

**AN APPRAISAL OF URBAN GOVERNANCE PRACTICES AND
THE DEVELOPMENT OF INFORMAL ECONOMIC
ACTIVITIES IN ZARIA**

BY

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DECLARATION

I hereby declare that this thesis has been undertaken by me, and that it is a record of my research work. It has not in part or whole been previously submitted for any other degree or qualification in this university or any other institution. All the sources of information are specifically acknowledged by means of references.

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CERTIFICATION

This thesis titled “An Appraisal of Urban Governance Practices and The Development of Informal Economic Activities in Zaria” by Joseph .S. Oladimeji, meets the regulations governing the award of the degree of Master of Science in Urban Management, of the Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation.

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DEDICATION

I dedicate this work to my lovely wife, Arc. Mobolanle Oladimeji, and my two daughters; Charis and Mabel.

ACKNOWLEDGEMENT

I thank the Almighty God for the grace He gave me to start and conclude this study. It would have been impossible without His grace.

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ABSTRACT

This research considered how the practices of selected institutions of urban governance in Zaria, affect the development of informal economic activities in the study area. Literature on the informal economy, and urban governance were studied to elaborate on concepts, characteristics, arguments and explanations. Policy responses on the informal economy in Nigeria and other country case studies were also considered. Five (5) institutions of urban governance which have bearing on informal economic activities were selected for the study. Also, two hundred (200) informal enterprise operators from the three main subsectors of informal economic activities, were selected from a stratified sample frame using systematic random sampling. This sample was used to gain insight into the characteristics of enterprises, and their opinions and perceptions on the practices of governance institutions. The survey covered the five main urban quarters in Zaria. The general spatial and structural characteristics of informal economic activities were examined, and the study also attempted an assessment of institutions of urban governance, using indicators of Good Urban Governance adapted from the Global Development Research Centre (GDRC). The spatial characteristics of the three subsectors of informal economic activities in Zaria was also looked into and it was found that retailing was the predominant activity in the study area. It was also found that a higher percentage of operators were utilizing public space without formal authorization. The proliferation of these economic activities in public space also did not promote environmental aesthetics. The governance assessment process of the institutions under appraisal revealed a very low average score of 25.13%, this implied that the governance structure and process in the study area was very poor and required urgent intervention if the climate for healthy enterprise development is to be achieved. Other problems identified in the course of the study include, poor information dissemination, lack of micro-credit facility, inadequate business space, inadequate skills development outlets, poor infrastructural provision,

poor interaction between institutions that have bearing on informal enterprises and so on. Recommendations were made at the end covering the following areas; the need for cooperation and collaboration between urban governance institutions, encouragement of town hall meetings, capacity building for officials of governance institutions, facilitation of micro-credit for informal enterprise development and provision of more serviced business space. It is hoped that the institutions of governance in the study area will consider the findings of this study and evolve the will to implement the recommendations.

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CHAPTER ONE

THE RESEARCH SCHEME

1.0 INTRODUCTION

To achieve a sustainable development of the city and its economy, the institutions of city governance need to promote informal economic enterprises. This is more needed in cities within transition economies of developing countries. In this context, nations must evolve responsive institutional framework for the sustainable development of informal economic activities, particularly in urban areas.

Informal enterprises play important roles in promoting employment creation and poverty alleviation and providing incomes to unskilled and semi-skilled workers who otherwise would be unemployed (Malik 1996). Further to this, urban informal economic activities provide goods and services to urban dwellers at relatively lower prices.

According to the UN-HABITAT (2002):

“Urban governance is the sum of the many ways individuals and institutions, public and private, plan and manage the common affairs of the city. It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative action can be taken. Through good urban governance, citizens are provided with the platform which will allow them to use their talents to the full to improve their social and economic conditions.”

Good urban governance is meant to bring about successful social and economic transition for future development. It should involve creative interventions by institutions of city governance to change structures that inhibit the full expression of informal economic activities and other stakeholder’s potential within the city.

The Nigerian informal economy is the largest and arguably the most dynamic in sub-Saharan Africa (Meagher and Yunusa 1996). Informal enterprises make a significant contribution to the urban economy. They provide between 70 to 80 percent of employment opportunities for citizens and over 55% of national GDP is contributed by the informal economy in Nigeria (FGN 2006). Given the economic contributions of the informal economy to the urban economy, urban governance institutions both at national and local levels, need to recognize its importance and make policies that promote its development.

1.10 STATEMENT OF THE RESEARCH PROBLEM

Institutions of governance should adequately reflect the principles of good urban governance in dealing with informal enterprises. This should be evident in the effort to create an enabling climate for the enterprises to thrive. Zaria urban area is by nature an institutional town, where a few urban residents are engaged in formal white collar jobs, while a large number of residents engage in informal economic activities as means of livelihoods. In short, this large number of people provide support goods and services to employees of the institutions. Given the scenario, individuals develop initiatives for the creation of livelihoods within the frame of existing governance structures that supports the development of economic activities in the urban economy. The formation of these activities should tend to be supported by the governance institutions in the study area.

Various studies have been carried out on informal enterprises within the last three decades; Sethuraman (1981), Castells and Portes (1989), Meagher and Yunusa (1996) looked into issues ranging from scale of operation and extra-legality to gender issues and the effects of the Structural Adjustment Programme (SAP) on the informal economy. Okeke, (2000) and

Adeyinka et al,(2006)) focused on the challenges for urban planning, based on the capacity of informal economic activities to generate land use problems such as sprawl, incongruous land uses, building alterations, and so on. Gosen (2008) maintained that informal enterprises that are given technological infrastructure, promotional, informational, and service support through e-governance will have a clear competitive advantage over those that lack such support. Choudhury (2005), in a study of the informal economy in Bangladesh concluded that, ‘ *a sustaining governance structure to govern the informal economy could have a greater impact on industrialization and income distribution* ’ . Other studies by the ILO, and other researchers offer detailed information about the growing size of urban informal economic activities, and how they impact on urban planning.

This study however, focuses on how the practices of institutions of urban governance affect informal enterprises within Zaria urban area. There is therefore the need to investigate the effects urban governance practices are having on informal enterprises and determine how the principles of good urban governance can be best applied by these institutions in dealing with informal enterprises in the study area. This provides answers towards understanding the informal economy both at local, national, and international levels. The study is also instrumental in formulating policies that positively impact on informal enterprises in the study area and beyond.

The research will address the following questions ;

1. How do institutions of urban governance relate to and affect informal enterprise operations in Zaria urban area?
2. What challenges do informal enterprise operators face in Zaria urban area?

3. What are the policies and programmes needed to enhance the development of informal economic activities in Zaria?

1.20 JUSTIFICATION FOR THE RESEARCH

This study contributes to knowledge on the informal economy by unveiling the nature of relationship between urban governance institutions and informal enterprises. It also gives more clarity on how governance institutions can positively impact on informal enterprises via Good Urban Governance practices. This differs from most other studies which focused more on socio-spatial and economic aspects of informal enterprises. The research also provides answers that will lead to the creation of a climate for a more virile local urban economy which will serve as a basis for more efficient and responsive urban management practices. Moreover, the research gives insight to more viable urban policies for the development of informal enterprise activities, especially at local level.

1.30 AIM AND OBJECTIVES

This aim of the research is to appraise the practices of institutions of urban governance in relation to the development and operations of informal economic activities in Zaria. This is with a view to identifying the challenges and making recommendations for the promotion and development of informal enterprises in the urban environment.

This aim was achieved through specific objectives of the study. These objectives are;

1. To review the concept, and principles of urban governance in relation to informal economic activities.

2. To examine the general characteristics of informal economic activities in Zaria urban area.
3. To examine the approach of governance institutions to informal enterprise development and operation in Zaria.
4. To assess the practices of governance institutions in relation to informal economic activities in the study area, based on good urban governance principles.
5. To make policy recommendations geared towards strengthening good governance practices for the development and operation of informal enterprises in the study area.

1.40 SCOPE AND DELIMITATION OF THE STUDY

The study focused on the appraisal of the effects of urban governance institutions on informal enterprise development and operations within Zaria urban area. Informal enterprises are those that operate without binding official regulations, as well as those which operate under official regulations that do not compel rendition of official returns on their operations or production process. The study excluded the transport and agricultural sector in order to cut down on the research time scope and avoid data gathering challenges especially in the agricultural sector. Sabongari Local Government, Zaria Local Government, Kaduna State Urban Planning and Development Authority (KASUPDA), The National Directorate of Employment (NDE), and the Ministry of Commerce and Industry, were the institutions identified because their activities directly impact on informal enterprises. The Ministry of Lands and Survey was also excluded because KASUPDA is responsible for granting permission to enterprise operators for space utilization in the study area. On the spatial dimension, the study focused on all the districts in Zaria urban area, namely Samaru, Government Reserved Area (GRA), Sabongari,(all in Sabongari Local

Government Area) and Tudunwada and the Zaria walled city. (Both in Zaria Local Government Area).

CHAPTER TWO

LITERATURE REVIEW ON URBAN GOVERNANCE AND THE INFORMAL ECONOMY

2.00 INTRODUCTION

This section is a literature review that focuses on concepts, principles and policies of governance institutions, and also on informal economic activities. The relationship between governance institutions and informal economic activities is also examined.

2.10 THE CONCEPT AND PRINCIPLES OF URBAN GOVERNANCE

In an increasingly urbanizing world, sustainable urban development will depend largely on the management capacity of cities and the active participation of citizens. The concept of urban governance refers to the complex set of values, norms, processes and institutions by which cities are managed. According to the UNDP (1997), governance is:

“The exercise of political, economic and administrative authority in the management of a country’s affairs at all levels. It comprises of the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences.”

Urban governance tends to refer to both the formal and informal political processes which determine or at least influence what happens in a city. Good urban governance works towards making cities more efficient, equitable, safer and sustainable. Systems of urban governance that are based on sound, transparent and accountable processes can go a long way in making cities more inclusive.

At the city level, there has been a tendency in the past to see urban governance entirely in terms of urban management - the operation and maintenance of infrastructure and services. But

cities are not autonomous entities, as there are various tiers of government intervening in urban areas. They are also located in wider national and international economies, environmental systems and socio-spatial relationships. A solely managerial perspective blurs both the wider contexts within which urban governance is conducted and the politicized nature of governance. Governance can thus not be understood simply as management, it also has political dimensions.

The concept of governance therefore embraces a variety of notions, which encompass intergovernmental relations such as negotiations, agreements and co-operative ventures among public and private parties. In particular, it implies bottom-up decision-making, decentralization and broad-based participation.

2.20 URBAN GOVERNANCE INSTITUTIONS' RESPONSIBILITIES TOWARDS ENTERPRISES IN THE INFORMAL ECONOMY

Urban governance institutions basically exist to create a functional climate for citizens' survival in the quest to acquire the basic necessities that guarantee human existence. For operators of informal enterprises to be enabled to thrive within the urban setting, institutions of urban governance need to ensure that the following are facilitated:

- a. Ensuring access to land which is affordable for operators of informal enterprises, for their economic activities.
- b. Facilitation of access to financial services, especially micro credit for operators of informal enterprises.
- c. Ensuring the availability of electricity supply and other infrastructural needs that promote the healthy development of informal enterprises into formal enterprises.
- d. Transparency and accountability of governance institutions and officials in financial dealings with operators of informal enterprises.

Governing the informal economy requires an intricate understanding of the local economy of the city, without which city governments especially in third world nations, cannot

claim to be governing in a responsive manner. And since the informal economy is a major driver of the urban economy in third world cities, good urban governance is a must for the development of the sector and the local economy of the city at large.

2.30 THE CONCEPT AND NATURE OF THE INFORMAL ECONOMY

The term ‘informal economy’ was first coined by the British anthropologist Keith Hart (1973) in a study from Accra, Ghana. The term gained wide currency in the early 1970s, when the International Labour Office (ILO) adopted this terminology in its city case studies under the World Employment Programme. According to ILO usage, the formal sector consists of enumerated, large scale, capital intensive firms, while the informal sector is composed of the unenumerated self-employed, mainly providing a livelihood for new entrants into the cities. One of the most widely used classifications stems from the ILO report on Kenya. The informal economy is here characterized by its ease of entry, reliance on indigenous resources, family ownership of enterprises, small scale of operations, labour-intensive and adapted technology, skills acquired outside the formal school system and unregulated and competitive markets (ILO 1972). A later summing up of studies undertaken under ILO auspices emphasized the small scale of operations and the importance of the informal economy in creating employment and incomes (Sethuraman 1981).

CBN and NISER (2001) defined an informal enterprise as one that operates without binding official regulation as well as one which operates under official regulations that do not compel rendition of official returns on its operations or production process. This concept summarily sees an informal enterprise as one that renders no account to any statutory body. Such enterprises comprise of heterogeneous set of activities, covering almost every field of economic activities,

ranging from petty trading and personal services to informal construction, transport, money lending, manufacturing and repairs.

The operational definition of informal economic activities in this study is, all economic or income generating activities done outside a formally regulated system. That is, economic activities whose financial records are not subjected to scrutiny or monitoring by formal institutions such as the Corporate Affairs Commission (CAC).

2.31 Subsectors of Informal Economic Activities

Three subsectors of Informal economic activities are highlighted in this study. They were adapted from Epko and Umoh (2010) and include:

2.31.1 The production sub-sector: This sub-sector encompasses 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.

2.31.2 The service sub-sector: This sub-sector includes repairs and maintenance, informal health services, as well as labour for menial work. Repairs and maintenance services include, vehicle repairs and maintenance, tinkering, hairdressing, transport services, and servicing of various household and commercial tools. These services are rendered for stipulated fees.

2.31.3 The retail sub-sector: mostly consists of micro enterprises engaged in buying and selling of basic products needed by people. The kind of products and activities include, general

daily provisions, fruits, newspaper vending, food and drinks and so on, They mostly locate along streets where they can easily reach and be reached by their customers.

2.32 Three Schools of Thought on The Informal Economy

The three schools of thought discussed in this section are as presented by Chen (2004). She opined that they clearly explain the existence of the informal economy from different perspectives. However, the dualist school is now considered outdated, though the structuralist and legalist schools still offer valid explanations for the existence of the informal economy. However a combination of these three perspective can serve as explanatory factors of the informal economy in many urban areas of the developing world. The three perspectives are highlighted below:

2.32.1 The dualist school; Popularised by the ILO in the 1970s, subscribes to the notion that the informal economy is comprised of marginal activities – distinct from and not related to the formal sector – that provide income for the poor and a safety net in times of crisis (Hart, 1973; ILO, 1972; Sethuraman, 1981; Tokman, 1978). According to this school, the persistence of informal activities is due largely to the fact that not enough modern job opportunities have been created to absorb surplus labour, due to a slow rate of economic growth and to a faster rate of population growth.

2.32.2 The structuralist school; This was popularised by Caroline Moser and Alexandro Portes (among others) in the late 1970s and 1980s, and subscribes to the notion that the informal economy should be seen as subordinated economic units (micro firms) and workers that serve to reduce input and labour costs and, thereby, increase the competitiveness of large capitalist firms. In the structuralist model, in marked contrast to the dualist model, different modes and forms of production are seen not only to co-exist but also to be inextricably connected and interdependent

(Moser, 1978; Castells and Portes, 1989). According to this school, the nature of capitalist development (rather than a lack of growth) accounts for the persistence and growth of informal production relationships.

2.32.3 The legalist school; Hernando de Soto in the 1980s and 1990s, subscribed to the notion that the informal economy is comprised of 'plucky' micro-entrepreneurs who choose to operate informally in order to avoid the costs, time and effort of formal registration (de Soto, 1989). According to de Soto et al, micro-entrepreneurs will continue to produce informally so long as government procedures are cumbersome and costly. In this view, unreasonable government rules and regulations are stifling private enterprise development, as is the case in most cities of developing countries.

2.40 URBAN PLANNING AND THE INFORMAL ECONOMIC SECTOR

The businesses that comprise the informal sector, typically operating on streets and in other public places, are often seen as eye-sores and undesirable activities. Thus, conflicts arise between urban authorities trying to keep their cities clean and the urban informal sector operators who need space for their activities (Rukmana 2007). In many cases, authorities forcibly evict informal sector activities in the name of urban order and cleanliness. Yet, such eviction does not address the problem with the informal sector. It only relocates the problem and even exaggerates the conflicts between urban authorities and the informal sectors. Often many operators return to their places a few days after being evicted by the urban authorities. According to the Nigerian National Urban Development Policy of 2006, between 70 to 80% of employment opportunities for citizens come from the informal economic sector. Rukmana (2007) also showed that the informal sector in Indonesia in 2004 accounted for 64 per cent of the total employment. It is

therefore difficult to ignore the importance of the informal sector in many cities, particularly in developing countries. Seeing the vital importance of the informal economic sector, should it not be included in our city Master plans? It is obvious that our city plans make no provision whatsoever for the inclusion of informal economic activities in city land use considerations. Meshram (2007), in the case of Delhi in India, also advocated for both the formal and informal sectors to be recognized as two separate but complementary sectors of the urban economy, and emphasized the importance of reshaping the settlement structures of our large cities to enable them to absorb the expanding informal sector along with planned expansion of the formal sector.

2.50 THE PRINCIPLES OF GOOD URBAN GOVERNANCE AND INFORMAL ECONOMIC ACTIVITIES

The campaign on good urban governance proposes that good governance is characterized by the principles that will be discussed in this section. The principles will be discussed in line with the governance of informal economic activities in the urban context.

2.51 Sustainability in Informal Enterprise Development

The principle of sustainability suggests that all development must meet present needs without negatively compromising the needs of future generations. City governments should have a clear commitment to urban poverty reduction and the creation of an enabling environment for informal enterprise growth and transition to formalization. Governance institutions of all sections of urban society must have a clear understanding of the local economy of their city and create sustaining policies and programmes particularly for informal economic activities.

2.52 Subsidiarity of Authority and Resources to the Closest Appropriate Level

The principle of subsidiarity encourages the decentralization of authority and responsibility at the closest appropriate level to the governed. Responsibility for service provision that promotes informal economic enterprise development should be allocated on the basis of the principle of subsidiarity whereby policies and programmes that impact on informal enterprise development should be emphasized more at local government level rather than at federal level. Subsidiarity provides greater autonomy to local governments and can be a tool for a more efficient, responsible, and responsive governance of informal enterprises. Decentralization and local democracy should improve the responsiveness of policies and initiatives to be transposed at local levels for economic development.

2.53 Equity in the Governance Structure of the City

Equity implies the granting of access to decision-making processes and the basic necessities of urban life to all and sundry. Operators of Informal enterprises must be equally involved in all urban decision-making, priority-setting and resource allocation processes.

2.54 Efficiency in the Delivery of Public Services and in Promoting Local Economic Development

The aim of the efficiency in urban governance is to ensure that the resources available to local government are used in the optimum way to deliver better public services according to local priorities. There is need for governance institutions to recognize the contributions of informal economic activities and enable them by providing informal enterprises with better access to credit, improved working environment by providing better power supply, and other infrastructural needs.

2.55 Transparency and Accountability of Governance Institutions in Dealings With Informal Enterprises

The accountability of local authorities to their citizens is a fundamental tenet of good governance. Similarly, there should be no place for corruption in cities. Corruption can undermine local government credibility and can deepen urban poverty. This is sometimes seen in the burden imposed by the double levying of informal enterprises by dishonest officials without due accountability for generated revenue. Access to information is fundamental to this understanding and to good governance. Laws and public policies should be applied in a transparent and predictable manner.

2.56 Security of Enterprises and their Operating Environment

Security implies freedom from persecution, forced evictions (which many informal enterprises experience) and provides for security of tenure. City governance institutions should rather find more organised means of accommodating informal enterprises in urban space.

2.60 CASE STUDIES IN GOVERNANCE OF INFORMAL ECONOMIC ACTIVITIES

This section examines a number of country case studies of governance approaches to informal economic activities in order to gain some insight into the ways governance institutions have been managing affairs that impact on the informal economy.

2.61 Peru: Policies for the Social and Economic Integration of Informal Operators and Workers

Since the 1980s, the Peruvian authorities have developed specific policies targeting different aspects of informal employment and different groups of informal operators, both to encourage formalization and to extend protection to vulnerable workers. It should be underscored that Peru is one of the few countries in the region that has recorded a steady increase in formal job creation over the last three to four years.

Legislation to facilitate registration, labour inspection and formalization of micro- and small enterprises The 2003 Small and Micro Enterprise (Promotion and Formalization) Act, promotes, among other things, the formalization of micro- and small enterprises. It simplifies procedures for the formation of companies and for obtaining municipal licences, and establishes a tax regime for micro and small businesses. The General Labour Inspection and Worker Protection Act, amended in 2004, encourages preventive measures including provision of technical information and advice to both workers and employers, guarantees confidentiality of complaints, strengthens labour inspectors' powers and allows them to inspect worker cooperatives and home work employment agencies. In addition, the 2003 Micro and Small Enterprise (Promotion and Formalization) Act sets a target of 20 per cent of registered micro-enterprises to be inspected each year.

2.62 Mongolia: National Policy on the Informal Economy

One recent example of a policy formulation initiative on the informal economy is Mongolia, where a national policy was adopted by Parliament in January 2006 and an accompanying action plan in July 2006. A large part of employment in Mongolia is in the informal economy. As Mongolia moves towards a market economy, it is attempting to implement the necessary policies which will ensure sustainable growth, poverty reduction and

limit adverse effects on vulnerable workers. As such the national policy on informal employment is a key component of the national development framework. Its aim is to upgrade the informal economy and bring marginalized workers and economic units into the economic and social mainstream. Using the decent work framework, the policy is based on several integrated objectives. These are: improving the legal environment; extending social protection; extending services such as skills training, microfinance, enterprise development and public employment services; linking with macroeconomic and employment policies; improving data collection and registration; and encouraging social dialogue. The action plan involves all agencies that are charged with the above mandates. In 2007, about US\$170,000 will be allocated from the Employment Promotion Fund for the implementation of this policy's action plan. Initiatives in Mongolia were supported by the ILO through the ILO/DFID project on the informal economy, completed in March 2006.

2.63 The Informal Economy and Policy Responses in Nigeria

Some analysts suggest that the informal economy is large enough to permit, and diverse enough to necessitate a wide range of different policy measures, allowing government to mix incentives, assistance, neglect, rehabilitation and persecution within the total range of policies.

Informal economy policies in Nigeria in the 1980s were very repressive, while the response to the sector in the 1990s was much more pragmatic and promotional (Nwaka 2005). The military administration of General Buhari that overthrew the Second Republic was so dissatisfied with the conditions of the urban environment that it discontinued the idea of central planning. Instead it initiated an aggressive campaign for environmental awareness and sanitation as the focus of the fifth phase of the so-called 'War Against Indiscipline' (WAI). A large number of environmental task forces were set up by State Edicts to organize public

enlightenment campaigns, and to enforce environmental discipline through mobile sanitation courts. Special days of the month were set aside for general clean-up by everybody — to unblock drains, clean residential and work places, and remove heaps of rubbish. The cleanest cities were promised a prize of one million naira, and a definite improvement in the environment appeared to have been achieved, at least temporarily. Unfortunately, the potential merit of the program was marred by overzealous officials and the military drive for quick results. The campaign soon became associated with misguided efforts to contain urban growth, and to restrain the informal economy, as the sector was blamed for all sorts of evil social influences such as littering the streets, obstructing traffic, creating various forms of pollution and nuisance, crime, piracy, prostitution, foreign exchange malpractices, etc. Informal enterprises such as hawking and other forms of street business were incessantly harassed and compelled to relocate to remote and inaccessible outskirts of the cities and towns. Kiosks, illegal structures, and shanty towns in Lagos, Kano, Port Harcourt, and other state capitals were raided and ruthlessly demolished. (Nwaka 2005).

The military approach was certainly not a permanent solution to the problem, as it caused so much discontent and distress, and provoked many human rights activists to protest. The government of General Babangida that overthrew General Buhari showed little enthusiasm for environmental sanitation, and initiated a number of rural and urban social programs to address the poverty and austerity that came in the wake of Structural Adjustment policies, notably the well-funded Directorate for Food, Roads and Rural Infrastructure, and the Directorates for Employment, Mass Mobilization, and more (Nwaka 2005).

2.63.1 National initiatives towards enterprise development

For the urban informal economy, the most relevant initiatives were the establishment of the People's Bank, the Community Banks, and the National Directorate for Employment. Access to financial credit is important for small businesses aspiring to grow and become more profitable. According to Nwaka (2005), between 1990 and 1992 the Nigerian government established as many as 400 Community and Peoples Banks, modeled on the Asian experience with micro-lending, and on the principles of a traditional rotational credit system. These banks were to provide small loans and other forms of financial and business services for the poor and informal enterprises, with the whole community acting as guarantor for loan repayment. Within two years these banks together had built up assets of over 981 million naira, mobilized over 640 million in savings and deposits, and disbursed 150 million naira as loans and advances (Nwaka 2005). Unfortunately, recent studies suggest that only about 10% of informal economy workers interviewed were aware of how to take advantage of the new facilities offered by the banks and the Employment Directorate. Civil servants, military officers' wives, and other well-connected persons appear to have hijacked the scheme, often getting loans far in excess of the approved official maximum.

The National Directorate for Employment (NDE), established in 1987, was meant to promote self-employment through training and loans to unemployed youth, but the main orientation of the program was to reverse rural-urban migration by encouraging investment in rural agriculture. The informal economy was thought to be already saturated, although the government also launched the National Open Apprenticeship Scheme (part of the NDE) to support the placement of apprentices in informal economy workshops, and to supplement their practical training with other forms of formal training for skills they would need in the future for

their enterprises. Again, only a small percentage of unemployed youth and apprentices benefited from this initiative, which was harmed by underfunding and various forms of corruption and abuse.

2.63.2 The Small and Medium Enterprise Equity Investment Scheme (SMEEIS)

In 2001, the Central Bank of Nigeria in collaboration with the deposit money banks, under the aegis of the Bankers' Committee, established the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) intended to plug the gap resulting from inadequate long-term financing, as well as provide risk capital, entrepreneurial management and financial advisory services. As at December, 2004, only N8.5 billion (29.5%) of the N28.8 billion SMEEIS fund had been utilized. Moreover, 10% of the fund meant for micro credit had not been utilized due to lack of an appropriate framework and confidence in the existing institutions that would have served the purpose.(CBN;2003,2005) Moreso, informal enterprises were excluded from benefiting from the scheme, since only those registered with the CAC (formal enterprises/organized private sector) were eligible to benefit from the scheme (SMEEIS guidelines,2005).

To be eligible for equity funding under the Scheme, a prospective beneficiary needed to:

- (i) Register as a limited liability company with the Corporate Affairs Commission and comply with all relevant regulations of the Companies and Allied Matters Act (1990) such as filing of annual returns, including audited financial statements;
- (ii) Comply with all applicable tax laws and regulations and render regular returns to the appropriate authorities.

2.63.3 The 2006 Nigerian Urban Development Policy (NUDP) and the Informal Economy

The NUDP recognized the prevalence and importance of the informal economy in Nigeria. The objectives of the NUDP with regard to the urban economy, poverty and employment generation, is to promote rapid economic development in urban areas for the purpose of employment generation and poverty eradication.

The NUDP outlined a number of Strategies aimed at improving the lot of the informal Economy and enterprises in our urban areas. However, these need to be worked out at local levels in line with the principle of decentralisation to ensure that responsiveness is attained in policy implementation.

2.70 POLICY PERSPECTIVE FOR INFORMAL ENTREPRISE DEVELOPMENT

An informed policy approach to the informal economy should be premised on the understanding that the informal economy is diverse. Many third world nations now recognize the informal economy as an important sector in the economy of our cities. An increasing number of these countries are now putting in place policies which encourage enterprises within the informal economy. Nigeria must not be left out in this regard.

The informal economy is particularly dynamic, demanding a high level of responsiveness from institutions of governance. Policy processes assist in securing a shared vision. Local city governance and management techniques offer the opportunity to resolve co-ordination problems and facilitate responsiveness. In addition, it is noteworthy that an improved urban livelihood system, part of which the informal economy offers, is one pathway to building effective institutions for promoting an enhanced urban governance and management system. Therefore, in addition to national policies and regulations, city governments should, in the light of such national policies, develop a means of transposing national policies to suit their local contexts.

CHAPTER THREE

METHODOLOGY OF THE RESEARCH

3.00 INTRODUCTION

The research utilized primary and secondary data for the appraisal. The primary data was gathered through field surveys of the enterprises in the study area, while secondary data was acquired through an institutional survey covering the Kaduna State Urban Planning and Development Authority (KASUPDA), the Local Government Departments, the National Directorate of Employment and the Ministry of commerce and Industry in Zaria, Kaduna state. Other secondary data were obtained via the internet, textbooks, journals, newspapers, and other viable sources.

3.10 INFORMAL ENTERPRISE SURVEY

The survey covered informal enterprise situation with respect to their condition, inclusion in the decision making process, access to space, micro credit, and urban services or infrastructure. The survey also covered the nature of relationships institutions of urban governance have with the enterprises in Zaria, from the perspective of the operators. The aspirations of enterprise operators, and their perceptions of governance institutions were also identified

3.11 Sampling Design and Field Procedure

Data on informal enterprises were obtained through interviews using semi-structured questionnaires and oral interviews. The questionnaires were applied to a randomly selected but stratified sample of enterprises within Zaria urban area to garner their aspirations, and perceptions of governance institutions.

A sample size of 200 was adopted, this sample constitutes 0.03% of 682607 which is 70% of the total population of Zaria (975,153). 70% represents the percentage of the national population involved in informal economic activities, according to the National Urban Development Policy (2006) of Nigeria. 200 questionnaires were administered (as shown in Table 3.1) within the five distinct urban quarters of Zaria. 50 questionnaires in Sabongari , 20 in GRA, 40 in Samaru, 50 in Zaria walled city, and 40 in Tudunwada.

Stratified random sampling was used to survey enterprises in each of three sub-sector groups of informal enterprises (Retail, service, and production sub-sectors) in each cluster within the study area. Systematic random sampling procedures was then used to select one out of every three informal enterprise subsector within the five urban quarters.

Table 3.1: Sub-sectors of informal economic activities and questionnaire administration

S/no	Subsectors of Inf. Enterprises	Activities in Subsector	% & no. of Questionnaire
1	Retailing	Hawkers and vendors, DVD and CD retailers, GSM recharge card and accessories, stationery, general provisions, petrol and engine oil, Food vendors, Newspaper vending.	40 % (80 questionnaires)
2	Personal Services & Repairs	Mechanics, Hair dressers, Barbers, cobblers, vulcanisers, photographers, electronic repairs, car and rug wash, GSM repairs, computer repairs.	30 % (60 questionnaires)
3	Production	Carpentry and furniture making, welders, black smiths, Tailors, Local tye and dye, grinding mills.	30 %, (60 questionnaires)
	Total		200 questionnaires

Source: Author 2010

3.20 INSTITUTIONAL SURVEY

Governance institutions were visited to obtain data on government policies, documents, reports, and activities that impact on informal enterprises within Zaria.

Table 3.2: Institutions And Data Required

INSTITUTION	DATA REQUIRED
1. Sabongari Local Government	Procedures for accessing space for informal enterprises, fees, Programmes and projects targeting informal enterprise development.
2. Zaria Local Government	Procedures for accessing space for informal enterprises, fees, Programmes and projects targeting informal enterprise development.
3. Kaduna State Urban Planning and Development Authority (KASUPDA)	Procedures for accessing space for informal enterprises, Levies, Programmes and projects targeting informal enterprises.
4. National Directorate of Employment (NDE)	Programmes, projects and training provisions for informal entrepreneurs.
5. Kaduna State Ministry of Commerce and Industry	Programmes and projects targeting informal enterprises.

In addition to the institutions above, the National Urban Development Policy of 2006 was examined to evaluate its provisions and implications for informal enterprises. The Central Bank of Nigeria (CBN) Micro finance Policy, Regulatory and Supervisory Framework for Nigeria, was also examined to identify implications for informal enterprises.

3.30 CRITERIA FOR APPRAISING INSTITUTIONS

Principles of good urban governance were the criteria for appraising governance institutions. The principles are; subsidiarity, efficiency, accountability and transparency, and responsiveness. These were selected to sufficiently cover governance issues in relation to informal economic activities.

3.3.1 Subsidiarity : This is a reflection of how close and accessible governance institutions are to informal enterprises. Subsidiarity enables efficient and cost-effective delivery of services at the closest appropriate level. This criteria was used to determine how close and accessible governance institutions are to informal enterprises in the study area. The indicators of subsidiarity include national policies that target informal enterprises and informal enterprise awareness.

3.3.2 Efficiency: This principle was used to assess how equipped and organized institutions of governance are in their dealings with informal enterprises. The indicators here are available manpower and clear objectives and targets for the provision of public services needed by enterprises.

3.3.3 Accountability and transparency: This principle was used to assess how credible officials of governance institutions are, especially in their financial dealings (taxation / levying) with enterprise operators. It was also used to measure transparency by institutions of governance at local level, in public policy implementation that impact on enterprises. Regularity of organized and open consultations with citizens on city financial matters and other important issues, and the removal of administrative and procedural incentives for corruption are the major indicators.

3.3.4 Responsiveness : This is the measure of positive reaction to perceived needs, and will be used to appraise how responsive the actions of institutions of governance are to the needs and preferences of informal enterprises. The indicators here include the availability of credit for self employment, space at reasonable rent, vocational skills training and physical infrastructure provisioning.

3.40 DATA ANALYSES AND PRESENTATION

Simple statistical analysis techniques were employed to test relationships of relevant variables and attributes by using descriptive statistics such as measures of central tendencies and measures of spread, and inferential statistics through estimation of parameters were used to draw inferences and make the necessary generalizations. In addition, the Report Card as adapted from the Global Development Research Centre (GDRC) was utilized to assess the governance capacity of institutions in the study area. The process is shown in tables 3.3 and 3.4 below. Data presentation was done using relevant graphic modes such as maps, charts, tables, etc.

Table 3.3: The Governance Assessment Process

Primary criteria- The Report Card	
Step 1- Identify the concerned governance institutions whose activities impact on informal economic activities	
Step 2- Administer 200 questionnaires to the selected sample respondents of informal enterprises	
Step 3- Each respondent will give a performance rating against the selected indicators i.e	
Performance	Points
Very Good	5
Good	4
Fair	3
Poor	2
Ver Poor	1
Step 4- Sum up the total points given by all respondents for each indicator.	
Step 5- Divide the total by the total number of respondents and find the percentage	
Example: $15+40+240+200+7=502$	
The maximum point obtainable per indicator is 1000. Therefore percentage score =	
$\frac{502*100}{1000} = 50.2\%$	
1000	
Adapted by Author from; Urban Governance; A Sourcebook On Indicators, by GDRC, 2010	

The entire process is represented by the formular below:

$$\frac{i * n * 100}{\sum i * n} = G$$

$$\sum i * n$$

Where i = indicator points

n= No of respondents

$\sum i * n$ = Overall total possible score

100 = Constant

G = Governance % score

Urban governance institutions can be rated using the ratings on Table 3.4. Based on the ratings, proposals and recommendations can then be made towards improving the governance of informal economic activities for the city.

Table 3.4 Ratings for Assessing Urban Governance institutions by Informal enterprises

Ratings	
80 – 100%	Excellent , Governance institutions should be commended.
65 – 79%	Good governance , but full potential not yet tapped.
50 – 64%	Fair governance , can still do much better
35 – 49%	Poor governance , more commitment and effort needed.
Below 35%	Very poor governance , complete overhauling of the system required.

Adapted by Author from; Urban Governance; A Sourcebook On Indicators, by GDRC,2010

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSIONS

4.00 DESCRIPTION OF THE STUDY AREA

Zaria is a town in northern Kaduna State, in the northern part of Nigeria and is located on latitude $11^{\circ} 04'$ north and longitude $7^{\circ} 43'$ east. It is defined by a 15 Km radius from the PZ post office and is well connected by roads and rail with other regions of the country. Distances from Kaduna, Kano, Jos and Sokoto are approximately; 75 Km, 176 Km, 387 Km and 404 km respectively.

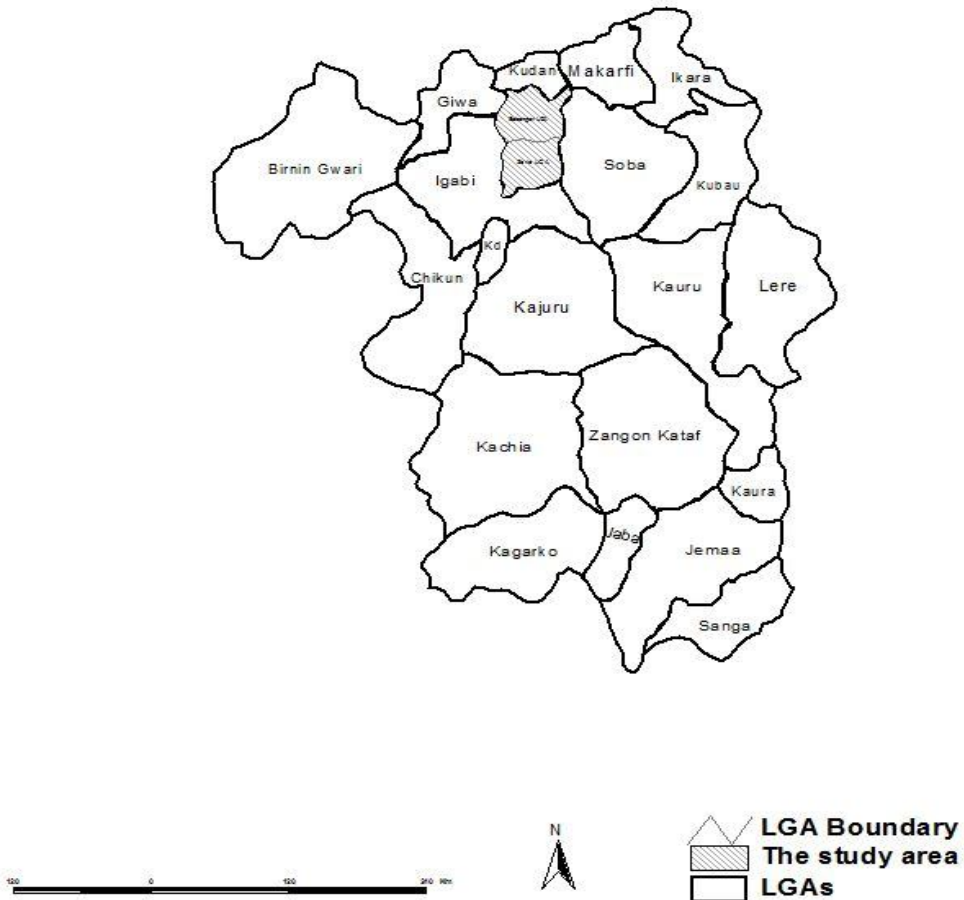
4.10 THE SOCIAL SETTING OF THE ZARIA INFORMAL ECONOMY

Zaria is the second principal town in Kaduna state and host to the Ahmadu Bello University, and several other Federal Government research and educational institutions. Zaria urban area has grown rapidly over the past three decades both in population, economically and in spatial extent, largely as a result of the influence or effects of the institutions it hosts.

The population of Zaria is approximately 975,153 (projections from 2006 national census). It is made up of two Local Government Councils (LGCs); Zaria Local Government and Sabongari Local Government respectively. According to the Zaria Master Plan (1979), Zaria urban area is made up of five fairly distinct urban quarters - the Zaria walled city where several commercial activities and a number of traditional crafts are still practiced largely by Hausa indigenes and in more recent times, a few migrant settlers. The second is Tudunwada situated to the immediate north of the walled city with thriving commercial activities, consisting largely of northern Nigerians who are non-indigenes of Zaria. Thirdly is Sabongari, the functional

commercial centre of Zaria, which used to be populated largely by migrants from other parts of the country but in more recent times has grown to have a more mixed population who engage in

Figure 4.1: Zaria Urban Area In Kaduna State Context



Source: Author 2010

Figure 4.2: Zaria Urban Area

commercial retailing and wholesale, and also practice a variety of modern craft and service activities. Further north is the fourth quarters; the Government Reservation Area (GRA) which was originally reserved for the British administrators but now has more of Local elites as the major residents. The fifth is Samaru, with a heterogeneous population engaged in a variety of commercial activities servicing the workers of the main campus of the Ahmadu Bello University, and other research and educational institutions. It is noteworthy that informal economic activities are to a large extent directly linked to the fortunes of the human resources either working or studying in the Government research and educational institutions within the study area.

4.20 THE SELECTED GOVERNANCE INSTITUTIONS

This section basically intends to briefly introduce the selected governance institutions and bring out their governance links to informal economic activities in the study area.

4.2.1 The Sabongari and Zaria Local Government Councils

The fourth schedule of the constitution of the Federal Republic of Nigeria, stipulates the functions of local governments. The aspects which clearly show the areas that affect informal economic activities are stated below:

The consideration and making of recommendations to a State Commission on Economic Planning or any similar body on the economic development of the state, particularly in so far as the areas of authority of the council and of the state are affected.

The local Governments also control and regulate out-door advertising and hoarding, shops and kiosks within their jurisdiction, restaurants, bakeries and other places for sale of food to the public, laundries, and licensing, regulation, and control of the sale of liquor. (Federal Republic of Nigeria Constitution 1999).

In a bid to bring the governance closer to the people, local governments were created as a third tier of government, to serve as conduits through which government's policies are communicated to the people. The local governments are meant to foster local economic development by Sustaining livelihoods through the provision of credit facilities for agriculture, arts, crafts and small scale business. They are also meant to encourage the formations of cooperative societies and other economic groupings. The two Local government councils that govern Zaria Urban Area are the Sabongari and Zaria Local Governments respectively.

4.2.2 The National Directorate of Employment (NDE)

The NDE was inaugurated in November 1986. The institution was charged with the responsibility of creating employment with emphasis on ensuring self reliance. This covers the training of individuals on the vocational skills development programme and the Small scale enterprise development programme. NDEs mandate at inception was to train applicants on how to be self employed and empower such trainees through financial loans. This was the mandate between 1987 – 1994. However, from 1994 till date, financial loans were stopped and changed to demonstrative loans (Sewing machines, welding machines, tool boxes, etc) whereby trainees were given implements that would aid them in their vocation, and they usually pay back within 4 years.

The NDE recruits twice annually in April and October. The criteria for the recruitment of trainees and other beneficiaries is that they must be citizens of Nigeria and be willing to learn or be trained. There are no educational barriers, even though there is a special interest in Secondary school leavers. Interestingly, anyone who meets the criteria can walk into the institution's state zonal office in Kaduna metropolis, to request for training.

The NDE is usually expected to operate liaison offices in all local government areas within the state. Through the liaison offices, the NDE is supposed to reach residents of Zaria Urban Area who need to acquire vocational skills and training, and also render assistance in small and medium enterprise development.

4.2.3 The Kaduna State Ministry of Commerce and Industry (MCI)

Mainly, the Ministry of Commerce and Industry is charged with the responsibility of maintaining a good economic climate in the state, in order to promote industrial and commercial enterprises.

The Ministry is supposed to run entrepreneurship development programmes, give technical support to enterprises and also offer managerial and financial training to entrepreneurs. The ministry has the mandate to grow the economy which consists of two components, namely trade and industry (manufacturing). Another platform is for start up businesses, for people who have just graduated from university and have ideas they want to develop. These incubators will be in local government areas and will provide new businesses with the facilities to serve as a launch pad. By working closely with the private sector the Ministry aims to nurture and grow good ideas into successful businesses.

The Ministry has the responsibility of initiating and implementing industrial and commercial policies and activities in the state. Its mandate also covers Small and Medium Scale Enterprises as well as cooperatives matters while coordinating export and imports and other commercial activities in the state.

4.2.4 The Kaduna State Urban Planning and Development Authority (KASUPDA)

The body was set up in 1985 by the Kaduna State Government so as to extend the services of the former Kaduna Capital Development Board (K.C.D.B) to all the designated urban centers in the state. (www.kasupda.org 2010) KASUPDA is the Authority charged with the responsibility for proper planning and development of all the urban areas of Kaduna state among other things. KASUPDA's responsibilities include the following:

- Ensuring the development and control of detailed planning schemes in all urban centres of Kaduna state.
- Approving all building plans for residential, commercial, industrial, recreational and institutional development.
- Stopping illegal structures and other unapproved development in the urban areas of the state

The Authority operates through its head office at Kaduna metropolis with Zonal offices at Zaria, Kafanchan, Kwoi and Saminaka as well as area offices at Sabon Tasha and Bakin - Ruwa within Kaduna Metropolis. The Authority is responsible for controlling the use of public spaces for all activities, inclusive of informal economic activities, in the study area.

4.30 THE GENERAL STRUCTURE OF INFORMAL ECONOMIC ACTIVITIES IN ZARIA

This section presents the general structure of informal economic activities in Zaria urban area as background to the demonstration of the relationship between governance institutions and informal enterprises.

4.31 Spatial Characteristics of Informal Enterprises in Zaria Urban Area

This section highlights the spatial characteristics of informal enterprises in Zaria. It describes their locational attributes, process of space acquisition and the kinds of physical facilities utilized in operating the businesses. As against what is required to operate such businesses.

4.31.1 Locational characteristics

Most operators in the informal economy in Zaria operate in public spaces along highway reservations, streets corners or in their homes as seen in Table 4.1. It appears they choose locations where they can easily reach and be reached by customers. However, the choice of on-street locations sometimes narrow road widths.



Plate 1: A number of retailing informal enterprises along Sokoto road at PZ

Plate 1 shows a number of commercial motorcyclists and retailers operating along the Sokoto road at PZ area. The activities of these operators narrows the carriageway and worsens the traffic congestion usually experienced in that area.

Table 4.1: Location of Informal Economic Activities in Zaria

Location	No. of Cases	%
Public Space	167	83.5
Home based	33	16.5
Total	200	100

Source: Field survey 2010

Table 4.1 shows that 83.5% of operators utilize public space along road reservation setbacks, and other roadside spaces they consider advantageous to their businesses, regardless of the functional suitability of such locations. The home based operators are mostly women who render their services to nearby neighbors in the residential areas.



Plate 2: A couple of vulcanizers operating along Sokoto road at Kwangila area

The road sides of Zaria for instance are lined with mechanic workshops and vulcanizers. Operators in the production subsector of informal economic activities in Zaria, appear not to be as proliferated in public space like the retail and service and repairs subsectors. This is probably partly due to the nature of activities in the production subsector. i.e requiring more space to operate. In the case of this subsector, there appears to be a few more operators operating from the homefront. i.e tailoring, grinding mills.



Plate 3: Carpentry shops along Sokoto road at PZ area in Sabongari

Plate 3 above shows an area along the road with a concentration of several wood furniture makers lining the streetscape.

4.31.2 Nature of space acquisition

To access space for operating businesses in Zaria, enterprise operators usually apply to the Local government or KASUPDA. Even though KASUPDA Applicants pay the required application fees if the application is approved. Subsequently, enterprise operators pay the annual ground rent required by the approving institution. KASUPDA usually grant temporary permission for the use of the setbacks along the Trunk A and B roads. Other spaces within Zaria urban area still require the acquisition of planning permission from KASUPDA before embarking on any commercial venture or other uses. However, the Local Governments in many cases are also found to be granting permission to commercial enterprise operators, thereby creating conflict in urban space administration and management.

Most informal enterprise operators (58%) acquired their operation space by self, by using public space without any form of formal authorization. From Table 4.2 , it is clear that a total of

24.5% of the operators got authorization from the Local Governments and KASUPDA, 4% got approval from the Nigerian Railway Authorities and the Ahmadu Bello University Estate Management. However, the bulk of operators in the study area are obviously operating without official authorization. Implying poor accountability in revenue generation and poor control of businesses in urban space. Operators with authorization usually pay ground rent to the institutions concerned.

Table 4.2: Space Acquisition by Enterprises

Space Acquisition	No. of Cases	%
Local Govt.	39	19.5
KASUPDA	10	5
Rent	27	13.5
By Self	116	58
Others	8	4
Total	200	100

Source: Field survey 2010

The nature of space acquisition may partly account for the general unaesthetic arrangement of shops and sheds used by operators in the study area. Since the institutions are not in full control of the use of urban space. This also has implications for the financial returns system for the use of urban space, as ground rent and other business levies to be paid by enterprises may not be properly accounted for, therefore hindering the financial capacity of institutions to provide basic infrastructure in the study area.

4.31.3 Physical facility for business space

The retailers were found to be operating using facilities ranging from standard shops to bare open spaces in the study area. Table 4.3 and the pictures below show the different facilities used by operators in the study area. Open spaces (26.5%) and shops (40.5%) were the main facilities used by operators in the area.



Plate 4



Plate 5

Plate 4: A Group of Retailers in Open Space Along Sokoto Road in Samaru

Plate 5: A Fruit Seller Along Palladan Road, Operating Under an Improvised Shed With Tables

The plates above show that the operators use open public spaces along roadsides for their businesses. These particular operators use the spaces without formal authorization from either the Local Government or KASUPDA. This use of space gives roadside views poor aesthetics and creates unnecessary street clutter.

Table 4.3 Types of Business Spaces in Zaria

Facility	No. of Cases	%
Hawking	10	5

Shed	41	20.5
Kiosk	11	5.5
Shop	81	40.5
Open space	53	26.5
Others	4	2
Total	200	100

Source: Field survey 2010

Space, once acquired, is organized by the operators in various ways. As shown on Table 4.3, while hawkers do not require physical structures, others erect temporary sheds, kiosks, shops or merely operate with tables in open spaces.



Plate 6



Plate 7

Plate 6: A Black Market Petroleum Product Retailer Using a Table in an Open Space Along Palladan Road

Plate 7: Some Retail Outlets in Standard Shop Facilities Along Sokoto Road at Layin-

Zomo Area

Plate 6 shows a black market petrol retailer apparently using urban space without formal authorization. While plate 7 show retailers using space authorized by KASUPDA along Sokoto road at layin Zomo area.

Operators in the repairs and service subsector mostly operate in open spaces, shops and sheds. The Mechanics for instance work in groups at selected open spaces with some forms of sheds where they keep their tools and rest. GSM repair operators were found to operate in small clusters with tables and umbrella sheds at PZ area in Sabongari.



Plate 8



Plate 9

Plate 8: Car Wash Operators in Open Space Along Sokoto Road in Samaru

Plate 9: GSM Repair Operators Along the Rail-Line at PZ, Sabongari

Plate 8 is a reflection of the typical car and rug wash locational characteristic, along major highways in Zaria. Some of them dig wells or construct boreholes to ensure steady water

supply for their business. Plate 9 reflects the facility type of most GSM repair operators in Zaria. Even though few operators do their business in enclosed shops, most operate in open space conditions as reflected in the picture.

Operators involved in woodwork and welding in the production subsector partly operate in open spaces because of the nature of their activities. They tend to have shops or sheds and open space facilities for their businesses.

4.32 Other Characteristics of Informal Enterprises in Zaria

This section focuses on other internal characteristics of the enterprises. It is meant to show the general characteristics of the enterprises and their operators so as to offer a better understanding of the situation of informal enterprises in Zaria.

4.32.1 Age of businesses and financial status

From the surveys conducted, it is noteworthy that the retail sub-sector is the major player in the Zaria informal economy, followed by the service and production subsectors. From the surveys that were conducted, 26% of informal enterprises within Zaria urban area have been operating for less than two years, 24% for between five to seven years, and 15% between eight to ten years. The highest proportion of 32% of enterprises in the sample, have been operating for between three to four years. Only 2% have been operating beyond ten years. This implies that businesses in the study area are not growing within a healthy urban economy, since most businesses do not seem to survive beyond ten years.

Also, most operators (52%) started business with less than ten thousand naira, this is a reflection of the subsistent level of this category. 20% started with between ten to thirty thousand naira, 16% started with between thirty and fifty thousand naira, while the remaining 12% started with more than fifty thousand naira. Most informal enterprises (84%) in Zaria, as in most other cases, obtained their start-up capital from personal savings or loans from family members and friends, 15.8% claimed they got loans from commercial banks. Despite the fact that most enterprises (84%) have been existing for over two years, most of them are still operating at a subsistence level because of the lack of a functional micro-credit scheme and a responsive governance system within the study area. From the surveys, it was obvious that most informal enterprises were still operating with less than double the initial capital they started with several years ago, only 40% of the enterprises surveyed had their businesses worth double the initial capital. This is also a clear indication that informal enterprises within the study area are not growing within a healthy urban economy. This lack of growth could be attributed to a number of identified problems which will be discussed in the latter part of the analysis.

4.32.2 Age and educational background of enterprise operators

The survey results showed that 77% of the enterprise operators in Zaria are youths below the age of 40, as shown in Figure 4.3. This population category is considered innovative and agile. If empowered with an enabling business environment, they could pose a vital force for economic development in the study area.

Figure 4.3: Age group of Enterprise Operators

■ 15-20 ■ 21-30 ■ 31-40 ■ 41-50 ■ Above 50

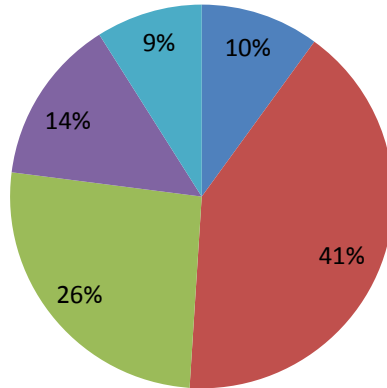


Table 4.4 also shows that this largely youthful population engaged in informal economic activities, are also mostly educated. This implies that they can be trained more easily in business development skills and how to tap into available opportunities for enterprise development.

Table 4.4: Level of Education of Informal Enterprise Operators

Educational Level	No. of Cases	%
No Formal Education	32	16
Primary School	51	25.5
Secondary School	90	45
Tertiary Education	27	13.5
Total	200	100

4.32.3 Ownership and operation of businesses

From the surveys, 77% of informal enterprises in Zaria are operated by owners while 23% are operated by employees; this implies that most informal enterprises in the study area are

owner operated. (See Table 4.5) The situation also implies that only a few of the enterprises have the capacity or need to employ workers.

Table 4.5: Ownership of Enterprises

Category	No. of Cases	%
Owner-operated	154	77
Employee-operated	46	23
Total	200	100

Source: Field survey 2010

The employee operated businesses were found to be mostly owned by government workers in the study area, while 3.5% of the enterprises were owned and operated by people who are working in government institutions in the study area.

4.32.4 Business registration status

It was obvious from the survey that some enterprise operators were evading agents of governance institutions in the study area as 56% of the operators did not respond when asked for their registration status. 42% of the respondents said their business was registered with the LGAs and the Ministry of Commerce and Industry. Only two operators claimed to have registered their businesses with the Corporate Affairs Commission.

Table 4.6 : Registration Status of Enterprises

INSTITUTION	No. of Cases	%
Corporate Affairs Commission	4	2
Local Governments	54	27
Ministry of Commerce and industry	30	15

No Response	112	56
Total	200	100

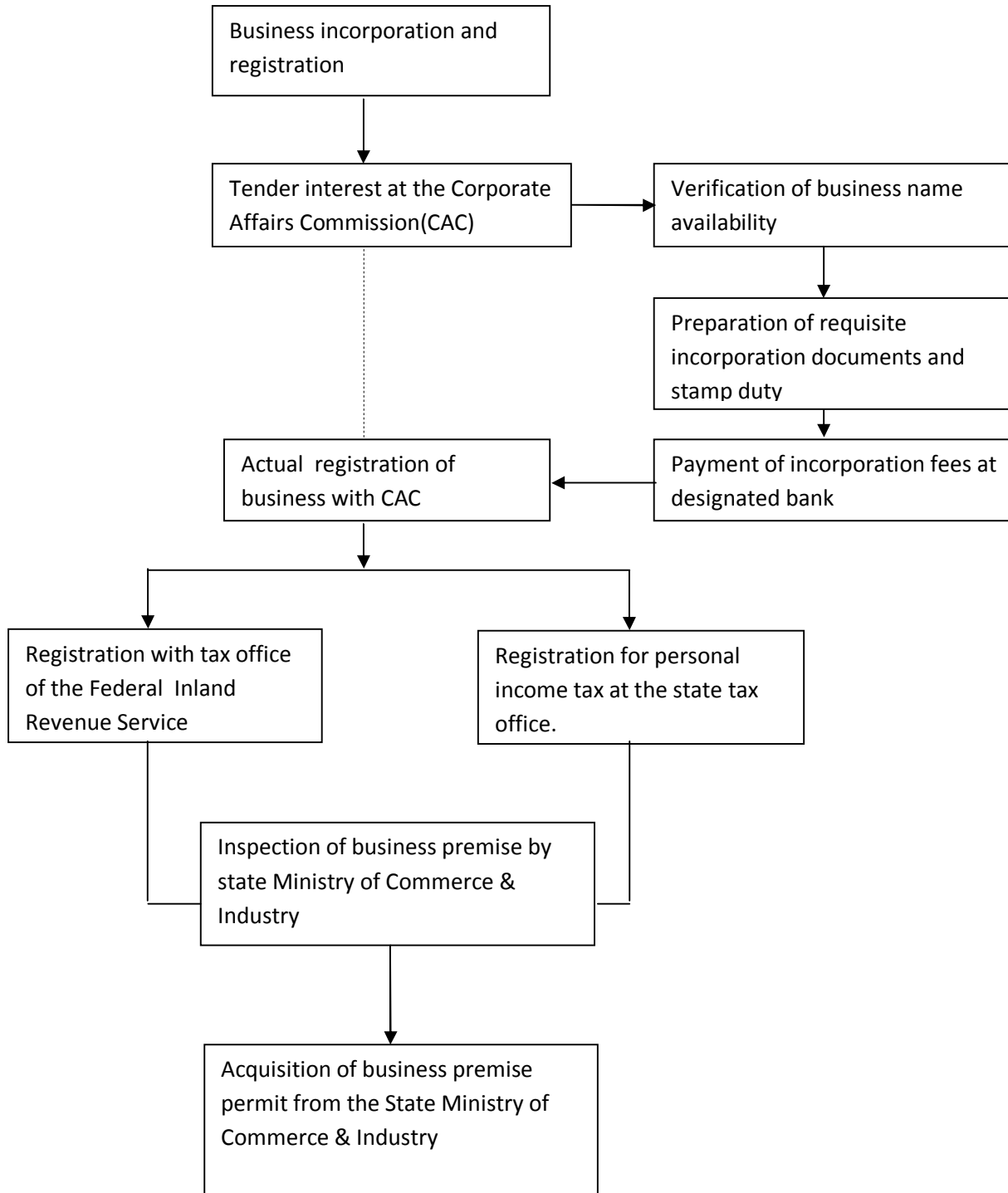
Source: Field survey 2010

4.32.4 Reasons for non-registration of business

Out of the 56% that were not registered, 30% of the operators claimed they were ignorant of the procedures for business registration with the CAC, Ministry of Commerce and Industry, and the Local Governments. 51% said registration was too cumbersome and costly. While 19% of the respondents still did not give any response. However, considering the financial status of most enterprises in the study area and the procedure for formal business registration with the CAC in the study area (see figure 4.4), it is not surprising that most enterprises were not formally registered. As stated earlier, 52% of the operators started business with less than ten thousand Naira. This reflects a subsistence level of business been done merely for survival. Also, the cost of registering with the Local government and Ministry of Commerce and Industry institution involves application fees for space, annual ground rent, business permit fee, signboard fee, etc.

Figure 4.4 shows the process of business registration with the CAC and Ministry of Commerce and Industry in the study area. The process takes about 30 days and costs about N107,300.00k for full business incorporation. This would prove too costly and herculean for most businesses in the study area.

Figure 4.4 : Formal Procedure For Starting and Registering a Business in Kaduna State



Source: Adapted by Author, from Kaduna State Ministry of Commerce and Industry (2010)

It is therefore not surprising that most operators are not formally registered, since they mostly operate at subsistence level. Most of the operators can therefore not afford financial and time expense,

4.32.5 Union membership

Most informal enterprises (77%) do not belong to any union, while 21.5% claimed they belong to unions. Those who had union affiliations were largely carpenters, tailors and welders. Although not all operators in this category were aware of the existence of such unions. Among operators who were not affiliated to unions, 45% were not interested in joining unions while 55% were interested in joining if they could be assisted. This shows that more would join unions if they are organized to do so. 48% of the respondents believed that union power could help them obtain more infrastructural and financial needs from the governing authorities, while 55% felt union power will not change the situation because of inefficient local governance structure. It is apparent from the survey results that most enterprise operators do not know the benefits to be derived from union affiliations. If properly organized, unions could be the launch pad for relating needs to governance institutions, and capital mobilization via cooperative ventures within unions.

Table 4.7 : Enterprise Union Affiliation

UNION MEMBERSHIP	No. of Cases	%
Yes	43	21.5
No	154	77
No Response	3	1.5
Total	200	100

Source: Field survey 2010

4.33 Problems Faced by Business Operators

The issue of challenges facing enterprises was raised with the operators. Responses to this question generated multiple responses, as seen in Table 4.8. The survey shows that 69% of the respondents complained about poor power supply, which is largely a national problem. This was followed by lack of access to business capital (58%). 44% complained about inadequate space to operate their business, others did not complain either because they could afford more serviced and organized spaces or they probably are satisfied with operating in open spaces. It is obvious from the foregoing that the three most frequent complaints by enterprise operators in Zaria are Poor power supply, Poor Micro credit access facilitation and enterprise operation space, respectively. These are all vital issues when it comes to enterprise development. Annual rent for an average shop in Zaria range between 30,000 Naira to 80,000 Naira, depending on either size, facilities, or the location of the shop. Most operators claim that they could barely afford the payment. Other complaints are, lack of water supply; especially by cafeterias and bukas, and car and rug wash owners, harassment by government officials, need for skill acquisition and training, and duplicity of business levies. Some enterprise operators claim that there are cases whereby some of the government revenue collectors actually share the money collected amongst themselves. They also have other official coming to collect the same business fees they had earlier paid. These problems imply that rather than creating an enabling environment for businesses to thrive, governance institutions seem to be impeding the development of businesses in the study area.

Table 4.8 : Problems Confronting Informal Enterprises In Zaria

Problems	No. of Cases	% of total respondents
Poor power supply	138	69
Poor water supply	50	25
Poor business premise	21	10.5
Harrassment by Govt officials	68	34
Lack of access to micro-credit Facilities	116	58
Inadequate skills	39	19.5
Too many levies	37	18.5
Difficulty in accessing space to operate	88	44

Source: Field survey 2010

NB: Respondents gave more than one response.

The outstanding problems that appear to require urgent intervention from table 4.8, are poor power supply, lack of access to micro-credit facilities, and difficulty in accessing suitable space to operate. These are the basic fulcrums on which businesses thrive. There is therefore a need to work out strategies towards overcoming these challenges if informal enterprises are to rise above their present operating capacities.

4.40 ASSESSMENT OF GOVERNANCE INSTITUTIONS

This section assesses the governance institutions that impact on informal enterprises in the study area. The principles of Good Urban Governance and the indicators were used for the assessment with the adapted Global Development Research Centre (GDRC) Report Card, primary criteria ratings for assessing good governance on Tables 3.3 and 3.4. As explained in Table 3.3, each indicator will be rated. The points for the ratings viv-a-vis the indicators are; 1 point for very poor, 2 points for poor, 3 points for fair, 4 points for good and 5 points for very

good performance respectively. The governance percentage score is then derived by the formula below against all the indicators of the four governance principles adopted.

$$\frac{i * n * 100}{\sum i * n} = G$$

Where i = indicator points

n= No of respondents

$\sum i * n$ = Overall total possible score

100 = Constant

G = Governance % score

Table 3.4 gives the final governance ratings after the assessment. Other general data gathered in the course of the surveys were also analyzed to give insights into the relationship between informal enterprises and governance institutions in the study area.

4.4.1 Responsiveness of the local governance institutions

The indicators for responsiveness were found to be better suited to the Zaria and Sabongari Local government councils because the indicators fall within their administrative responsibilities. Also, they are the resident governance institutions whose practices have more bearing on enterprises in the study area. The indicators for measuring how the two Local Government institutions in Zaria Urban Area respond to the needs of informal enterprises includes, micro credit facilitation, physical infrastructure provision, space provision and enterprise training. The details are shown on table 4.9. However, the survey generally revealed very poor responsiveness in the governance of informal economic activities in Zaria. The total average score on responsiveness is only 25.1%.

Table 4.9: Responsiveness of Local Governance Institutions

Institutions	Sabongari LG	Zaria LG
Indicators	% Score	% Score
Micro Credit Facilitation	20	20
Physical infrastructure provision	20	26.4
Business space provision	35.2	38.8
Enterprise training	20	20
Average % score/Inst,	23.8	26.3
Average total % Score for responsiveness	25.1	

Source: Field Survey 2010

The only indicator for which the institutions scored above 35% in the ratings is that of space provisioning. This could probably be attributed to efforts made by the Local governments and KASUPDA in providing both temporary and permanent business premise space which enterprises pay ground rent for (See table 4.10). The scores for micro credit facilitation, infrastructure provision and enterprise training were all very poor. This shows a great lack of capacity on the part of the institutions.

Table 4.10: Number of Permanent and Temporary Business Space and ground rent in Zaria Urban Area

Institution	Permanent Business Space	Annual Ground Rent (in Naira) For Perm.Space	Temporary Business Space	Annual Ground Rent (in Naira) For Temp.Space
Zaria LG	467	1200	476	600
Sabongari LG	4039	1800	1385	1200
KASUPDA	Nil	Nil	416	1200
Total	4506		2277	

Source: Field Survey 2010

Apart from the ground rent, enterprise operators usually pay the sum of 3,000 Naira for business permit undertaking, to the Local Governments. They also pay between 350 Naira to 500

Naira for business premise registration to the Ministry of Commerce and Industry. If the business has a signboard or advertisement notice, the sum of between 1500 Naira to 2250 naira will have to be paid to the Local Government.

In the area of micro-credit facilitation, basic infrastructure provision and enterprise training for skills acquisition and improvement, the governance institutions in Zaria are doing very poorly. The opportunities for training and demonstrative loans from the National Directorate of Employment are not reaching most operators in the study area. It was observed that there was a general lack of awareness on the activities of the NDE. Also, the liaison offices at the Local Government Headquarters were nonfunctional. From 2004 to 2010 only 8 persons in Zaria benefited from demonstrative loans which the NDE usually gives to trainees. And from the NDE Kaduna Zonal office records, only 28 enterprises in the service sector (Generator repairs and GSM repairs) from Zaria benefited from training opportunities with the Institution between 2009 and 2010. However, when one considers the survey results about 29% of informal operators largely in the service and production subsectors of the informal economy in Zaria need training opportunities, but the operators are ignorant of the ways to tap the available opportunities at the NDE.

From the enterprise surveys, most operators (56%) were of the opinion that access to credit facilities was more important for the development of their business. In the sample, 29% of enterprises in the service and production sub-sectors emphasized need for training and skill acquisition opportunities that would boost the development of their business. Currently, the apprenticeship mode of training and skill acquisition appears to be more common as opposed to formal training with the NDE. A number of operators claimed that lack of access to credit was the major hindrance to further training and skill acquisition. This is because they cannot acquire

certain implements or pay to learn how to use them. There is a strong desire by operators, to access credit. In fact, a few of the operators lamented over losses they had suffered in the recent past, from failed private micro finance ventures. Particularly from their experiences with TRIMM and Intercontinental Heirs Micro Finance ventures. They risked investing money in the ventures with the hope of acquiring loans which would enable them expand their businesses, but however lost their contributions and never accessed any of the promised loans. The micro finance ventures are presently shut down. Very few operators requested for provision of basic infrastructure, probably because they have lost faith in governments ability to meet up in that area.

Table 4.11 : Needs of Informal Enterprises in Zaria

NEEDS	FREQUENCY	%
Micro-Credit facilities	112	56
Skill acquisition	58	29
Provision of basic Infrastructure	21	10.5
No response	9	4.5
Total	200	100

Source: Field Survey 2010

As shown on Table 4.11, accessing credit appears to be the major craving of most of the operators, so that they can develop their businesses. It is therefore a major intervention area for governance institutions to facilitate.

4.42 Accountability and transparency of governance institutions

The indicators for these were found to be more pertinent to the institutions which have more to do with local government and financial issues in their relationship with informal

enterprises. The institutions are the Ministry of Commerce and Industry and the two Local Government councils. The governance score from the Surveys and enterprise operators' perception was 20.1% (see table 4.13), which reflects very poor governance. There is no town hall kind of forum for the general public or informal enterprise operators to air their views or ask governance institutions questions on the financial position of the institutions. Also, during the surveys, officials at the Institutions surveyed were generally not willing to divulge financial information, this reflects a lack of transparency on the part of the institutions.

It was also clear from the surveys that incentives for corruption among officials from the institutions were still operational in the study area. The most common frequency of business levy payment found in the survey was the annual payment of fees (52%). 41% said they paid on irregular basis, while 7% made no response. The irregular payments were being made mostly by enterprises that were not making formal payments to institutions and therefore had to resort to unreceipted payments on irregular basis. This shows a lack of accountability and transparency in government revenue collection.

Table 4.12 : Payment of Business levy

PAYMENT OF LEVIES	FREQUENCY	%	FREQ. OF PAYMENT	FREQ	%
Yes	180	90	Annually	104	52
No	6	3	Irregular	82	41
No Response	14	7	No Response	14	7
Total	200	100	Total	200	100

Source: Field survey 2010

As Table 4.12 reflects, most operators (90%) claim to pay business levies especially to the Local government institutions through their officials. However, the frequency of payment (41%) is

inconsistent and implies poor accountability on the part of the institutions. Table 4.13 clearly buttresses the poor impression operators have about the accountability of government institutions and their officials.

Table 4.13 Accountability and Transparency

Institution	MCI	Sabongari LG	Zaria LG
Indicators	% Score	% Score	% Score
Regular, organized and open consultations of citizens on city financial matters and other important issues.	20	20	20
Removal of administrative and procedural incentives for corruption	20.7	20	20
Ave.% score/Inst.	20.4	20	20
Average total % Score on accountability and transparency	20.1		

Source: Field Survey Analysis 2010

In the table above, all the respondents gave very poor scores for accountability and transparency of government institutions. This impression could lead to lack of commitment in the payment of business levies on the part of operators.

4.43 Subsidiarity of Governance Institutions in Zaria Urban Area

With regards to the indicators of subsidiarity the indicators were applied to assess MCI, NDE and KASUPDA, because they are expected to have zonal representation and create awareness of their activities and the opportunities available to citizens in the study area. Unlike the Local government councils which are resident in the study area.

The general subsidiarity average score is 28.6%. It is below 35% and implies that governance is still very poor.

Table 4.14: Subsidiarity of Governance Institutions

Institution	MCI	NDE	KASUPDA
Indicators	% Score	% Score	% Score
Awareness of Institution	33.9	21.4	52.1
Projects and Programmes			
Impact of local economic development Initiatives by institutions	22.5	21.7	20
Ave.% score/Inst.	28.2	21.6	36.1
Average total % Score for subsidiarity	28.6		

Source: Field Survey Analysis 2010

From table 4.14, the subsidiarity score for the institutions is very poor, even though most respondents gave a fair score of 52.1% to KASUPDA on the awareness indicator, showing that operators are largely familiar with the activities of the institution. However, all institutions still had poor scores in the area of awareness and positive impact on informal enterprises.

The National Directorate of Employment for instance, has projects and programmes that are beneficial to operators of informal enterprises. However, NDE presence in the study area is very weak, since their liaison offices are virtually nonfunctional. Also, there is a very low awareness of their projects and programmes among enterprise operators in Zaria Urban area.

The Ministry of Commerce and Industry zonal office in Zaria, claim to offer technical support and managerial and financial training to enterprises, however no respondent from the

field survey indicated that they benefited from any of such programmes. This implies that the outreach is definitely poor, thereby reflecting very poor score on subsidiarity.

The Kaduna State Urban Planning and Development Authority (KASUPDA) started the Department of Research and Statistics in 2009. Part of the mandate of the department includes collection of data on micro and small enterprises for research purposes and for onward transmission to institutions like NDE and NAPEP for economic planning purposes. The department currently lacks data on enterprises in Zaria. However, their main part in the affairs of informal enterprises currently is the regulation of the use of urban space for such economic activities. The institution is still yet to properly harness the potentials of the new department which should aid in economic planning.

4.44 Efficiency of Governance Institutions

The indicators are; Available manpower dedicated to handling informal enterprise issues and clear objectives and targets for the provision of public services needed by enterprises. The general average score on efficiency was 26.7% which is also a very poor reflection of governance in the study area.

The Local governments lack local economic development policies and data that could pave the way to creating an enabling environment for informal enterprises to thrive. During the surveys, it was found that officials who attend to enterprise operators are merely revenue collection officers with no expertise on local economic development issues. The economic planning departments do not readily have data required for economic planning. This does not augur well for informal enterprise development in Zaria. Furthermore, the survey revealed a weak linkage between the institutions surveyed. There is poor interaction and lack of

collaboration between institutions like the NDE, the Local Government Councils, KASUPDA, and the Ministry of Commerce and industry. An example is seen in the failure to maintain functional liaison services in Zaria by the NDE and Local Governments.

The NDE appears to be the most efficient considering their projects, programmes and knowledge in micro and small enterprise development but as a result of the low awareness level in the study area, they also rated very poor in efficiency.

Table 4.15 Efficiency of Institutions

Institution	Sabongari LG	Zaria LG	MCI	NDE	KASUPDA
Indicators	% Score	% Score	% Score	% Score	% Score
Available manpower dedicated to attending to informal enterprise issues	26.4	28.6	34.7	24.5	23.9
clear objectives and targets for the provision of public services needed by enterprises	20	20	31.2	28.4	28.6
Ave.% score/Inst.	23.2	24.3	33	26.5	26.3
Ave.Total % Score	26.7				

Source: Field Survey Analysis 2010

The very poor scores in the efficiency assessment of the institutions in Table 4.15 is expected because the survey also revealed that apart from the NDE Kaduna Zonal office, all other institutions did not have officials who attend to the development of informal enterprises. What is obtainable is more of officials dedicated to collection of business levies. Also, apart from the NDE and MCI, no institution is dedicated to evolving and implementing clear objectives and targets towards meeting the development needs of informal enterprises in Zaria.

4.50 SUMMARY ON ASSESSMENT OF GOVERNANCE INSTITUTIONS BY INFORMAL ENTERPRISE OPERATORS

The ratings adapted from the GDRC Urban Governance, Sourcebook of Indicators, as reflected in table 4.16 was utilized to give a final governance assessment score on table 4.17.

Table 4.16: Ratings for Assessing Urban Governance Institutions

Ratings	
80 – 100%	Excellent , Governance institutions should be commended.
65 – 79%	Good governance , but full potential not yet tapped.
50 – 64%	Fair governance , can still do much better
35 – 49%	Poor governance , more commitment and effort needed.
Below 35%	Very poor governance , complete overhauling of the system required.

Adapted by Author from; Urban Governance; A Sourcebook On Indicators, by GDRC (2010)

Table 4.17: Summary of Governance Assessment Criteria for Informal Economic Activities in Zaria Urban Area

Criteria	Total % Score
Responsiveness	25.1
Accountability and Transparency	20.1
Subsidiarity	28.6
Efficiency	26.7
Average % Score	25.13

Source: Author, 2010

Average score of Governance Institutions in governance of informal economic activities in Zaria Urban Area = **25.13%**

The score is below 35% which means the governance process and structure is

very poor and requires a complete makeover. This score is certainly a reflection of the structure of the governance institutions considered in this study. The institutions require restructuring and proper administrative linkages between institutions if better governance for informal enterprises can be achieved in the study area. With the weak governance assessment score obtained for the development of informal economic activities in Zaria, it is clear that the institutions surveyed in this study are far from achieving good governance.

CHAPTER FIVE

SUMMARY OF FINDINGS

5.00 INTRODUCTION

This section focused on highlighting the basic findings of the study after the data analysis and discussions in the previous chapter.

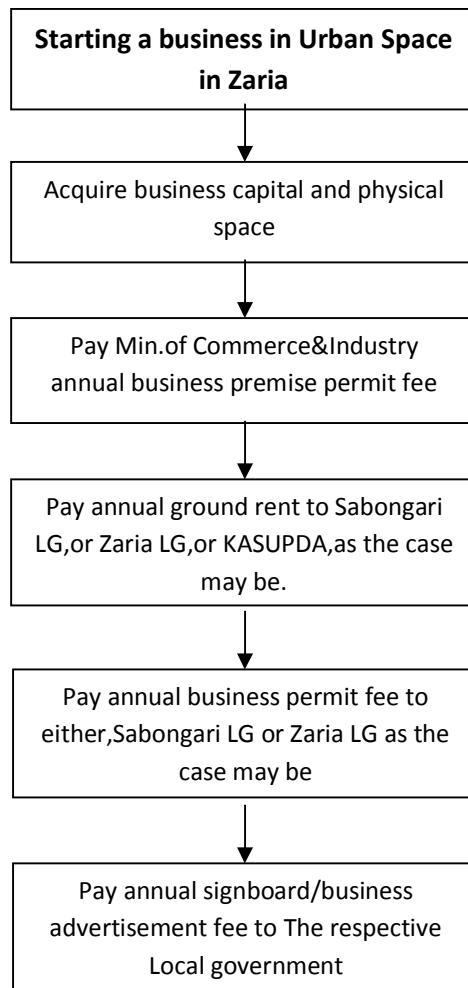
5.10 The Main Findings

From data so far analyzed, for enterprises to lawfully engage in business in urban space in Zaria, an enterprise operator must firstly acquire business capital and physical space for the business. Next is that operators should be ready to pay the required business premise permit fee to the Ministry of Commerce and Industry. Also, they need to pay ground rent to either the Local Governments or KASUPDA as the case may be, and then pay a business advertisement signboard fee to the Local Governments where applicable, as shown in Figure 5.1. In cases where enterprises have to rent such spaces, they also have to pay annual rent for shops ranging from about 30,000 Naira to 80,000 Naira, depending on the location in Zaria. Otherwise they have to construct either temporary structures or build permanent shops for their business. The burdens of the administrative fees and rent have the potential of stifling micro informal enterprises. Apparently, the Local Governments will have to do more in providing organized spaces at more affordable rates if the street clutter created by informal economic activities is to be reduced in Zaria.

It is also obvious that the governance institutions in Zaria urban area exist and operate in isolation from each other. There is clearly no cooperation and collaboration between

institutions that have to do with informal enterprise issues. There is no local economic development plan that bring institutions together and that caters for informal economic activities or the general city economy. This is clearly seen in the efficiency assessment of governance institutions in section 4.4.4.

Fig 5.1: Enterprise Administrative Fees and Operating Process in Zaria Urban Area



Source: Author 2010

Also, the survey sample revealed that 77% of informal enterprise operators in Zaria are youths within the age bracket of 15 to 40. This category is also largely educated, at least with

primary education qualifications. Although, secondary education qualification accounts for 45%, which is the highest frequency. The implication of this finding is that Zaria has a largely young and educated informal enterprise base. This is a potential waiting to be harnessed by various youth empowerment and development initiatives by the institutions of governance in the study area.

Another clear finding in the study, is the fact that there are no incentives to boost the development of informal economic activities in the study area. This is evident because there is no drive by the Local Government Councils to facilitate access to micro-credit and training opportunities to boost capital flow and skill development to the town. The Ministry of Commerce and Industry claim to be running workshops on business management and development but none of the sampled respondents was found to have benefited from such trainings.

The level of economic activities in urban space in Zaria far exceeds the expected returns on generated revenue from economic activities in the Zaria urban space because of the prevalence of unregulated spaces. This is clearly reflected in section 4.31.2 where the field data shows that about 60 % of the sampled enterprises are operating on unregulated business spaces.

The NDE Liaison offices are non functional and most micro enterprises in the study area are largely ignorant of the procedures for accessing skill development opportunities with the NDE because there is no proper information dissemination mechanism for the general public in the study area.

With all these challenges, it is not surprising that most enterprises do not grow or eventually die, since only 2% of the enterprises surveyed had existed for over ten years. This study earlier revealed that 84% of the enterprises surveyed have been operating for over two years and only 40% have been able to double their initial capital. Considering the inflation factor, that kind of growth shows that most informal enterprises in the study area are still operating at subsistence level after several years of existence. This fact also reflects a poor governance system in the study area.

5.11 Other Challenges of Enterprise Operators

The study also highlighted that 69% of the respondents complained about poor power supply as it affects their businesses (see table 4.7). Although the power supply problem is a national challenge, it clearly undermines the productivity of operators, especially in the production and service sector such as welders, GSM repairs, woodwork artisans, tailors, and grinding mills. It was followed by lack of access to micro credit to boost their businesses (58%). 44% complained about inadequate space to operate their business as a result of inability to afford more advantageous locations because of high rent costs. Apparently, power supply, micro-credit and adequate space for business activities are on the front burner of needs for informal enterprise operators in Zaria urban area.

Other complaints raised by informal enterprises in the study area include, lack of an efficient water supply system (especially by cafeterias, local bukas, and car and rug wash owners), harassment by government officials, need for skill acquisition and training, and duplicity of business fees which is very discouraging to many of them as they do not see the essence of the payments they make, since government does not make returns by providing basic infrastructure.

The Report Card on the governance assessment process which gave governance institutions in Zaria, an overall score of 25.13% is also a strong indication that citizens and operators involved in informal economic activities in the town have not had the benefit of governance institutions providing them with an enabling environment for their businesses to thrive. They therefore generally rely on their own initiatives to survive.

From the survey results, we can conclusively say that there is poor urban governance of informal economic activities development in Zaria. This means that the enabling environment for enterprises to thrive is not been provided by governance institutions. The implications could translate to more business failure, low employment generation by enterprises, and higher urban poverty index. This conclusion is not far-fetched if we are to go by the statistics that say between 70 to 80% of urban employment opportunities are found in the informal economy (FGN 2006). Thus the environment of the informal sector of the economy in Zaria must be enabling in nature, and this can only be achieved by Good Urban Governance. Otherwise the present condition in Zaria could lead to more urban crime, insecurity, and youth restiveness since over 70% of informal enterprise operators in the survey were also found to be youths within the age bracket of 15 to 40 years.

CHAPTER SIX

RECOMMENDATIONS FOR IMPROVING URBAN GOVERNANCE PRACTICES IN THE DEVELOPMENT OF INFORMAL ECONOMIC ACTIVITIES

6.00 INTRODUCTION

The following recommendations were made to address the basic problems with urban informal enterprise development in Zaria using effective urban governance strategies and practices. These recommendations can also be applied to other Nigerian cities with similar informal economic development challenges.

6.10 Cooperation and Collaboration between Urban Governance Institutions

One of the problems unveiled by this study is the need for vocational training and skill acquisition by enterprise operators. The NDE is the government institution engaged in providing skill acquisition outlets and claim to have liaison offices and officers at the two Local Government Council (LGC) Headquarters in Sabongari and Zaria, when in reality officials and enterprise operators at the two LGCs were largely ignorant of NDE presence in the study area. Also, this study did not find the claimed liaison offices at the LGC headquarters.

There is therefore the need for the NDE, KASUPDA, and The Ministry of Commerce and Industry (MCI) to ensure operational and functional liaison offices with physical presence at the two LGC headquarters. Beyond this arrangement, all governance institutions will then need to work in synergy towards local economic development planning and policy formulation to foster an enabling environment for actors in the urban economy and more especially for the development of informal economic activities in Zaria Urban Area. That way modalities can be

worked out for training and skill acquisition, micro-credit facilitation, infrastructural provision, business space and organization strategies and so on.

With collaboration and cooperation between governance institutions ensured, a one-stop business approval and fee payment system can be worked out to reduce corruption and duplicity of business fee payment sometimes experienced by enterprise operators. Also a website can be built to provide online services for application forms and database building for informal enterprises. The online services can also be used to enhance information dissemination between governance institutions and the general public on projects and programmes towards informal enterprise development, so that interested parties can tap into such opportunities. This supports the findings of Gosen (2008), that enterprises with e-governance support have a clear competitive advantage over those that lack such support. However, local media such as the radio and television station outlets should also be used to enlighten the public on the projects and programmes of the NDE and other institutions.

Cooperation and Collaboration between institutions would also create the opportunity for the LGCs to work closely with the Power Holding Company of Nigeria (PHCN) and the Water Board towards finding more effective and lasting solutions towards solving power and water supply problems as expressed by enterprise operators in the study. The issue of achieving stable power supply is of particular importance as 69% of the enterprises surveyed complained that the poor power supply in the study area is a major constraint to their business development. The LGCs may need to explore more alternative power source options to solve this problem.

6.20 Town Hall Meetings

To enhance responsiveness, accountability and transparency by governance institutions, it will be worthwhile for the Local Government Councils to organize town hall meetings at least annually so that there can be open consultations with the public on economic development especially for informal enterprise development. At such forums, feedback can be garnered on areas of intervention towards fostering informal enterprise development.

6.30 Capacity Building for Local Government Officials

To ensure that local government officials contribute efficiently to informal enterprise development in Zaria, there will be need for training and retraining of officials. This capacity building will enable officials to make valid contributions in the area of local economic policy formulation and training of enterprise operators. Instead of just engaging in revenue collection from enterprise operators in Zaria.

6.40 Provision of More Business Space

There is a need for the Local Government Councils to work out modalities for creating more business space locations at subsidized rates to meet the needs of enterprise operators and reduce vehicular carriageway congestion. Furthermore, the Ministry of Commerce and Industry, in conjunction with the other governance institutions in the study area can create serviced enterprise zones or clusters in designated sites, especially to cater for the production subsector (i.e welders, furniture makers, and others). This will reduce the clogging up of streets and boost the productivity of the production subsector in the area.

A more coordinated institutional approach to business space organization needs to be worked out in the study area, towards discouraging the prevalence of unregulated spaces and enhancing revenue generation. However, governance institutions also need to be more accountable by ensuring that generated revenue is channel towards needed infrastructural provisions that will encourage economic development in the study area.

6.50 Facilitation of Micro-Credit For Informal Enterprise Development.

As seen in this study, obtaining credit from financial institutions is difficult for informal enterprises, since they have no collateral to offer as guarantee. Choudhury (2005) in his study of Bangladesh stipulated that "... introducing joint or collective liability as a substitute for collateral has more impact for the growth of informal enterprises". To achieve micro-credit facilitation in Zaria, the LGCs may have to help out in organizing informal enterprises into unions so as to achieve collective liability towards obtaining credit from financial organizations. Also, the CBN policy on Small and Medium Enterprise Equity Investment Scheme (SMEEIS) should be extended to cover informal enterprises via collaboration with the LGCs.

6.60 Facilitation of Youth Empowerment Schemes

The Local Government Councils of Sabongari and Zaria LGAs need to do more in facilitating the process of tapping into Youth Empowerment Schemes of the Federal Government of Nigeria. The study revealed that over 70% of operators in informal enterprise activities in Zaria are Youths. Therefore, there is need to properly engage and encourage youth enterprise activities in the study area. This will help reduce urban crime, insecurity and youth restiveness.

6.70 Conclusion

It is clear from the findings of this study that the institutional governance system in Zaria is presently not ensuring the healthy growth of informal enterprises. For an enabling environment for informal enterprise development in the study area, the institutions of urban governance need to create the will to implement the recommendations given in this study. This is against the backdrop that the bulk of citizens in the urban realm are engaged in informal economic activities, therefore to reduce urban poverty and boost local economic development, institutions of urban governance must pay attention to informal enterprise development. Furthermore, research needs to be carried out on local economic development planning especially for cities in developing nations. This is necessary if a sustaining and enabling environment for general economic growth and development is to be achieved in cities of developing nations. Such research should also emphasize Good Urban Governance.

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APPENDICES

Appendix i

**DEPARTMENT OF URBAN AND REGIONAL PLANNING, FACULTY OF
ENVIRONMENTAL DESIGN, AHMADU BELLO UNIVERSITY, ZARIA.**

Enterprise Operators Questionnaires

**An Appraisal of Urban Governance Practices and The Development of Informal Economic
Activities in Zaria.**

Dear Sir / Madam

This survey is part of an MSc thesis aimed at appraising Urban Governance Practices and Informal Economic Activities Development in Zaria. It is purely academic in nature. All information given shall be treated confidentially. Thank you.

SECTION A (please, tick or underline the selected option)

1. Sex a. Male b. Female

2. Age a. 15 – 20 yrs b. 21 – 30yrs c. 31 – 40yrs d. 41 – 50yrs e. above 50yrs

3. Educational Level

a. No formal education b. Primary school c. Secondary school d. Tertiary

education e. others _____

4. Ethnicity, a. Hausa b. Yoruba c. Ibo d. Others _____

5. Are you a staff of any government agency or institution in Zaria? a. Yes b. No

SECTION B

1. Type of business / enterprise _____

2. Location of enterprise a. homebased b. public space

c. others _____

3. If in a public space, how did you acquire this space for your business?

a. Local Government b. KASUPDA c on your own d.rent Others

4. Mode of Operation. a.Hawking b.Kiosk c.Shed d.Open space e. Shop f.Others

5. Is this business yours? aYes b. No

6. Is your business registered a. Yes b. No

7. If yes, which agency / institution did you register with? a. Corporate Affairs

Commision b. Others _____

8. If no, why have you not registered?

a. I don't know how to b. Its too expensive c. Others

9. When did you start this business?

a. 1 – 2 years b. 3 – 4 years c. 5 – 7 years d. 8 – 10 years e. Others _____

10. How much capital did you start with? A. less than #5,000 b. btw #5,000 -#10,000 c. #10000 -#20000 d. 30,000 – 50000 e. # 50000 – 100000 f. Above #100000

11. How much is the business worth today? a. Still within the initial capital b. Almost double the initial capital c. Double the initial capital d. Others _____

12. How many employees work here? a. None b. one c. Two d. three e. four f. more than four

13. Have you ever been invited to a meeting by the Local Government, KASUPDA or any other governance institution? A. Yes b. No

14. Do you pay any business/ enterprise fee, tax or levy ? a. Yes b. No

15. If yes, who do you pay to? a. Min. of Commerce&Industry b. Local Government
c. KASUPDA d. Others _____

16. How often do you pay ? a. daily b. weekly c. monthly d. yearly e. no specific timing f. others _____

17. What kind of problems do you face in your business? (please tick the options that apply to your business)

a. Poor electric supply

b. Poor water supply

c. Poor business premise

d. Harassment by government officials

e. Lack of access to business capital

f. lack of enterprise skills / training

g. Too many fees.

h. Getting space to operate

i.. Others _____

18. What kind of assistance do you need to promote the development of your

business?

a. Credit / loan facilities b. skill acquisition / training

b. Others _____

19. Do you belong to any business union? a. Yes b. No

20. If no, why? _____

21. If no, do you wish to join your business union? a. Yes b.No

22. Are you aware of any existing business owners union? a.Yes b. No

23. Are you aware that you can demand for more regular power supply and other basic infrastructure from governing institutions like PHCN, and the local Government Councils, if you have a union? a. Yes b. No

24. Have you ever benefited from a micro-credit(loan) scheme for the development of your business? a. Yes b. No

25. If yes, which one did you benefit from?

Thank you !

Appendix ii

DEPARTMENT OF URBAN AND REGIONAL PLANNING, FACULTY OF ENVIRONMENTAL DESIGN, AHMADU BELLO UNIVERSITY, ZARIA.

(Enterprise Operators Perception of Governance Institution Questionnaires)

An Appraisal of Urban Governance Practices and The Development of Informal Economic Activities in Zaria.

Dear Sir / Madam

This survey is part of an MSc thesis aimed at appraising your perceptions of Urban Governance Practices and Informal Economic Activities Development in Zaria. It is purely academic in nature. All information given shall be treated confidentially. Thank you.

Please tick the selected option.

Questions

1. How do you rate the performance of the following institutions in the under listed areas?

i. Loan facilitation for enterprises

Sabongari LGC

Zaria LGC

a. Very good ()

Very good ()

b. Good ()

Good ()

c. Fair ()

Fair ()

d. Poor () Poor ()

e. Very poor () Very poor ()

ii. Physical Infrastructure Provision (i.e Power,Water supply,etc)

Sabongari LGC

Zaria LGC

a. Very good ()

Very good ()

b. Good ()

Good ()

c. Fair ()

Fair ()

d. Poor ()

Poor ()

e. Very poor ()

Very poor ()

iii. Business space provision

Sabongari LGC

Zaria LGC

a. Very good ()

Very good ()

b. Good ()

Good ()

c. Fair ()

Fair ()

d. Poor ()

Poor ()

e. Very poor ()

Very poor ()

iv. Enterprise training outlets

Sabongari LGC

Zaria LGC

a. Very good ()

Very good ()

b. Good ()

Good ()

c. Fair ()

Fair ()

d. Poor ()

Poor ()

e. Very poor ()

Very poor ()

2. Give your perception of Government institutions performance in the following areas:

i. Public consultations on city financial plan and other issues

Sabongari LGC

Zaria LGC

Min. of Comm&Industry

a. Very good ()

Very good ()

Very good ()

b. Good ()

Good ()

Good ()

c. Fair ()

Fair ()

Fair ()

d. Poor ()

Poor ()

Poor ()

e. Very poor ()

Very poor ()

Very poor ()

ii. Anti corruption practices and policies.

Sabongari LGC	Zaria LGC	Min. of Comm&Industry
a. Very good ()	Very good ()	Very good ()
b. Good ()	Good ()	Good ()
c. Fair ()	Fair ()	Fair ()
d. Poor ()	Poor ()	Poor ()
e. Very poor ()	Very poor ()	Very poor ()

3.How do you perceive the following Government institutions efforts in the following areas?

i. Creation of public awareness and participation on intended projects and programmes:

NDE	KASUPDA	Min. of Comm&Industry
a. Very good ()	Very good ()	Very good ()
b. Good ()	Good ()	Good ()
c. Fair ()	Fair ()	Fair ()
d. Poor ()	Poor ()	Poor ()
e. Very poor ()	Very poor ()	Very poor ()

ii. Impact of institutions projects and programmes in Zaria

NDE	KASUPDA	Min. of Comm&Industry
a. Very good ()	Very good ()	Very good ()
b. Good ()	Good ()	Good ()
c. Fair ()	Fair ()	Fair ()
d. Poor ()	Poor ()	Poor ()
e. Very poor ()	Very poor ()	Very poor ()

3.What is your rating of the efficiency of the following institutions in the following areas:

i. Available manpower to attend to informal enterprise training and development

NDE	KASUPDA	Min. of Comm&Industry
a. Very good ()	Very good ()	Very good ()
b. Good ()	Good ()	Good ()
c. Fair ()	Fair ()	Fair ()
d. Poor ()	Poor ()	Poor ()
e. Very poor ()	Very poor ()	Very poor ()

Sabongari LGC**Zaria LGC**

- | | |
|------------------|---------------|
| a. Very good () | Very good () |
| b. Good () | Good () |
| c. Fair () | Fair () |
| d. Poor () | Poor () |
| e. Very poor () | Very poor () |

ii. Clarity of institutional objectives in providing basic services to boost enterprise productivity**NDE****KASUPDA****Min. of Comm&Industry**

- | | | |
|------------------|---------------|---------------|
| a. Very good () | Very good () | Very good () |
| b. Good () | Good () | Good () |
| c. Fair () | Fair () | Fair () |
| d. Poor () | Poor () | Poor () |
| e. Very poor () | Very poor () | Very poor () |

Sabongari LGC

Zaria LGC

- | | |
|------------------|---------------|
| a. Very good () | Very good () |
| b. Good () | Good () |
| c. Fair () | Fair () |
| d. Poor () | Poor () |
| e. Very poor () | Very poor () |

Thank you.

Appendix iii : The Governance Assessment of Selected Institutions

Table 4.8: Responsiveness of Local Governance Institutions

Institutions	Sabongari LG			Zaria LG		
	Rating	Point	Total	Rating	Point	Total
Micro Credit Facilitation	V.poor	1	100	V.poor	1	100
% Score	20			20		
Physical infrastructure provision	V.poor	1	100	V.poor	1	74
				Poor	2	40
				Fair	3	18
% Score	20			26.4		
Business space provision	V.poor	1	54	V.poor	1	43
	Poor	2	32	Poor	2	40
	Fair	3	90	Fair	3	111
% Score	35.2			38.8		
Enterprise Training	V.poor	1	100	V.poor	1	100
% Score	20			20		
Average % score/Inst,	23.8			26.3		
Average total % Score	25.1					

Source: Field Survey Analysis, 2010.

Table 4.12: Accountability and Transparency

Institution	MCI			Sabongari LG			Zaria LG		
	Rating	Point	Total	Rating	Point	Total	Rating	Point	Total
Regular, organized and open consultations of citizens on city	V.Poor	1	200	V.Poor	1	100	V.Poor	1	100

financial matters and other important issues.			
% Score	20	20	20
Removal of administrative and procedural incentives for corruption	V.Poor 1 193 Poor 2 14	V.Poor 1 100	V.Poor 1 100
% Score	20.7	20	20
Ave.% score/Inst.	20.4	20	20
Average total % Score	20.1		

Source: Field Survey Analysis, 2010.

Table 4.13: Subsidiarity of Governance Institutions

Institution	MCI			NDE			KASUPDA		
	Rating	Point	Total	Rating	Point	Total	Rating	Point	Total
Awareness of Institution	V.Poor	1	123	V.Poor	1	186	V.Poor	1	33
Projects and Programmes	Poor	2	30	Poor	2	28	Poor	2	94
	Fair	3	186				Fair	3	258
							Good	4	136
% Score	33.9			21.4			52.1		
Impact of local economic development Initiatives by institutions	V.Poor	1	175	V.Poor	1	183	V.Poor	1	200
	Poor	2	50	Poor	2	34			
% Score	22.5			21.7			20		
Ave.% score/Inst.	28.2			21.6			36.1		
Average total % Score	28.6								

Source: Field Survey Analysis, 2010.

Table 4.14: Efficiency of Institutions

Institution	Sabongari LG			Zaria LG		MCI		NDE		KASUPDA	
	S	P	T	P	T	P	T	P	T	P	T
Available manpower	VPoor	1	74	1	77	1	105	1	155	1	171
dedicated to attending to	Poor	2	40	2	36	2	120	2	90	2	38
informal enterprise issues	Fair	3	18	3	30	3	54			3	30
	Good					4	68				
% Score	26.4			28.6		34.7		24.5		23.9	
clear objectives and targets	Vpoor	1	100	1	100	1	114	1	123	1	137
for the provision of	Poor					2	120	2	140	2	80
public services needed	Fair					3	78	3	21	3	69
by enterprises											
% Score	20			20		31.2		28.4		28.6	
Ave.% score/Inst.	23.2			24.3		33		26.5		26.3	
Ave.Total % Score	26.7										

Source: Field Survey Analysis, 2010.

NB: S=Score, P=Point, T=Total