; and poor storage facilities.

11.2. Recommendations

Immediate/Short-term:

- (a) SMEDAN should be designated as the national coordinating agency for informal sector activities.
- (b) The Inspectorate and Enterprise Extension Services Department of SMEDAN should be renamed as Micro Enterprise Advisory Centre (MEAC) and strengthened to provide advisory services for the informal sector.
- (c) State ministries of commerce and industry should be designated as a coordinating agency for informal sector operations at the state level.
- (d) SMEDAN, together with state ministries of commerce and industry, should identify and access relevant sources of soft credit for informal sector operators through their unions/associations.
- (e) SMEDAN, together with Office of the Head of the State Civil Service should identify relevant knowledge centres to upgrade the skills of informal sector operators.

- (f) SMEDAN and state ministries of commerce and industry should routinely collect information/data on the informal sector for policy formulation as well as monitoring and evaluation (M&E).
- (g) State ministries of commerce and industry in liaison with relevant associations should carry out a comprehensive registration of informal sector operators in their respective states.
- (h) The Federal Ministry of Finance (FMoF), in collaboration with FIRS and SMEDAN, should review and reform the administration of the personal income tax system and value-added tax for the informal sector to bring them into the tax net while avoiding multiple taxes.
- (i) Similarly, State Ministries of Finance, in collaboration with their respective Board of Internal Revenue, SMEDAN at the state level and state ministry of commerce and industry, should review and reform the administration of the personal income tax system and value-added tax for the informal sector to bring them into the tax net while avoiding multiple taxes.
- (j) Development Partners (DPs) should work closely with Federal Ministry of Industry, Trade and Investment, SMEDAN and state governments in providing technical and financial support to informal sector operators.
- (k) The FMoF, CBN, OSSAP-MDGs, DPs and state governments should assist by providing financial support for the implementation of the second and third phases of the informal sector study.

Medium- and Long-term:

- (a) The Federal Ministry of Industry, Trade and Investment should, in collaboration with relevant MDAs and state governments, pursue formalization of the informal sector as a decisive policy thrust of the government.
- (b) The size of informal sector, in terms of number of operators and relative to the GDP, should be reduced by 30 per cent by the terminal date of second NIP (2014-2017), and by 50 per cent by end of NV20:2020.
- (c) SMEDAN, in collaboration with NPC, NBS, NISER and state governments, should monitor the progress in the formalization of the informal sector on an annual basis.
- (d) SMEDAN, in liaison with the Corporate Affairs Commission (CAC), should review the condition for registration of informal sector actors with a view to making it less cumbersome and affordable.

REFERENCES

- Abumere, S. I. 1989. Understanding economic development in Nigeria: The relevance and irrelevance of the dualistic theory. *Nigerian Journal of Economic and Social Studies*, 20(3), pp. 379-406.
- Abumere, S.I., Arimah, B.C. and Jerome, T.A. 1998. The informal sector in Nigeria's development process. *Development Policy Centre (DPC), Research Report no. 1*, Ibadan, Nigeria: DPC.
- Adamu 1996. Microfinance Policy, Regulatory and Supervisory framework for Nigeria, Abuja, Nigeria.
- Akande, S.O. and Akerele, W.O. 2009. *Employment generation in the informal sector of Nigerian economy*. Nigerian Institute of Social and Economic Research (NISER) with the Support of ACBF/ILO.
- Akintoye I. R. 2008. Reducing unemployment through the informal sector: A case study of Nigeria. *European Journal of Economics, Finance and Administrative Sciences*, Issue 11.
- Akintoye, I.R. 2006. Enhancing the performance of the informal sector for the economic development of Nigeria: A case study of Lagos State. *International Journal of Social Sciences*, Vol. 5 No 1, pp 100-112
- And the Formal Regulatory Environment', paper presented to *Unlocking Human Potential: Linking the Informal and Formal Sectors*, EGDI and UNU-WIDER Conference, Helsinki, (17-18 Sept)
- Aremu, W.A. 2006. The informal sector and employment generation in Nigeria: The role of credit. *Paper presented at the Annual Conference of the Nigerian Economic Society (NES)*. 22-24 August, Calibre, Nigeria
- Barro, R. J. 2000. Rule of law, democracy and economic performance, Chapter 2 in Gerald P. O'Driscoll, Jr., Kim R. Holmes, and Melanie Kirkpatrick, 2000 Index of economicFreedom. Available at www.heritage.org.
- Becker, K.F. 2004. *Fact finding study: The informal economy*. Paper Prepared for Sida.
- Bromley, R. and Gerry C. 1979. *Casual work and poverty in Third World cities*. Chichester, Wiley and Sons.
- Capecchi, V. 1989. The informal economy and the development of flexible specialisation in Emilia Romagna, in *The informal economy*. A. Portes et al. (Eds), pp. 189-215. Baltimore: Johns Hopkins University Press.

- Castells, M. and Portes, A. 1989. World underneath: The origins, dynamics, and effects of the informal economy', in *The informal economy*. A. Portes et al. (Eds) pp. 11-37. Baltimore: Johns Hopkins University Press.
- Central Bank of Nigeria (CBN). 2009. *Annual Report and Statement of Accounts for the Year ended 31st December 2009*. Abuja: CBN, pp. liv-lvi.
- CBN/NISER/NBS. 2001a. *A study of Nigeria's informal sector, Vol. I: Statistics on Nigeria's informal sector*. A collaborative study by Central Bank of Nigeria (CBN) Abuja, Nigerian Institute of Social and Economic Research (NISER) Ibadan and National Bureau of Statistics (NBS), Abuja, Nigeria.
- CBN/NISER/NBS. 2001b. *A study of Nigeria's informal sector, Vol. II: In-depth study on Nigeria's informal manufacturing sector*. A collaborative study by Central Bank of Nigeria (CBN) Abuja, Nigerian Institute of Social and Economic Research (NISER) Ibadan and National Bureau of Statistics (NBS), Abuja, Nigeria
- Chen, M. 2004. Rethinking the informal economy: Linkages with the formal economy.
- Chen, M.A. 2007. Rethinking the informal economy: Linkages with the formal regulatory environment. *DESA Working Paper no. 46*, July 2007. Available from: <www.un.org/esa/desa/paper> [Accessed: 29 October 2012].
- Chukwuezi, C. O. 2010. Urban informal sector and unemployment in third-world cities: The situation in Nigeria. *Asian Social Science*, 6(8), August, pp. 131-137.
- De Soto, H. 1992. *Marktwirtschaft von unten. Die unsichtbare Revolution in Entwicklungsländern*, Zürich, Köln: Orell Füssli.
- Djankov, S., Lieberman, I., Mukherjee, J., and Nenova, T. 2002. *Going Informal: Benefits Economic Development and Cultural Change*, Vol. 32, 277-302.
- Fapohunda, T. M. 2012. Women and the informal sector in Nigeria: Implications for development. *British Journal of Arts and Social Sciences ISSN: 2046-9578, Vol.4 No.1*
- Farrel, 2000 Globalisation and employment generation, evaluating the impact of trade on aggregate employment in Nigeria's in industrial sector. NES 2000 annual conference Nigeria.
- Fasanya, I.O. and Onakoya, A.B.O. 2012. Informal sector and employment generation in Nigeria: An error correction model. *Research on Humanities and Social Sciences*, Vol. 2, No. 27, 48-55.
- Feige, E.L. 1989. Defining and estimating underground and informal economies: The new institutional economic approach. *World Development*.

- Harding, P. and Jenkins, R. 1989. *The myth of the hidden economy: Towards a new understanding of informal economic activity*. Open University Press, Milton Keynes, Philadelphia.
- Hart, K. 1973. Informal income opportunities and urban employment in Ghana. *Journal of Modern African Studies*, 11 (1), 62-89.
- House, W. 1984. Nairobi's informal sector: Dynamic entrepreneurs or surplus labour? in
- ILO. 1972. *World employment*. www.ilo.org/public/english/bureau/inf/pkits.
- ILO. 2002a. Decent work and the informal economy. *International Labour Conference, 90th Session*. Geneva: International Labour Office.
- ILO. 2002b. *Women and men in the informal economy: A statistical picture* (Geneva, International Labour Organisation).
- ILO. 2003. *Defining strategies for improving working and employment: Conditions in micro*
- ILO. 2004. *Global employment trends*. Geneva: ILO.
- ILO. 1972. *Employment, incomes and equality: A strategy for increasing productive employment in Kenya*. Geneva. International Labour Organisation
- Igbuzor, O. 2006. A review of Niger Delta human development report. A review presented at a conference on Human Development in the Niger Delta: From Agenda to Action, held at Hotel Presidential, Port Harcourt, Rivers State from 24-25 August.
- Ishengoma, E. 2005. *Firm's resources as determinants of manufacturing efficiency in Tanzania: Managerial and econometric approach*, LIT Verlag
- Kutcha-Helbring, C. 2000. Background paper-barriers to participation: The informal sector in emerging democracies. Paper presented at a workshop, Barriers to Participation: The Informal Sector on Emerging Democracies, Brazil.
- Levenson, A. R. and Maloney, W. F. 1998. *The informal sector, firm dynamics and institutional participation*. Washington, D.C.: The World Bank.
- Loayza, N. V. 1996. *The economics of the informal sector: A simple model and some empirical evidence from Latin America*, Washington, D.C.: The World Bank, 20433.
- Magbagbeola. 1996. *Women in the Nigerian economy*. (Nigeria: Acena Publishers).
- Misati, R. N. 2005. The role of the informal sector in investment in Sub-Saharan Africa. Paper submitted to ACDC for presentation in South Africa, December

- Niger Delta Development Commission (NDDC). 2004. Niger Delta Regional Development Master Plan: Draft 3. Directorate of Planning, NDDC, Port Harcourt.
- Nigerian Vision 20: 2020 Programme 2009. Report of the SME Sector National Technical Working Group
- Oduh, M., Eboh, E., Ichoku, H. and Ujah, O. 2008. Measurement and explanation of informal sector of the Nigerian economy. African Institute for Applied Economics, *AIAE Research Paper 3*, August. Enugu: AIAE.
- Ogboi, K.C. 2003. An assessment of community development needs in the Niger Delta: A case study of Isoko Land. Unpublished Ph.D Thesis submitted to the School of Postgraduate Studies, University of Benin, Benin City.
- Omotola, J. S. 2007. From the OMPADEC to the NDDC: An assessment of the state responses to environmental insecurity in the Niger Delta, Nigeria. *Africa Today*, Vol. 54, No. 1, fall "007, pp. 73-89.
- Onyebuke and Geyer. 2011. The informal sector in urban Nigeria: Reflections from almost four decades of research.
- Rostow, W. W. 1960. The five stages of growth: A summary. *The stages of economic growth: A non-communist manifesto*. pp. 4-16. Cambridge, Massachusetts: Cambridge University Press.
- Schneider, F. 2002. Size and measurement of the informal economy in 110 countries around the world. Paper presented at the workshop of Austrian National Tax Centre, Australian National University, Canberra, Australia, 17 July 2002. Available from: <www.amnet.co.il/attachments/informal_economy110.pdf> [Accessed: 29 October 2012].
- Schneider, Friedrich and Robert Klinglmaier 2004. Shadow economies around the world: What do we know?, *IZA Discussion Paper No. 1043*
- Sethuraman, S.V. 1997. *Urban poverty and the informal sector: A critical assessment of current strategies*, Geneva: ILO.
- Simeone, G. 1998. Nature and determinants of the linkages between informal and formal sector enterprises in Nigeria. *African Development Review* 13 (1).
- Sparks, D.L and Barnett, S.T 2010. The informal sector in Sub-Saharan Africa: Out of the shadows to foster sustainable employment and equity? *International Business and Economics Research Journal*. Vol 9, Number 5, 1-12
- Tokman, V. 1978. Informal – Formal sector relationships. *CEPAL REVIEW*. First half of 1978, 99-134

UNDP. 2006. *Niger Delta Human Development Report*. United Nations Development Programme

World Bank. 1989. *Sub-Saharan Africa: From Crisis to Sustainable Growth*. Washington, DC: The World Bank.

Xaba J., Horn, P. and Motala, S. 2002. The informal sector in Sub-Saharan Africa. *Working Paper on the Informal Economy*, 2002/10, Geneva: ILO.