



CHALLENGES OF INFORMAL ECONOMIC ACTIVITIES ON ROAD RESERVATIONS: EVIDENCE FROM URBAN MOBILITY ISSUES

LAWAL KABIR TUNAU, ALIYU TIJJANI, SULEIMAN ABUBAKAR AND RABIU USMAN MOHAMMED

Department of Urban and Regional Planning, School of Environmental Science Technology, Federal Polytechnic, Mubi Adamawa – Nigeria.

Abstract

This work was motivated mainly by the need to empirically assess the challenges of informal economic activities on road reservations in Nigeria. Specifically, the objective of the study is to examine the relevance of road reservation in urban and regional planning, and causes of informal economic activities on road reservations. In recent times, multiple indicators have been used to assess informal activities, this study employed Brian Mcloughlin's simple planning process model alongside field survey to assess the challenges of informal economic activities on road reservations. The result shows that the activities of the informal economic sector have posed serious problems in the social and economic environment of urban dwellers, thereby resulting into traffic congestion, distortion of the city image, increase accident rate etc. It was therefore recommended that, the city authorities should provide adequate and organized infrastructural facilities by ways of building more market stalls, public conveniences, electricity and water supply, to traders in order to maintain neat and orderly vehicular streets.

Keywords: *Informal, Informal economy, Road Reservation, and Urban Mobility.*

INTRODUCTION

The growth of an urban area due to the influx of people in search of employment and greener pasture takes its toll on land and the built environment (Ajayi,

2013). This is evident in the growth of squatter settlements across Nigerian cities, illegal occupation of government land and erection of illegal structures on open spaces in the cities. As greater percentage of the urban workers are unable to get white collared jobs, the informal economy grows. Different authors have different perspectives on the concept of informal economy. The informal economy however, refers to commercial activities that are not regulated or not fully regulated by the government (Ajayi, 2013).

That is to say, they are not recorded in the calculation of a country's Gross Domestic Product (GDP) (Ajayi, et al 2013).

The Oath (1989) as quoted by Roy (2004), stated that the "informal economy is people's spontaneous and creative response to state's incapacity to satisfy the basic needs of the impoverished masses". This results to increase in the number of informal economic operators who occupy available open spaces and transportation nodes mostly on road reservations. Hence contributing to traffic congestion, reduced road capacity, distortion of city master plan, environmental degradation, among others on urban roads across Nigerian cities.

Previous studies shows that informal economies account for 65% of Gross Domestic Product and are on the increase (ILO, 2012). Sassan (2018) stated that the challenges facing informal economy is lack of formal support. According to him, the informal economy is deeply embedded in production in relative small size, this means that the knowhow is there, but require support from the formal sector. Furthermore, Oduh et al (2008) stated that Nigeria's informal economy still remains an enigma as it has neither been comprehensively studied nor understood. Clearly, several questions remain unanswered regarding it growths, causes, and dynamics of its attended challenges in Nigeria. This paper seek to examine the nature, characteristics and challenges of the activities of informal commercial operator's on road reservations across Nigerian cities.

Conceptual Framework

Nature of Roadside Informal Economic Activities

McGee (1991) defined roadside economic activities as the offering of goods and services for sale on the roadsides. He further added that these activities are usually in small scale, not registered and can hardly be distinguished from household commercial activities. In Nigeria, roadside informal economic activities rose to prominence over the years as a result of a multifarious factors

Nigeria has witnessed since the turn of the 20th century in the social, economic and cultural aspects of the country. Notable of these factors is high level of urbanization inherent in the global south, coupled with the failure of the institutions that provide job security and benefits.

As it is becoming more expensive to live in cities, many urban dwellers have resorted to the act of buying and selling along roadside corridors mostly on road reservations as urgent means of survival. In line with the above, Tunji (2000) stated that large numbers of street traders in Lagos are not just poor residents but school drop outs and destitute who become active hoodlums and rascals especially at night when crime becomes pronounced. On the contrary, Oluyomi and Nwafor (2014) reported that street traders are not the poorest in the society. According to them, sizable number of them are economically comfortable men and women who trade to increase income, they further observed that some of the street traders' wares are worth thousands of naira with monthly profits that may be better than the salaries of many cadres of civil servants.

Myths about the Informal Economy

ILO (2000) in its study titled “Employment and Social Protection in The Informal Sector” enunciated and demystify three commonly held beliefs that have influenced and even introduced bias into the work of many analysts. They are:

1. **All people who engaged in informal sectors activities are poor:** Informal sector participants are indeed poor, empirical evidence has made it cleared that the informal sector as is not synonymous with poverty. It has a highly heterogeneous structure: the very poor are engaged in subsistence activities at the bottom of the ladder, while at the top there are some very profitable economic ventures. In many cases they earn incomes well above the minimum wage.
2. **The sector is unorganized and unstructured:** Studies have also indicated that informal sector activities are far from being unorganized or unstructured. The urban informal sector has its own mechanisms financial services, training, marketing, welfare schemes and social safety nets. Secondly, while the bulk of informal sector workers are engaged in own-account activities run by individuals with or without the participation of unpaid family workers – the sector also includes micro- and small-scale

enterprises, largely in manufacturing, which hire workers on a continuous basis and often have operating links with formal sector enterprises.

3. **Informal sectors activities are illegal.** It has become clear that the illegal situation in which many informal sector workers may find themselves is due to the non-applicability of existing regulations to the economic conditions of informal sector activities and lack of knowledge of the regulations, rather than to any outright desire to circumvent the law. Moreover, most of the subsistence and micro- businesses operate at the periphery of or beyond the law because of the unaffordable costs that compliance with existing regulations would impose on their economic activities, putting at stake their ultimate survival. (ILO,2000). This can be expressed in two frameworks according to Joanna, et al (1997) – the economic and criminological/legal framework.

Relevance of Road Reservations in Urban and Regional Planning

Road reservation is a legally described area within which facilities such as roads, footpaths and associated features are or may be constructed for public travel. The purpose of a reserve is to provide a transport and service corridor with access to all private allotments.

In other words, road reservations are suggested to provide for the following functions:

1. **Safety.** The reservations help to protect residential buildings and lives from accidents and run-off vehicles. It also serves as emergency parking space for faulty vehicles.
2. **Future expansion.** Urban road reservations are spaces for further road expansion so as to meet future space need.
3. **Utilities and services.** It provides space for utilities such as water supply, gas lines, railway services, waste management, etc.
4. **Aesthetic purpose.** It provides space for landscaping purposes along urban roads, hence, adding aesthetic function to urban roads.
5. **Street furniture.** Urban road reservations are also used for street furniture such as sign posts, street lightening, walkways for pedestrians among others.

However, urban road reservations are plagued by a number of challenges and problems. These problems tend to be the very problem of urban roads in

Nigeria, and greatly affects the transportation system. Conflicts between pedestrian and vehicular traffics as a result of informal economic activities on road reservations has pushed pedestrians unto the road. Thereby leading to increased human traffic on roads, which consequently endangers pedestrian lives. The activities of the informal economic actors have also led to poor environmental conditions with gross consequence on public health. The wastes generated by these businesses are littered all over the road and its reservations. Hence, contributing to poor environmental conditions, food poisoning and the deterioration of human health. This is evident in the smelly and unaesthetic condition of such areas.

Characteristics of Road Reservations across Nigerian Cities

Road reservations in Nigeria and other developing countries have been overtaken by activities different from what they have been designed for. The function of aesthetics, street furniture, safety, etc. has been overtaken and overshadowed by other informal economic activities along urban road reservations in Nigerian cities. These reservations are characterized with the following:

1. *On-street parking.* Road reservations across Nigerian cities have been overtaken by vehicles, motorcycles, tricycles and carts illegally parked on road shoulders. This is mostly witnessed around places with clusters of informal economic activities who sees the road reservations as strategic and convenient for loading and off-loading of goods and passengers.
2. *Service industries* like auto mobile mechanic workshops, block industries, etc. also finds the reservations attractive for their products.
3. *Urban agriculture.* This includes the cultivation of arable crops and vegetables like maize, groundnuts, beans and all for kinds of vegetables.
4. *On-street trading.* This is another activity that take place on road reservations in Nigerian cities. They include any form of buying and selling either on mats, tables or temporary structures along road reserves in sides.
5. *Residential areas.* reservations in Nigeria are occupied by residential buildings most of which are temporary, slum-like and are made of sticks and zincs.

6. *Petrol stations.* Some petrol stations in Nigerian cities are located on road reservations are without adequate parking facilities.

Characteristics of Roadside Informal Economic Activities

Sethuraman (1981), posits that roadside economic activities are firms employing ten (10) or less workers with the exception of the liberal professions. They comprise a wide range of activities from primary services to household, commercial to non-commercial activities. The activities of the informal economic sector are characterized by the following:

- a. Ease of entry and exit.
- b. Reliance on indigenous resources.
- c. Labour intensive
- d. Family ownership.
- e. Small scale operation.

Classification of Roadside Informal Economic Activities

The table below shows the classifications and types of informal economic activities as identified by Ahmed (1993)

Table 1: Types and classifications of informal economic activities.

S/N	CLASSIFICATION	ACTIVITY TYPE
1.	Manufacturing	Carpentry, baking, tailoring, craft, food production, welding, wood work, etc.
2.	Trading	Hawking, petty trading on cloths, provisions, foods, drinks, etc.
3.	Services	Electrical, mechanical, catering, Bakery, laundry, photography, repairs and maintenance, transport services, informal health services, hair dressing, etc.

Source: Ahmed (1993).

Oladimeji, (2012) quoting Malik (1996) stated that “the informal economy is vital in the creation of employment, urban poverty reduction, as well as provision of incomes to unskilled and semiskilled workers who other-wise would be unemployed”. Some of the relevance of the informal economic sector includes:

Employment. The third National Development Plan (NDP, 1975-1980) of Nigeria estimated that informal economic activities accounted for about 30% of non-agricultural employment. On the other hand, the National Bureau of Statistics (NBS) stated that, unemployment rate in Nigeria increased from 14.2% in the fourth quarter of 2016 to 16.2% in second quarter 2017 and 18.8% in the third quarter of the same year. Hence, increasing the number of those engaging in the informal sector (NBS, 2017).

Source of income and revenue. The informal economic sector serves as a major source of income and sustenance to those engaged in it. They are also an ideal means of revenue generation for urban authorities through the various forms of taxation available to them (Singh, 2005).

Provision of essential services. They help in the provision of basic services such food stuffs, automobile repairs, etc. to urban residents at an affordable rate and convenience. Nkom (2000) stated that 90% of Nigerian food supply comes from the informal sector. This also supports the argument of the dualists school of thought that the formal and the informal sector complements each other.

Training of unskilled Labour. The informal economic sector is entrepreneurial in nature and serves as a training ground for the informal sector. It helps to train individuals through apprenticeship for skilled labour as well as gain experience needed in the formal sector.

Crime reduction. The informal economic sector absorbs greater percentage of the youth who otherwise will be unemployed, idle and can resort to different category of criminal acts just to earn a living. Since little or no capital and training is required to enter into the sector unlike the formal sector with complex bureaucratic processes.

METHODOLOGY

The assessment of these activities can be carried out using Brian Mcloughlin's (1969) simple planning process model. The process involves five (5) stages of problem identification, survey and analysis of data, policy and plan formulation, implementation and plan evaluation as shown in Figure 1.

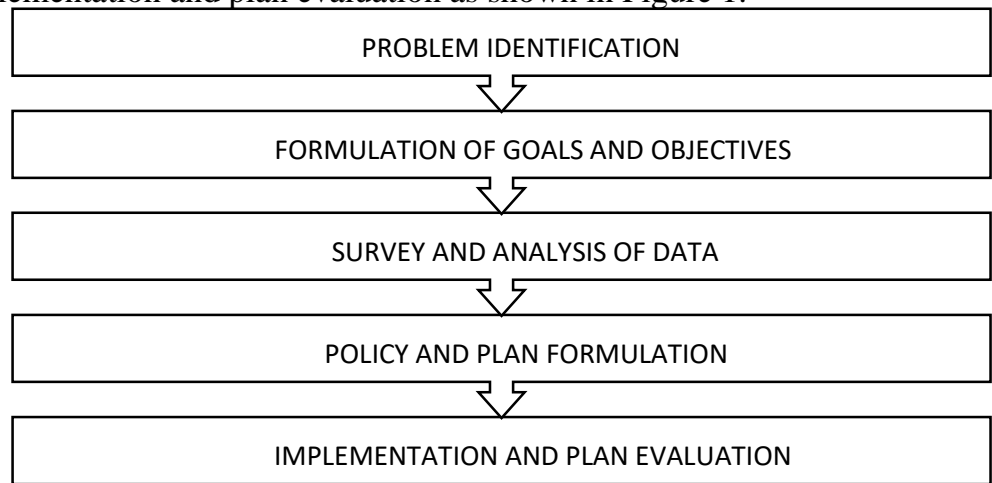


Figure 1: Planning Process.

Source: Mcloughlin (1969).

The process of evaluation at any stage of the project will be done using any of the Management – Oriented Methods of project evaluation such as; Program Evaluation and Review Techniques (PERT) and Cost-Benefit Analysis.

In adopting the McLoughlin's model, roadside informal economic activities can be assessed through the following steps:

1. Identification of problems by establishing the importance of understanding roadside informal economic activities in urban and regional planning.
2. Identification of the typologies of activities.
3. Establishing the spatial and operational characteristics of the activities. In this regard, the locational attribute, operators and the characteristics of the activity's operations are examined.
4. Identification of observed and potential implications of the activities and its operations to urban and regional planning.

RESULT AND FINDINGS

Constraints of Informal Economic Activities on Road Reservations

Some of the constraints encountered by the informal economic actors as identified includes operational challenges having to do with trading space. Most of the spaces occupied by these activities are illegal and temporary. Lack of permission from appropriate authorities and security exposes them to harassment and in severe cases confiscation of goods by urban authorities. They are also exposed to health problems and economic loss as most of their products are perishable.

The informal economic actors tend to contend with formal shop owners and landlords due to infringement on their premises and businesses. He also stated that the informal actors are sometimes provided with space in the Central Business Districts (CBD) where they hardly get customers. Consequently, resulting to infringement as CBDs are meant for businesses that pay tax and rent. It concluded that the activities of the informal economy are constrained among other factors by poor power supply, lack of access to business capital, and inadequate space to operate their businesses. Noteworthy also are issues bordering on the security and safety of the operators in relation to their lives, goods and wealth.

The activities of the informal economic sector have posed some problems in the social and economic environment of urban dwellers. Some of these problems to include:

1. *Traffic congestion.* The activities of the informal economic sector on roadsides especially on reservations has led to increasing human and vehicular traffic on Nigerian urban roads. The encroachment of these activities pushes the NMTs unto the roads thereby resulting in the reduction of the carriageways, journey time delays, increasing operational cost which inadvertently leads to economic loss.
2. *Public health and hygiene problems.* Most of the raw food items or edible foods sold along roadsides are exposed to different forms of pollutants and contaminants. This results to food poisoning and different forms of ill-health. Also, improper waste disposal methods evident in such areas are serious cause of environmental pollution and unaesthetic sights.
3. *Unhealthy competition* with legal business operators causes some sort of conflicts. This is as a result of the overhead cost incurred by the legal business operators in the form of rent, tax, utility bills among others, which the informal operators do not pay.
4. *Distortion of city image by erecting temporary structures to serve as stalls and kiosks.* This however gives poor aesthetic value to the city, as well as obstruction of movements such as emergency services like firefighting operations and ambulance services.
5. *Increase in accident rates.* The encroachment of these activities on road reservations has forced pedestrian movements unto the carriageways, hence endangering their lives and exposing them to different risk categories. They are also vulnerable to accidents related to failed car breaks, falling high tension cables among others.

Prospects of Informal Economic Activities in Nigeria

The question of whether to accommodate the roadside informal economic operators or employ more stringent measures to eliminate them remains shy of answers. Having bedeviled our cities with many problems, it could be just reasonable to wipe them out at “No Cost”. However, critical assessment into their activities and socio-economic contributions suggests more than enough

reasons to accommodate them. This obviously boils down to what is termed right for all – “*experts’ opinion or public opinion*”?

With increasing rate of unemployment and urbanization, the growth of the informal economic sector seems inevitable. With estimated urban population of 61% in 2030 and almost a daily addition of about 180,000 persons (UN, 2004). With over a billion of these urban dwellers in the third world living in poverty and squalor conditions, the struggle for survival becomes a matter of life and death. Hence, increasing the demand for space and resources by the informal economy. The International Monetary Fund (IMF) in 2014 stated that unregistered household enterprises comprise a significant portion of Nigeria’s economy, accounting for as high as 65 per cent of the country’s Gross Domestic Product (GDP) (IMF, 2014). The fund noted that by 2035, sub-Saharan Africa will have more active population than the rest of the world’s regions combined with pressure on governments to provide jobs for them.

Of course, physical planning is a public activity. And as such, any planning intervention that undermine the well-being of the public calls for disaster. As cited by Jacobs (1961), “planning is not all about aesthetic but functionality”- not just how it should function but how it ought to function. It however should be noted that some of the problems attributed to informal economic activities are not inherent to them. Rather, “they are consequences of unresponsive urban planning and poor public participation in planning” (Jacobs, 1961).

There is however need to provide space to accommodate the activities of the informal economic sector so as to reduce the increasing conflicts between them, the formal sectors and urban authorities as well as increase the income base of the nation. And more importantly, reduce the associated environmental and operational problems in relation to urban transportation system in Nigeria.

RECOMMENDATIONS

1. The city authorities should provide adequate and organized infrastructural facilities by ways of building more market stalls, public conveniences, electricity and water supply, to traders in order to maintain neat and orderly streets.
2. The urban law enforcement should wake up to their responsibilities to tackle environmental degradation caused by these activities. There are existing regulations to control the activities of the informal sector but

the agencies and parastatals responsible for the regulations are adamant to them.

3. The Government and urban planning authorities should make provisions for low, extremely low cost and affordable shopping areas along major routes for street traders at strategic locations across Nigerian cities.

CONCLUSION

The problems and solutions to street trading across Nigerian cities lies with no other but the government and urban planning officials. Planning as a public activity should be participatory and not dictated. There are different policies in different formats across Nigerian cities to fight the menace of street trading, but the situation keeps worsening by the day.

An urban planning practice where provision for low, extremely low cost market development can go a long way in preventing and reducing these occurrences. Most of the informal economic traders are pushed on to the streets by the government with their policies. Lukeman Dawodu a roadside trader in Abule-Egbe, Lagos, recounted that he was pushed to the street when government impounded his bike. While another respondent in the unique report by vanguard Nigeria attributed his involvement to market demolition by the government so as to develop a more exorbitant ultramodern one (Vanguard, 2016).

REFERENCE

- A special report by vanguard Nigeria on street hawking in Lagos state Nigeria published on the 14th of July, 2016. Accessed through: www.vanguardngr.com/2010/03/compuetr-villagestreet-hawkers-still-threaten-free-movement-despite-ban/ (Accessed on the 16th April, 2018).
- Ahmed, Z. (1993). The Challenges, Policies and Prospects of Physical Planning for The Informal Sector of the Urban Economy in Nigeria. Urban field seminar, department of urban and regional planning, ABU, Zaria.
- Ajayi M., Ojo B., Olukolajo M. and Oyetunji O. (2013): Impact of Road Expansion Projects On the Informal Sector in Akure, Ondo State, Nigeria.
- Ananya, R. (2004). Urban Informality: Towards an Epistemology of Planning. Transnational Perspective from Middle East, South Asia, Latin America (Pg.147-155). Lexington Books.
- Chapin, S. F. (1965). Urban land use planning (2nd Ed.), university of Illinois press, USA.
- George, C. (1986): Principles and Methods of Urban and Regional Planning, Evans publishers Ibadan, Nigeria.

- International Labour Office (2000). Resolution concerning statistics of employment in the informal sector, adopted by the Fifteenth International Conference of Labour Statisticians (January 1993) in: *Current International Recommendations on Labour Statistics, 2000 Edition*; International Labour Office, Geneva.
- Jacobs, J. (1961). *The Death and Life of Great American Cities*, Random House, New York.
- Kirby, A.D. and Watson, A. (2006). *Small Firm and Economic Development in Developed and Transitional Economies: A Reader*, Ashgate Publishing Limited.
- Malik, M.H. (1996). Urban Poverty Alleviation through Development of the Informal Sector, *Asia-Pacific Development Journal*. In Oladimeji J.S. (2012). *Governance Perceptions of Informal Enterprise Operators in Zaria*, American International Journal of Contemporary Research: Vol. No. 10. McGee, T. (1991), "The Emergence of Desakota Regions in Asia: Expanding A Hypothesis. In N. Ginsburg, B. Koppel, And T.G. McGee (Eds.), *The Extended Metropolis: Settlement Transition in Asia* (Pp. 299-325). Honolulu: University of Hawaii Press.
- Nkom, S.A. (2000). Rural Development as a Spring Board for Poverty Alleviation in Nigeria. A paper presented at the 2nd Annual Public Lecture, ABU Alumni Association, Porthacourt Novenmber,3.
- Sethuraman, S.V. (1981): *The Urban Informal Sector in developing countries: employment, poverty and employment*, Geneva: International Labour Office (ILO).
- Singh, S. K. (2005). Review of Urban Transportation in India. *Journal of Public Transportation*, 8, 1.
- United Nations Development Programme (UNDP), (2004): *Human Development Report*. www.undp.org. (Accessed on the 16th April, 2018).