



# **Informal Sector Survey of Akwa Ibom State**

*Edited by:*

**Godwin E. Akpan Ph.D.**

**Okon J. Umoh Ph.D.**

Published by:  
Ministry of Economic Development Uyo, Akwa Ibom State, Nigeria in  
collaboration with UNDP

© Ministry of Economic Development, 2008.

Edited by  
Godwin E. Akpan  
Okon J. Umoh  
Devine Treasures Consultant  
Uyo.

**ISBN 978-325-930-2**

Printed in Nigeria

Abaam Press,  
Unit G72, Ewet Housing Estate  
Uyo, Nigeria  
08023108979, 08068413769

August, 2008

*All rights reserved, including the right of reproduction in whole, in part or in any form, without permission in writing from the copyright owner.*

## **EXECUTIVE SUMMARY**

In pursuit of its developmental goals, the United Nations Development Programme (UNDP) funded a baseline study of the informal sector in Akwa Ibom State. The goal of this project is to develop a strategic plan for harnessing the full potential of this sector in the state specifically and in the Country in general.

Specific objectives of the study are as follows:

- (i) To carry out a statistical survey of the informal sector across Akwa Ibom state.
- (ii) To identify the basic variables that characterize the informal sector in the state, and
- (iii) To identify the major problems that the informal sector generally faces in the state.

Based on the objectives, the required methodological procedures were followed including identification of informal sector activities, awareness creation, sensitization, development of survey instrument and validation among others. Data collected were collated and analyzed.

The following descriptive statistics outline the informal sector in the state. They constitute an important benchmark for future studies.

- (1) The majority of the sampled Informal Sector (IS) businesses in the state are operating without proper registration (82.0%)
- (2) The two most important reasons for non-registration are: high financial requirement (24%) and lack of information (19.7%)
- (3) Large proportion of the IS businesses are affiliated to the cooperative and thrift society (59.14%)
- (4) 68.86% of businesses in the sector put in between 7 to 12 hours to work on daily basis, with small scale trade being top on the list with (35.68%)
- (5) Majority of the business operators obtained money from personal savings to start their businesses (94.57%)
- (6) High cost of living greatly reduces the level of personal savings
- (7) 81.14% of the informal sector operators have capital profile of less than N500, 000.
- (8) Majority of the operators maintain that their earnings is barely adequate in meeting their daily needs (64.29%). This may be the reason why a fairly high percentage (44%) moonlight into other activities.

- (9) There is a very high concentration of informal investments in the lower spectrum of distribution activities, namely, in wholesale and retail trading activities. This high concentration is partly due to the instant returns on investments in trading activities, the low start-up capital demands, and low skill and manpower demands. This sector holds very high level of employment in the informal sector- up to 35.7% of people employed in informal activities are engaged in trading.
- (10) Between 2001 to 2005, 58.03% of informal sector operators indicated having "high" business growth rates with the least percent of non-response.
- (11) Wholesale/retail trade sector has the best record of business size assessment (39.13%).
- (12) 54.57% of the informal business owners indicated as ever paid tax. On this issue there was a very high rate of non-response
- (13) 60.9% have been asked to pay tax by government revenue officials
- (14) However, majority of them are not regular in tax payment as 60.3% refused to respond

## **PREFACE**

The informal sector has come to stay, especially in developing economies as a veritable sector which sustains such economies especially in times of acute economic crises. This sector is known to contribute immensely in employment, technological development, poverty alleviation etc.

This is the report of an informal sector survey of Akwa Ibom State. The first section which is the introduction encapsulates the problem statement which warrants the study, the objectives of the study, the justification of the study as well as scope and limitations of the study.

Section two explores background issues on Akwa Ibom State, the literature review and theoretical framework. The third section deals with methodology of the survey while section four discusses the result of the survey. Section five handles summary of findings and conclusion.

There is no gainsaying the fact that this informal sector survey of Akwa Ibom State will give government, development agencies and other organizations insight into informal sector activities, problems and prospects. This could help in knowing the direction of policy actions toward informal sector development in Akwa Ibom State.

**Dr. Godwin Akpan**  
*Devine Treasures Consultant Uyo.*

## TABLE OF CONTENTS

Executive Summary	...	...	iii
Acronyms and Abbreviations	...	...	v
List of Tables	...	...	vi
<b>1.0 Introduction</b>	...	...	<b>1</b>
1.1 Problem Statement	...	...	2
1.2 Objectives of the Study	...	...	3
1.3 Justification	...	...	3
1.4 Scope of the study	...	...	4
1.5 Limitations	...	..	4
<b>2.0 Background, Literature Review and Theoretical Framework</b>			<b>5</b>
2.1 An Overview of the structure of AKS Economy			5
2.1:1 Background	...	...	5
2.1:2 Demography	...	...	6
2.1:3 Physical Setting	...	...	6
2.1:4 Agriculture, fishery and forestry resources			7
2.1:5 Small and Medium Scale Enterprises	...		11
2.1:6 Transportation	...	...	11
2.1:7 Education and Human Capital	...	...	12
2.1:8 Health Services	...	...	14
2.1:8-1 Health Infrastructure and Services			14
2.1:9 Industrialization	...	...	14
2.1:10 Financial Resources	...	...	15
2.1:11 Challenges facing the state	...	...	16
2.2 Conceptual Framework	...	...	17
2.2.1 Literature Review	...	...	17
2.2.2 Theoretical Framework	...	...	19
<b>3.0 Methodology</b>	...	...	<b>20</b>
3.1 Identification of the Informal Sector activities			20
3.2 Preliminary survey using LGAs case study approach			20
3.3 Business groupings and Types			20
3.4 Notification and Awareness Creation			21

3.5	Selection of field workers and sensitization	21
3.6	General survey information	21
3.7	Survey design/data collection	22
3.8	Sample size/sorting	22
3.9	Data collation	22
3.10	Data analysis/software used	22
<b>4.0</b>	<b>Results and Discussion</b>	<b>23</b>
4.1	General characteristics	23
4.2	Capital Information	29
4.3	Income information	35
4.4	Information on Growth rates from 1986-2005	40
4.5	Business assessment information	48
4.6	Other employment/occupation	53
4.7	Tax payment information	55
<b>5.0</b>	<b>Summary of findings and Conclusion</b>	<b>61</b>
5.1	Summary of findings/Implication	61
5.2	Conclusion	62
	References	63
	Appendix 1- Survey Instrument	65-76