



Planning the Urban Informal Sector for Sustainable Development in Nigeria

Aliyu A. Yusufu
Department of Sociology
Usman Danfodiyo University, Sokoto

Abstract

The main aim of this paper is to examine the state of the Urban Informal Sector through the replete accumulated data and information from the available literature and to argue that, although the sector has sufficient gateways for providing employment, income and poverty alleviation opportunities as well as social welfare services for the teaming urban labor force in the financial, production, manufacturing, processing, distribution and other sub-sectors of the urban informal economy; yet its inadequate performance can be attributed to its disorganized nature, lack of proper government attention and inappropriate planning. Therefore with adequate, appropriate and strategic thematic planning of the resources and potentials of the sector it can substantially articulate sustainable national and urban economic growth and development in Nigeria.

Keywords: Urban Informal Sector, Planning and Sustainable Development.

Background to the Study

The Urban Informal Sector (UIS) has been an important component and catalyst in the economic growth and development of most Third World Countries, Nigeria in particular. Since the pre-colonial era the sector has been playing the roles of generating employment, income and poverty alleviation opportunities as well as social welfare services to the teaming labor force in most urban places. The predominance of the sector as significantly increased within the period 1986-2015 due to the very rapid “growing urbanization of poverty” stimulated by the spill-over negative effects and consequences of the economic reform policies since the introduction of the Structural Adjustment Program (SAP) in 1986 and later as a result of the economic liberalization policies of the 1990s to the present. These policies have generally contributed to the “de-agrarianization” process of rural economy (Bagachawa and Stewart, 1990 and Iliya, 1999) and the “de-industrialization” process of the urban economy (Bangura, 1991). The processes have tremendously contributed to the resurgence of the UIS since the late 1980s. Under the present persistent

unemployment and poverty predicaments in Nigeria, the UIS is overstretched due to a number of constraints and challenges that inhibit its effective and efficient operations and performance as to substantially contribute to the sustainable national and urban development. Amongst the main constraints of the sector include, its disorganized nature due to its informal characteristics; lack of adequate government attention and assistance, absence or low access to credit and market, inadequate production inputs and use of crude technology as well as insufficient education and income of the operators and hazardous working conditions which together contribute to the low productivity of the sector. Therefore, for the sector to adequately surmount its constraints and face its challenges of meeting up with the current and future demands, it needs to be appropriately and strategically planned through a responsive, thematic planning approach/process.

Objectives of the Study

This paper has three main objectives to include the following:

1. Provide an overview of the economic profile of Nigeria and the UIS,
2. Critically examine the conceptual and operational frameworks of the UIS, planning and sustainable development
3. Discuss the proposed UIS thematic planning framework/approach. Hence, the paper is divided into seven sections; with the first being the introduction, section two states the objectives of the paper, section three discusses the material and methods of the paper, section four deals with the overview of the economic profile of Nigeria and the UIS, section five is about the conceptual and operational discussion of the UIS, planning and sustainable development, section six discusses the UIS Strategic Thematic Planning Framework and section seven provides the conclusion and recommendations of the paper.

Materials and Methods

The materials used for this paper are generally from the secondary data and information gathered from the accumulated literature on different issues on the UIS in Nigeria, planning and sustainable development. The main method employed in the discussion of the paper is the temporal mode of explanation in which is invaded "cause-and-effect analysis. This mode of explanation is an attempt at 'examining the origin and subsequent development of phenomena by the operation of process laws' which is associated with historicism, causal and genetic analysis (Harvey, 1976:80).

An Overview of the Profile of Nigerian Economy and the UIS

Nigeria occupies a large land mass area of about 923, 773 square kilometres and a population of about one hundred and fifty-three point nine (153.9m) million of which more than fifty (50%) percent are youths who are at their productive age bracket (CBN, 2009). The economic resource base of the country is large, extensive and diverse to include such resources as petroleum, solid minerals and abundant agricultural products as well as different industries which if adequately mobilized, planned and harnessed can guarantee the required basis for the sustainable national development of Nigeria. Since

the independence in 1960 the country has witnessed very rapid urbanization as a result of different political and economic changes and policies witnessed in the country; due to which urban growth has increased from about fifteen percent (15%) in the 1970s to about twenty-five percent (25%) in the 1980s. By 2000, urban growth increased significantly to about thirty-nine percent (39%). It is estimated that by 2010 and 2020 urban growth will respectively rise up to about fifty percent (50%) and sixty-five percent (65%). The annual urban growth rate is now at five point five (5.5%) percent (Bashar, 1980, FGN, 2004, CBN/FOS/NISER, 2001 and Nwaka, 2005).

Consequent upon Structural Adjustment Program (SAP) and the Economic de-regulation and Liberalization Policies, the country's rates of unemployment and poverty incidence have respectively risen to about twelve point nine (12.9) percent and fifty four (54%) percent (Onyebueke and Geyer, 2009). The poverty situation coupled with the high unemployment has contributed to the rapid expansion of the UIS in the country. Statistics have shown that Nigeria has the largest and most dynamic UIS in the Sub-Saharan Africa. Estimates have shown that the UIS accounts for the workforce of about twenty-five percent (25%) by 1960s, forty-five to fifty percent (45%-50%) by 1970s and about sixty to sixty-five percent (60%-65%), in the 1980s (Fapohunda, 1978, ILO, 1988, Fluitman, 1989, King, 1990 and Nwaka, 2005). Similarly, the sector accounts for about fifty-seven point nine (57.9%) percent of Nigeria's Gross National Product- GNP- (CBN, 2009).

Similarly, according to the national survey conducted by the Central Bank of Nigeria (CBN) in collaboration with the Federal Office of Statistics (FOS) and the National Institute of Social and Economic research (NISER) in 2000, it was estimated that the informal sector enterprises in both the urban and rural places in Nigeria were about 8,604, 048 with a total employment generation of about 12, 407,348 (Onyebueke and Geyer, 2011). The percentage distribution of workforce between the sub-sectors of the UIS is sixty percent (60%) for commerce and trade (UIRS inclusive), thirty-two percent (32%) for manufacturing, four percent (4%) for services and four percent (4%) for transportation. The sector has an annual growth rate of workforce of about between six percent (6%) to eight percent (8%). This made the sector the most preponderant due to its absorption capacity of redundant urban surplus labor; thereby providing ample opportunities of employment, poverty reduction, income generation and social welfare provision and skills acquisition and training for the teaming urban labor force and their families (Onyebueke, 2009 and Onyebueke and Geyer, 2011).

Due to the very rapid growth of the UIS, Meagher and Yunusa (1996) have noted that the SAP have contributed to the expansion of the scope of 'informality of the sector into the heart of the official economy', thereby creating a situation where 'the previously supplementary role of the sector in employment and social welfare provision is being stretched toward a replacement of the role of the state in these matters'. This situation has also contributed to the expansion of the sector's forward and backward linkages with the formal and other informal economic activities/enterprises (Harris, 1990, Ajakaiye and Umar and UNPFA, 2007).

The preponderant nature of the activities of the UIS have generated huge waste products which makes waste management problematic; the consequences of which seriously impacted the urban physical environment to the extent of leading to environmental degradation in most urban places in Nigeria. This situation has necessitated the invention of new ways of solid management controls so as to contain the emerging negative side-effects of the activities of the UIS (Agunwamba, 2004, Nwaka, 2005 and Onyechenere, 2011).

The Urban Informal Sector, Planning and Sustainable Development Conceptual and Operational discourse

This section is an attempt at providing the respective conceptual and operational discourse of the nature, meaning and implications of the UIS, planning and sustainable development.

The Urban Informal Sector

The concept of UIS has profusely featured in the literature of Third World Development especially due to the development imperatives, bottlenecks and challenges of the Third World Countries, Nigeria in particular (Onyebueke and Geyer (2011). Much about the inadequate contribution of the UIS to the economic growth and sustainable development of Nigeria has been attributed to the conceptual and operational ambiguities of the sector arising from its informality, disorganization and under-utilization of inputs ((Meagher and Yunusa, 1996). The conceptual framework generally attributed to the UIS in the literature has neglected many issues surrounding the relative circumstances and operational dimensions of the sector not until the counter arguments made by some Scholars notably Bromley (1979), Lubbel (1991), Mingione (1991), Odetola (1992) and the Central Bank (CBN) in collaboration with the then Federal Office of Statistics (FOS) now the Federal Bureau of Statistics (FBS) and the National institute of Social and Economic Research -NISER- (2001).

The common counter argument against the initial dichotomy and conceptualization of the UIS as a direct opposite of the formal sector is that, it is logically inconsistent and wrong to lump together all economic activities within the “formal” and “informal” boundaries without giving due regards to their multivariate historical, structural and operational circumstances. This is because there are some economic activities whose nature, characteristics, structure and operational patterns and processes are neither purely formal nor informal but in between sharing the characteristics of both at different variable instances. More so, even amongst the sub-sectors of the so-called “informal activities such as production, financial, processing and manufacturing as well as distribution there are some remarkable circumstantial and operational differences that do not warrant all informal economic activities of sub-sectors to be lumped together. Therefore, the conceptual framework that lumped together all economic activities between the formal or informal sectors cannot give adequate ground for the development of an appropriate uniform methodological framework (Olisadebe and Ajakaiye, 1996). From this argument it is therefore clear that it is difficult to provide a

common and uniform methodology for studying the UIS. Rather it is better done thematically through its various sub-sectors, especially considering the very rapid and dynamic nature of the UIS which has now come to be characterized by continuity and change due to the impact of globalization on and other change elements of contemporary world. This circumstance also therefore needs to be considered for the appropriate planning of the sector in relation to its different sub-sectors.

Planning

The concept of planning is used in a variety of ways which led to some confusion over its application to the extent that Wildavsky (1973) once claimed that 'If planning is everything may be it is nothing'. Be it as it may, planning like development is a process that involves decisions and choices about alternative ways of utilizing available resources with the aim of achieving some particular goals and objectives in the present and future. It is a means of allocating and utilizing available resources to the various components of development. According to Nehru as quoted by Waterson (1965), planning is 'the exercise of intelligence on how to deal with facts and situations as they are and find a way to solve problem'. Planning is therefore a 'conceptual system parallel to the real world' which can be defined as 'a process of human thought and action based upon that thought, in point of fact, forethought, thought for the (present and) future'(Chadwick, 1981:65). Hence, planning is specifically about "management" of resources as to make possible economic and human development. The UIS as an unorganized economic sector with some significant economic potential can only significantly contribute to the sustainable economic growth and development if it is appropriately and strategically planned.

Sustainable Development

The concept of "sustainable development" was claimed to have originated in 1713 from the publication of Hans Carl Von Carlowitz which was the first treatise on forestry to advocate for the effective management of forest resources as a means of safeguarding an adequate supply of timber. This was as a result of the over-exploitation of the environment during the time in Saxon; the consequences of which have led to the scarcity of timber which created some crisis on the Saxon mining industry. The publication suggested how viably to replenish the economic vitality of the environment of the area, especially for reasons of protection of social, political and economic interests of the people rather than solely for the interest and respect for the environment per se. In that publication, Carlowitz used the German term "Nachhaltigkeit" which means "sustainability" (Hsiang, J., Mendis, B., Markiewicz, D. and Welch, R. (2009).

The idea behind the concept of 'sustainability' as provided by Carlowitz was later after evaluation of its mutual beneficial links and relationships with "development" and the need for a 'synthetic strategy that integrates various elements and objectives of development of the time, was adopted and developed by the World Commission on Environment and Development (WCED-the Brundtland Commission) in its report code named "Our common future". In the report the concept of "sustainable development" was defined as 'the process of meeting the development needs of the present generation

without compromising the needs of the future generation' (WCED, 1987:43). According to the Global Language Monitor, the word “sustainable” became a household word by gaining 'so much attention that it was the most popular word in 2006 which earned it the title of one of the top 25 most popular words of the decade used both online and print media' (Hsiang, 2009).

Since the report of WCED, the concept of “sustainable development” was promoted to the position of the reigning development paradigm which has come to dominate the present development thinking in various academic disciplines. Amongst the critical objectives/elements of sustainable development which the WCED identified include, “quantitative and qualitative growth” that can ensure provisions of essential (basic) development needs of people in terms of jobs, foods, energy, water and sanitation. Others are “population control”, “conservation and enhancement of environmental resource base”, “reorientation of technology”, “efficient management of risk”, “merger of environment and economics in decision making” and “reorientation of international economic relations” (Brown, 1998 and Isamah, 2002:133). Because sustainable development is considered a process that is expected to last for generations both in the present and in the future, the World Bank (1994) simply defined sustainable development as merely the 'Development that lasts'.

We can therefore at this point conceive sustainable development as the process of improving the living conditions of people through various appropriate ways that can last for the benefits of present generations and even those yet unknown. Hence, it can be defined as “the far reaching sustainable transformation and improvement of social, cultural, political, economic, technological and environmental resources through adequate re-organization, re-orientation and management for the good of all people and for all times”. Hence, for sustainable development to be possible as to benefit both the present and future generations, it must create through planning, the most appropriate ways of harnessing and managing the resources of a country of which the UIS is part and parcel.

Discussion

Since planning is about how to make best use of available resources, both human and material, it is necessarily obvious that it is rational, responsive and strategic in approach. Therefore, since the UIS is a sub-sector of the urban economy and a sector in its own right under which are other sub-sectors of informal finance, production, manufacturing, processing, distribution and marketing; the best and most appropriate way to plan it is to conceive it thematically in relation to its relative methodology of its study.

The main objective of strategic thematic planning framework which this paper recommends and advocates is to provide an appropriate planning approach for the UIS that is capable of making it effective and efficient in improving its operations and performances as an urban economic activity sector. This is with the view to enable the sector face the challenges of sustainable development in Nigeria and similar areas. The

approach can be replicated and applied to the different respective sub-sectors of the UIS which can be thematically identified through peer review methods.

The UIS Strategic Thematic Planning Framework/Approach

The Strategic Thematic planning Framework/Approach for the planning and development of the UIS in Nigeria

Involves consideration of the following:

Main Assumptions

- i. Planning process is governed by different uncertainties whose aim is to reduce them to their barest minimal level.
- ii. Planning is a systemic, continuous and cyclical process constituted by different levels of planning activities.
- iii. Planning process is flexible and adjustable so as to respond effectively and efficiently to certain changes in policy and uncertainties in the planning environment.

The planning process requires regular review of plan effectiveness through the SWOT analysis of the strengths, weaknesses, opportunities and threats of the UIS sub-sector for which the plan is being made.

Stages of the Strategic Thematic Planning Framework

- i. Thematic identification of the various UIS sub-sectors in Nigeria based on their characteristics nature of activities or other procedure/s.
- ii. Systemic identification of the strengths, weaknesses, opportunities and threats of the sub-sector through SWOT analysis.
- iii. Decision to adopt specific planning approach for each of the identified sub-sectors.
- iv. Establish organizational framework for planning i.e. Agencies responsible for controlling and managing the affairs of each sub-sector of the UIS.
- v. Specify the planning goals for each of the sub-sectors.
- vi. Formulate objectives.
- vii. Collect and analyze data.
- viii. Identify alternative courses of action.
- ix. Appraise alternative courses of action i.e. identification of the advantages and disadvantages of the different courses of action through either of the appraisal techniques such as “Cost Benefit Analysis” (CBA), “Environmental Impact Assessment” (EIA), “Social Impact Assessment” (SIA), etc.
- x. Select the preferred alternative.
- xi. Implement the plan i.e. Operationalization of the plan in terms of the various activities associated with the plan or project so conceived, preparing time-frame for completion, mobilization of resources, etc.
- xii. Monitor and evaluate i.e. while the plan or project is being put in place it is required that the progress so far made is monitored in order to ensure that the various activities involved in the process are executed according to plan or project specifications.

Conclusion and Recommendation

From the discussion and analyses submitted in this paper, it is apparent that although the UIS has the potentials of creating sustainable national and urban economic growth and development in Nigeria, its inability to make that possible is beclouded by its disorganized nature, lack of government attention and inappropriate planning approach. The paper therefore recommends that for the UIS to effectively and efficiently perform as to provide adequate basis for sustainable economic growth and development in Nigeria it has to be strategically and thematically (i.e. sectorally) planned based on the main planning assumptions and stages stipulated above. This is due to the fact that the approach is systemic, continuous and cyclical in nature and operationalization; thereby involving series of activities and proper coordination at the different levels of the process.

References

- Abumere, S. I. (1978) "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, & Jerome T. A., (1998), "The Informal sector in Nigeria's Development Process, Development Policy Centre (DPC)". Research Report No. 1, Ibadan, Nigeria: DPC.
- Bagachawa, M.D. & Stewart, F. (1990), "Rural Industrial and Rural Linka Sub-Saharan Africa', International Development Centre". University of Oxford: Queen Elizabeth House.
- Bangura, Y. (1991), "Structural Adjustment and de-Industrialization ". Nigeria: 1986-1988', *African Development*, 16 [1], pp. 5-32
- Baran, P. A. (1957), "The political Economy of Growth". New York: Monthly Review Press,.
- Bashar, K. (1980), "Statistics Concerning the Informal Sector in Nigeria". *Labor, Capital and Society*, Nov., 1980.
- Boeke, J. H.(1953), " Economics and Economic Policy of Dual Societies as exemplified by Indonesia". Institute of Pacific Relations, N.Y.
- Bromley, R. (1979), "The Urban Informal Sector: Why is it worth Discussing?' in Bromley, R. (ed.), *The Urban Informal Sector: Critical Perspectives on Employment and Housing Policy*". Great Britain: Wheaton & Co. Ltd.
- Brown, D. R. (1998), "Evaluating Institutional Sustainability in Development Programmes: Beyond Daollars and Cents". *Journal of International Development: Vol. 10, No. 1, pp.55-69.*

- Chadwick, G. (1981), "A System View of Planning". Oxford: Pergamon Press
- CBN/FOS/NISER (1996), "Conceptual and Methodological Framework for Informal Sector Research in Nigeria".
- FGN (2004), "National Policy on Population for Sustainable Development". January. FOS(1999) Annual Abstract of Statistics, Nigeria, Abuja: Federal Office of Statistics.
- Harris, J. S. (1990), "Linkages between the Formal and Informal Sectors in Developing Countries: A Review of Literature". ILO/WEP Research Working Paper WEP 2-19/WP. 50, Geneva.
- Hart, K. (1973), "Informal Income Opportunities and Urban Employment in Ghana". *Journal of Modern African Studies*, Vol.11, No.1, pp.61-84.
- Harvey, D. (1976), "Explanation in Geography,". London: Edward Arnold.
- Hsiang, J.et. al. (2014), "Indexing Sustainability: Defining, Measuring and Managing the Performance of Urban Development, Yale: School of Architecture pub".
- Ijaiya, G. T. & Umar, A. (2001), "Informal and Formal Sector Linkages and the Incident of Poverty in Nigeria; A Case Study of Ilorin Metropolis". *African Development*, Vol. XXIX, No.3.
- Iliya, M.A. (1999), "Income Diversification in the Semi-arid Zone of Nigeria: A Study of Gigane". Sokoto: North-west, Nigeria.
- I.L.O. (1972), "Employment, Incomes and Inequality: A Strategy for Increasing Employment". Kenya: Geneva: ILO.
- Isamah (2002), "New Directions in the Sociology of Development', in Isiugo-Abanihe, et. al. (eds.), *Currents and Perspectives in Sociology*". Ibadan: Nigeria: Malthouse Press Ltd., pp. 123-137.
- Meagher, K. & Yunusa, M. B. (1996), "'Passing the Buck: Structural Adjustment and the Nigerian Urban Informal Sector". United Nations Research Institute for Social Development (UNRISD) Discussion Paper, DP 75, May.
- Mingione, E. (1991), "Fragmented Societies: A Sociology beyond the Market Paradigm". Oxford: Blackwell.
- Moser, C. O. (1978), "Informal Sector or Petty Commodity Production: Dualism or Dependence in urban Development". *World Development*, Vol. 6, No. 9/10, Sept/October

- Msambichaka, L. & Bagachawa, M. (1989), “ Informal Sector in Tanzania: Conceptualizations, Methodology Constraints and Data gaps”. Dares-Salam.
- Nwaka, G. I.(2005), “The Urban Informal Sector in Nigeria: Towards Economic Development, Environmental Health and Social Harmony”. *Global Urban Development*, 1 (1), pp.1-10.
- Odetola, T. (1992), “The Informal Sector and National Development: Contributions, Problems, Prospects and their implications for Human Resource Development: An Overview', Paper presented at the 12 National Training Conference”. organized by The Industrial Training Fund (ITF), Jos, Nigeria: ITF Press.
- Olisadebe, E. U. & Ajakaiye, A. O. (1996), “Conceptual and Methodological Framework for Informal Sector Research in Nigeria”. Jos: CBN/NISER.
- Onyebueke, V. U. (2009), “The Informal Sector as a Coping boat-camp: Joblessness, Livelihoods and Variegated outcome in African Cities (ed.) *Advances in Psychology Research Series*”. Vol. 63, chapter 4, New York: Nova Science Publishers, pp. 89-109.
- Onyechenere, C. E. (2011) “Spatial Distribution of Women Informal Economic Activities in the Rural areas of Imo State, Nigeria”. *Journal of Geography and Regional planning*, 4 (1), pp. 20-35.
- UNFPA (2007), “State of World Population-2007: Unleashing the potentials of Urban Growth”. UNFPA.
- Waterson, A. (1979), “Development Planning: Lessons of Experience”. London: John Hopkins University Press.
- Wildavsky, A. (1973), “If Planning is everything, may be it is Nothing”. *Policy Research*, vol. 4, pp. 127-153.
- World Bank (1996), “Nigeria: Poverty in the midst of Plenty: The Challenges of Growth with Inclusion', A World Bank Assessment Report”. The Population and Human Resource Division, West African Dept.