

THE ROLE OF THE INFORMAL SECTOR IN UNEMPLOYMENT REDUCTION IN NIGERIA

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Abstract: *This study focused on the role of the informal sector in unemployment reduction in Delta State vis-a-vis Ethiope East local government area. Unemployment has been a hydra problem in the country, and the youths happen to be the most vulnerable cum volatile among the population of the country. In that regard, there have been incessant calls by various top government functionaries, economic experts, international organizations, bureaucrats, and academics, for a diversification of the economy but to no avail. One sector that has not been given full support by the Nigerian government is the informal sector. Failure to focus on this sector and at least put in some measures so as to ensure that development occurs in this sector of the economy, has to some extent been responsible for chronic unemployment in the state. In ensuring that objectives of this research are attained, the secondary data were resorted to in the research. The Keynesian unemployment theory guided our work. This theory is known as the cyclical or deficient-demand unemployment. It is of the view that, unemployment happens when there are not enough aggregate demand in the economy to provide job for everyone who wishes to work. The following findings were obtained: that failure to encourage small and medium scale enterprises, skill acquisition and what have you, is a cause of rise in unemployment rate. That the informal sector development is a veritable source of employment for the unemployed in the country, as it gives these persons some level of leverage. That failure to industrialize the economy and create room for economic diversification is to some extent responsible for Nigeria's unemployment brouhaha. That unemployment in Nigeria has continued to be on the increase despite the abundant human and natural resources available in the country. In conclusion, the following recommendations were suggested: that there should be the introduction of a progressive tax system in the country stemming from the Federal down to local government areas. That the mode of production in the country should be transformed from the primitive, subsistence cum crude form, to the production of manufacturing as well as, finished products.*

Keywords: *informal sector, unemployment, reduction, Ethiope East, Delta State.*

Introduction

The rate of unemployment in Nigeria has continued to be on the rise regardless the plethora of human and natural resources available in the country. Chronic unemployment is evident in Nigeria chief amongst the youth population which invariably represent the

driving force for development. For the youths to become useful resources, they must be gainfully employed- they could be the most volatile when their energies are misdirected or channeled into wrong endeavors, which invariably would lead to social unrest and economic instability (Hassan, 2013). The International Labour Organization (ILO) defines unemployment as total numbers of the economically productive population who are without work but available for and seeking work, as well as people who have lost their jobs, and those who voluntarily left their work (World Bank, 2008). In that regard, people willing to work but not presently working are unemployed. The "unemployed" comprise all individuals who are above a specified age who during reference period were;

- i. "Without work", i.e that are not on a paid employment or self-employment.
- ii. "Currently available for work", that is, were willing to accept a paid employment or a self-employment during the reference period.
- iii. "Seeking work" that is, had taken on proactive steps to seek for a paid employment or self-employment.

According to the Federal Ministry of Employment, Labour and Productivity (FEML&P), unemployment figures include, those out of work, eligible for work and looking for a job, but no readily available one's. This definition is to be extended to include those unemployed persons who give up job seeking out of frustration and retrenched or laid off persons. Unemployment is most often than not, grouped according to the following variables; age, sex, education, duration of unemployment period and kind of education and economic activity previously carried out. Although there seems to be aggressive convergence on this concept, its definition have been plagued by series of problems across countries. As observed by Awogbenle and Iwuamadi (2010), from the excerpts of statistics obtained from the National Manpower Board and Federal Bureau of Statistics, Nigeria has a youth population of over eighty (80) million representing 60 percent of the total population of the country. Sixty four (64) million of them are unemployed while one million six hundred thousand (1.6 million) are underemployed. KPMG (2023) asserts, Nigeria's unemployment rate would rise to 41% in 2023. From the analysis, rate of unemployment in Nigeria in 2022 had increased to 37.7 percent, and will further increase to 40.6 percent, as a result of incessant inflow of job seekers (4.5 millions) into the job market. Unemployment has become a main challenge plaguing the lives of Nigerian youth causing depression, loss of hope, frustration, dejection, devastation and dependency on family members and friends, who also have their own problems to contend with. The high rate of unemployment in Nigeria has contributed to the high rate of poverty and insecurity in the country. Although, unemployment is a worldwide economic problem, causing poverty and lack in which nations of the world are greatly concerned.

Adejumo and Tayo-Olajubulu (2009), contended that unemployment has been identified as one of the major causes of social vices, viz armed robbery, destitution, prostitution, political thuggery, kidnapping and lots more. Musari (2009) corroborated this assertion by saying that over 4.5 million individuals enter the labour market yearly without any bearing cum hope of getting employment for life sustenance. This precarious situation has left a whole lot of individuals in the country in a vicious cycle of poverty that daily erodes their self-confidence and bright future. Findings have shown that, unemployed Nigerians are disproportionately most likely to be perpetrators, as well as victims of crime and violence (Okafor, 2011). Each day, the gap between the rich and the poor is ever increasing, and it affects the society vis-a-vis unemployment situation. It has been

exacerbated by societal upheavals viz political corruption, poverty, poor governance, increasing population, and lack of policy initiatives and implementation to some extent encouraged criminal groups to thrive across Nigeria most especially Delta State.

Research Questions

This following research questions would form the basis for this study:

What are the causes of unemployment in Delta State?

What are the effects of unemployment on the socio-economic development of Delta State?

To what extent has the Nigeria government gone in exploiting the beauty of entrepreneurship development as a strategy in addressing the unemployment situation?

Can the informal sector serve as a strategy to reducing unemployment in Nigeria particularly Ethiope East local government area of Delta State?

What should be done to minimize the employment situation in Ethiope East local government area and Nigeria at large?

Objectives of study

The objectives of this study are as follows:

Identify the causes of high level of unemployment among the people of Ethiope East Local Government area of Delta State.

To examine the extent to which activities in the informal sector through trade craftsmanship and skills acquisition have been able to minimized the unemployment problem in Delta State.

To understudy the role of informal sector development as a medium of reducing unemployment in Delta State.

To find out the possibility of curbing the unemployment problem in Delta State through the informal sector.

Literature Review

The Concept of Unemployment

According to Briggs (1973) unemployment is the gap between the amount of labour employed at current wage lends and working conditions, as well as the amount of labour not hired at these levels. Gbosi (1997), defined unemployment as a situation in which persons who are ready and willing to work at a prevailing wage rate are unable to find these jobs. In that regard, everyone who is not to be counted as part of the unemployed labour force, in order to avoid overestimation of the official rate of unemployment. More recently and acceptable, is the definition of unemployment as put forward by the International Labour Organization (ILO), "the unemployed is a member of the economically active population, who are without work but available for and seeking for work, including people who have lost their jobs and those who have voluntarily left work (World Bank, 1998). The application of this definition across countries has been faulted, most especially for the purpose of comparisons and policy formulation, as countries are peculiar in their regard vis-a-vis their commitment to resolving unemployment problems, moreso, the preponderance of housewives who possess the ability and willingness to work, the definition of the age bracket all stand as limitations to the definition by ILO (Douglasson et al, 2006).

According to the Central Bank of Nigeria (2003), the unemployment rate nationally, increased from 4.3 percent in 1970 to 6.4 percent in 1980. The high rate of unemployment noticed in 1980 was qualified largely to depression in the Nigerian economy in the late 1970s. Specifically, the economic depression led to the implementation of stabilization measures viz restrictions on exports, which caused import dependency of most Nigerian manufacturing enterprises, which in turn resulted in operation of many companies below their installed capacity. This development led to the folding up of many industries whilst the survived few were forced to retrench and layoff a large proportion of their workforce. Furthermore, the Nigerian government also placed an embargo on employment. Total disengagement from the Federal Civil Service rose from 2,724 in 1980 to 6,294 in 1984 (Oduola, 2001). In this regard, the unemployment rate nationally fluctuated around 6.0% until 1987 when it rose to 7.1 percent. It is imperative to admit that, SAP adopted in 1986, had serious implications on employment in Nigeria, as unemployment rate declined from 7.1 percent in 1987, to as low as 1.80 percent in 1995, after which it rose to 3.4 percent in 1996, and hovered between 3.4 and 4.7 percent between 1996 and 2000 (Douglason et al, 2006).

The educational status analysis also reveals that, people who have been majorly affected by unemployment are those void of basic education. For instance, persons with and without basic education accounted for 76.8/80.6 percent of the unemployment within 1974 and 1978. Recently however, the situation has been compounded by the increasing unemployment of professionals viz accountants, engineers, amongst others. According to a 1974 survey, reported by Aigbokhan (2000) unemployed graduates accounted for less than 1 percent of the unemployed, in 1974. By 1984, the proportion rose to 4 percent for urban areas and 2.2 percent in the rural areas. Graduate unemployment, (Dabalén et al, 2000) accounted about 32% of the unemployed labour force between 1992 and 1997. However, in 2003, the Nigerian's unemployment rate declined substantially to 2.3 percent. This decline was attributed to the various government efforts aimed at addressing the problem through poverty alleviation programmes. This decline also pointed to an increased number of people who got engaged in the informal sector activities. A couple of recent studies have attempted to examine the contributions of the informal sector in employment creation. Ajibefun and Daramola (2003) examined the efficiency of micro enterprises in the Nigerian economy using a sample of 180 micro enterprises. They reported evidence of a wide variation in technical and allocative efficiencies, both within and across industries. They also found that education of owner of a business enterprise was a significant factor influencing efficiency. They conclude that the evidence of variation in efficiency is indicative of the need for more proactive actions to raise the level of efficiency and employment amongst the firms in the sample. Also, Sanda et al (2006), used a sample of 360 firms on Kano and its environs to examine whether or not, in comparison to large firms, small firms are relatively better at creation of employment opportunities. Their results were positive in that small firms were found to be relatively better, and the conclusion they derived was that a policy that gives special preference to small firms is justified.

The Informal Sector

The informal sector is unorganized, deregulated and more of legal, yet unregistered. As observed by Todaro (1997), the massive additions to the metropolitan labour force by

this sector is not captured in formal modern sector unemployment indexes. The large chunk of new entrants to the urban labour force creates their own employment or work for small (at times medium) scale family owned enterprises. The term "informal sector" since its coinage in the 1970s has attracted much interest, discussion, and argument. There are two known approaches in recent times, to defining informal sector activities viz the definitional and behavioural (Farrel, Roman and Fleming, 2000). Whilst Farrel defines the informal sector as one which comprises economic activities that are not recorded in the gross domestic product (GDP) and/or the national income accounts. The behavioural (which is a times referred to as the legalistic) definition is premised on whether or not an activity complies with the established judicial, regulatory, and institutional framework (Feige, 1990). Sethuraman (1981) defines the informal sector as comprising small scale units engaged in production and distribution of goods as well as services with the sole purpose of creating employment and income, regardless of the constraints on capital, both physical and human, and the technical-know-how. Arimah (2001), asserts that the informal sector does not seem to have a meaning independent of the formal sector, as it only finds its meaning vis-a-vis the formal sector. Ademu (2006) also defines the formal sector as consisting those employment generating activities of some urban residents, carried out for survival in the absence of formal employment. These activities are identified by the lack of rules and regulations by institutions of society in a social and legal environment in which similar activities are regulated. Common features of operators in the informal sector include:

Easy access to production factors that are derivable from social organization of family and friends.

Involves entrepreneurs in almost all aspects of the economy viz productive activities, general services and specialized services.

Technology is a function of the constraints of social relations.

Motivation for production by the actors in the informal sector is becoming more profit oriented (Ademu, 2006).

The nature of the forms of work

Most empirical studies on the informal sector have evaluated mode of labour utilization on the premise of conventional occupational categories viz entrepreneurs, self-employed and associated workers, salaried workforce (skilled, semi skilled and unskilled) and unpaid workers (family workers and apprentices). Findings has also focused above all at unveiling the employment as well as training potentials of the informal sector. The characteristics of self-employment probably vary based on the form of production. It may be relatively independent, or rely on other forms of production. It may be a regular activity or intermittent and what have you. In other words, aggregation of various forms of self-employment denies analysts relevant information that could be of help in understanding the important aspects of the social dimensions. In that regard, the status of wage employment in the informal sector depends on the form of production. In small capital intensive units in certain sectors (mechanical engineering, woodwork, commerce), skill levels, forms of remuneration and regularity of work, mean that wage workers are in much the same situation as employers of large modern sector enterprises. On the other hand, in the majority of other small enterprises which make up the heart of the informal sector, what is known as "paid employment", largely takes the form of semi-paid family work with

many features of traditional society patterns. Although this grouping is a simplification, one important point is clear; the status of the paid workforce in the informal sector changes according to the forms of remuneration and labour utilization. In that regard, even within the informal sector, the stage of advanced transition of certain forms of production includes the use of a paid workforce sharing common characteristic features with the workforce of large enterprises in the modern sector. At the same time, the modern sector sometimes uses part time workforce - temporary workers paid by the day, on piecework or seasonally - which is similar in many regards to certain forms of paid employment in the informal sector.

Challenges and constraints facing the informal sector

The activities in the informal sector are bedeviled with considerable risks which may force people to change occupation in order to survive. Bad economic conditions can affect supply of inputs and sale of products, and this may ruin business for those involved. Most informal sector activities have no insurance against risks and any disaster may shatter the means of livelihood of the owner. Informal manufacturing also faces some worrisome constraints. In most cities the overwhelming majority of large public and private sector companies have direct access to basic utilities viz water and electricity but some of the informal manufacturers are denied access to these utilities. Hostility to the informal sector is manifest from the ILO study in zoning laws which cocoons small firms to sub-urban well away from commercial centers of towns where we have large concentration of market opportunities. Periodic demolition of squatter areas, destruction of illegal structures, relocation of markets and artisan workshops, can be quite frustrating for entrepreneurs who would pay more to set up new premises. As more government now seem to acknowledge the informal sector in statistics and development strategies, policies to promote it can still be problematic.

Government intervention could imply applying regulations such as wage and price control, quality and licensing requirement. The danger here is of formalizing it and destroying those conditions which are its essence. Surveys have shown that direct state Intervention is not welcomed by the majority of entrepreneurs who relish their official anonymity and independence. King (1979) for instance, asserts that, most self employed groups share a perpetual dislike for higher taxation and bureaucratization. The question to be answered at this juncture is, why the sector still persists regardless of all these uncertainties, insecurity and instability. If we take the Nigerian case for instance, the ill-fated government of President Muhammadu Buhari in the year 1984 tried to edge out the casual traders by destroying unlicensed trading stalls and strongly enforcing the ban on street trading and this remain pervasive in many states across the Federation. Official market sites were established then and direct sales of products from the factory gate to consumers were encouraged. The Buhari's aggression towards casual traders was only a quasi success. Some people did abandoned their life on the crisis of the city to begin farming in the villages, whilst many more just went underground to become "guerilla traders", setting up their businesses in the not so watchful eyes of the law. Neither was the clampdown on traders popular with consumers. In fact African street sellers are observed by many as a relevant sector of the continent; in a society where transport is always a contentious issue, the local street seller, hawker and what have you, provides a valuable service just as the road side mechanic, water seller and the unlicensed motor-cyclists and

taxi drivers. Such services are ever increasing in importance to the macroeconomic fluctuations, social challenges and structural problems in the Nigerian economy. NEEDS as a development strategy premised on the private sector to trigger wealth creation, employment generation as well as, poverty reduction. Being a medium-termed reform based development strategy and action plan for the period 2003-2007, the impact of NEEDS is yet to be felt, in combating unemployment problem and this further points to the need to seek help in the informal sector drastically, as a panacea to unemployment reduction. In tackling this pervasive level of unemployment in the country, any programme aimed at producing self-reliant entrepreneurs is most welcome by the government.

Employment role of the Informal sector

Employment indexes show the informal sector, as the second largest employer of labour after agriculture in the world. Throughout the Third World, people find refuge in the informal sector. These include retrenched workers from the formal sector, unemployed youths and fresh university graduates. The informal sector is in fact a necessary feature of capitalism. Smaller wages are paid and people make up with informal sector activities. Some persons even leave the formal sector for the informal. Governments (of late) rather than harass or demolish informal sector areas of operation now encourage and give them some sense of direction. Different countries studies have shown that, informal sector forms an integral part in the overall industrial sector and plays an active role in the growth and development of these countries (Akintoye, 2008). In Nigeria the informal sector is responsible for about 70% of total industrial employment; it generates about 6.2% of the aggregate employment in United States; 22.3% in China; 80% in India and about 50% in Israel. In a survey of Port Harcourt 1985, Ekpenyong observed that 84% of respondents said that their incomes were irregular, 72%, felt their jobs does not have security or fairly secured and complained about short average job tenure. On the other hand, nearly 48% of the respondents expressed a desire to obtain formal sector work; while the majority who prefer to remain in the informal sector admitted, it was all that they were able to do in terms of their education, training and experience and that it was an addendum to the bread winners income. In that regard, it means that most of these jobs are subsistence oriented.

An Overview of Ethiope East Local Government Area

Ethiope East local government area of Delta State has an area of 380km² and a population projection of 275, 400 (City Population, 2022). There have been a consistent increase cum growth in the population of Ethiope East local government area. According to City Population report (2023), in November 1991 the population of the area was 113,929. The Census conducted in March 21, 2006 shows a population of 200,942. It was projected that by March 21, 2022, the population of Ethiope East local government area would be 275,400. Ethiope East has a total of 67 settlements.

Districts & Villages Under Ethiope East LGA

Ethiope East local government area comprises three districts, which are:

i. Abraka ii. Agbon iii. Isiokolo.

Villages

Ethiope East local government area comprises sixty-seven settlements, which are:

Ajalomi, Akpoho, Ekrejeta, Erho, Ofuoma, Ogheje, Okagbare, Oria, Ugolo, Umeghe, Urhuagbesa, Urhuogo Inland, Urhuoka, Urhuovie, Urhuovie Inland, Adarode, Asoro,

Edafe, Egbogho, Ekirigbo, Ekpan, Ekraka, Ekrudu, Eku, Emakpo, Emehwu, Erhokori, Ibada-Okuegharbo, Ichikirhe, Iguh, Kokori Inland, Obuegharbo, Oburobi, Oghoghome, Oguma, Ogurivwe Utuyo, Okorogba, Okpara Inland, Okpara W/Side, Okriore, Okuaghamu, Okuekpagha, Okuemaka-Okuodo, Okuighele, Okuimodje, Okuisiorho, Okuke, Okuloho, Okune, Okuokpokpo, Okurhokpe, Okurishue, Okurode Osajaye, Okuronika, Okuroworho, Okuruvo, Okwe-chi, Olukobare, Omukufor, Onnumane, Orhokpo, Orhono/Area, Otumara Ovorie Ovu-Inland, Ovwere, Samagidi, Umuahwa (Finelib, 2023).

Theoretical Framework

A theory is an idea or belief about something arrived at through assumption and in some cases a set of facts, proposition, or principles analyzed in their relation to one another and used, especially in science, to explain a phenomena. To have any value, a theory must be able explain or suggest ways of explaining why a subject matter has certain characteristics. In other words a theory must have explanatory, predictive, and problem solving value and not just an intellectual exercise that simply seek to provide new set of categories or paradigm(s). Thus this research work will adopt 'The Keynesian Theory of unemployment and the Marxist Theory of unemployment' as it best captures the issue that triggers this intellectual research.

Keynesian Unemployment Theory

The Keynesian theory is also known as the cyclical or deficient-demand unemployment. The cyclical or Keynesian economists uphold the view that unemployment happens when there is insufficient aggregate demand in an economy that will provide job for everyone who wishes to work. According to this school, "when demand for most goods and services falls, a decline in production will occur, with attendant fewer workers needed, while wages slightly reduce but do not fall to meet the equilibrium level, and increase in unemployment statistics (Wikipedia Encyclopedia, 2013). The name cyclical is coined from the "consistent shift in the business cycle, although unemployment can also be persistent". Take for instance, the Great Depression of 1930s, which affected labour market across the globe. In Germany, unemployment rate rose nearly to 25% in 1932. In some towns and cities in the north-east region of England, unemployment climbed as high as 70%; Canada rose to 27% at the heat of the depression in 1933. The United States unemployment rate is at an average of 3% in 1929. However, in 1933, 25% of all American workers and 37% of all non-farm workers were unemployed. In recent times, it repeat itself again when more than 25 million people in the world's 30 richest countries will have lost their jobs and join the list of unemployed workers between the end of 2007 and the end of 2010, as the global economic meltdown pushes most countries into recession again (Wikipedia Encyclopedia, 2011).

Nigeria happens to be one of the most affected. For example, while many government agencies and parastatals placed embargo on employment in the last two decades, within the same period, governmental reforms laid off about 121,731 workers from the public service between 2006 and 2007. During phase one of the rightsizing process of the 2005 public service reform, about 30,000 officers of the core civil service were disengaged from service (Adegoroye, 2006). The banking sector also had setbacks of the financial crisis. Some banks in the industry largely reduced manpower in a bid to remain

in business and this has greatly increased the rate of unemployment in the country. The Keynesian economists assert further that the number of unemployed workers are more than the number of job vacancies, that even if full employment were achieved and all vacant jobs were filled, some persons still be unemployed due to some in balance in the economy. Some has linked this theory to frictional unemployment because the factors that cause the friction are partly due to cyclical variables. For instance, a sudden decrease in the money supply may surprise rational economic theorists and suddenly impedes aggregate demand. Hence, Keynesian economists see the lack of demand for jobs as potentially resolvable by government intervention. Their analysis for reducing unemployment is deficit spending by government to boost employment and increase in aggregate total demand. It further recommended intervention through an expansionary monetary policy that increase the rates thereby leading to an increase in non-government spending (Haris, 2005), and policies that supports and strengthens more private investment (Obadan and Odusola, 2010).

Research Methods

Methodology refers to the procedures for obtaining and utilizing data. Thus it involves the procedures employed in conducting a research.

This study employs the secondary method of data collection. It made ample use relevant literatures, journals, books and etcetera.

Combating Unemployment via the Informal Sector

Studies on industrial development of different countries have shown that the informal sector constitutes an integral part in the overall industrial sector and play a major role in the growth cum development of these countries. These enterprises supports significantly to the employment generation and output growth of different developed and developing countries (Quarterly News letter of IYMC, 2005). In Nigeria, this sub-sector accounts for about 70% of the total industrial employment, generates about 6.2 percent of the aggregate employment in the United States, 22.3 percent in China, about 80 percent in India, as well as about 50 percent employment in Israel (Maryland, 2004). The foregoing therefore points to the fact that the informal sector given the needed support and regulatory framework could be a major player in the combat against unemployment saga in Nigeria, as well as in other developing countries. However, the informal sector cannot operate effectively at this task without the support of other key players, which is basically the availability of credit, as the best of ideas may never translate to reality without the wherewithal to make it happen - CREDIT, FUND; hence the availability of credit to finance the informal sector cannot be under placed.

Roles of the Micro Finance Institutions

Over the years, Micro Finance has continued to assume increasing relevance due to the foregoing. The emphasis on micro credit in contemporary times is such that the Global conscience admits that should unemployment reduce, the world would be a better place as poverty would reduce, an improvement in standard of living, increased productivity, and an attendant effect of an enhanced economic performance. Khandker (1998) opines that the lack of savings cum capital makes it somewhat herculean for poor people to become self-employed and to undertake productive employment generating activities.

Furthermore, lack of capital makes it difficult for the less privileged to become self-employed. In that regard, the informal sector's productive base and contributions remain small due to lack of accessibility to credit (Ademu, 2006). To this end, micro finance institutions in any social and economic climes can deliver credit to the informal sector which in turn makes use of the borrowed fund profitably, thereby reducing the level of unemployment in the country. Microfinance service providers are anticipated to:

- (i) Provide efficient and effective financial services, such as credit, deposits, commodity/inventory collateralization, leasing, and innovative transfer/payment services;
- (ii) Undertake appropriate recruitment and retention of qualified professionals through transparent and competitive processes;
- (iii) Adopt continuous training and capacity building programmes to improve the skills of staff; and
- (iv) Strictly observe their fiduciary responsibility, remain transparent and accountable in protecting savers' deposits.

Goals of Micro Finance Banks

The creation of microfinance banks has become pertinent in serving the purposes below:

To provide diversified, affordable and reliable financial services to the very poor, in a prompt and competitive manner, that enables them to embark on and develop long-term, sustainable entrepreneurial skills;

To generate savings for intermediation;

To create employment opportunities and improve the productivity of the poor in the country, with the attendant increase in their personal household income and improve their standard of living;

To enhance well planned, systematic and deliberate participation cum engagement of the poor in the socio-economic development cum resource allocation process;

To provide suitable platforms for the administration of the micro credit programmes of government and high net worth individuals on a non-recourse case basis. Specifically, this policy allows that state governments shall save an amount of not less than 1% of their annual budgets for the on-lending activities of microfinance banks in favour of their residents; and

Rendering payment services, viz salaries, gratuities, and pensions for the levels of government. With the effective implementation and monitoring of the on-going micro finance policy in Nigeria, it is expected that the issue of unemployment in Nigeria will be a thing of the past by the year 2020.

Central Bank of Nigeria (CBN)

The roles of the CBN shall include the following:

Establishing a National Microfinance Consultative Committee.

Evolving a clear micro-finance policy that spells out eligibility and licensing criteria, provides operational/prudential standards and guidelines to all stakeholders;

Evolving a microfinance sub-sector and institutional policies aimed at) providing regulatory harmony, promoting healthy competition and mainstreaming micro financing with formal intermediation;

Adopting an appropriate regulatory and supervisory framework; Minimizing regulatory arbitrage through periodic reviews of the policy and guidelines;
Promoting linkage programmes between universal/development banks, specialized finance institutions and the microfinance banks;
Continuously advocating market-determined interest rates for government-owned institutions and promote the channeling of government microfinance funds through MFBs;
and
Implementing appropriate training programmes for regulators, promoters and practitioners in the sub-sector, in collaboration with stakeholders.

The roles and Responsibilities of Stakeholders

The roles and responsibilities of stakeholders in ensuring the effective performance of the informal sector are hereby outlined. Government shall be responsible for:

- i. Ensuring a stable macro-economic environment, providing basic infrastructures (electricity, water, roads, telecommunications, etc), political and social stability;
- ii. Fostering adequate land titling and other properly rights sufficient to serve the collateral needs of borrowers and financial institutions;
- iii. Instituting and enforcing donor and foreign aid guidelines on micro-finance to streamline their activities in line with this policy; and
- iv. Setting aside an amount of not less than 1% of the annual budgets of state governments for on-lending activities of microfinance banks in favour of their residents.
- v. Implementation of appropriate training programmes for regulators, promoters cum practitioners in the sub-sector, in collaboration with key actors.

Donor's agencies and NGO's

Donor agencies offer free or subsidized funds, donations or technical assistance for the development of the microfinance industry in Nigeria. These services include bilateral and multilateral institutions, NGOs as well as missionaries with a poverty orientation. Services provided by donor agencies includes grants, donations, technical assistance, etc. Donor agencies, whilst conducting their microfinance activities, shall be in consonance to the relevant provisions of this policy. The expected promoters of donors' support may include: MFIs, NGOs, regulators as well as other key agencies. However, for the purpose of leveraging the evolving micro financial initiative, donors are expected to direct most of their assistance to licensed MFBs to ensure an orderly resource injection, transparency and synergy. (CBN, 2005).

Conclusion

Unemployment which has been a major issue in the country needs to be tackled with all strictness and zealousness. This study has been able to establish the importance of the informal sector in reducing unemployment in Ethiopia East, Delta State and Nigeria at large. The sector (Informal) if well-developed is a very good strategy that could be used towards reducing unemployment. For the development of the informal sector to occur all the actors (both state and non-state), and citizens must work in unity. The smooth passage of it all is the creation of a forum or committee whose focus is based on developing the informal sector as it plays a major role in the development of any country. This committee

should introduce programmes such as; Youth empowerment, entrepreneurship development, and skill acquisition. In that regard, the government, multinational companies, organizations and etcetera) can create jobs for the unemployed and teaming population thereby reducing unemployment rate. Various levels of government should introduce a progressive tax system, so that money generated from it can be channel to other sectors viz the informal sector of the economy.

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