INFORMAL SECTOR INVESTMENT AND EMPLOYMENT GENERATION IN BENUE STATE, NIGERIA

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ABSTRACT
The study analysed the role of informal sector investment on employment generation in Benue state. The study employed modified ordinary least square model to analyze data. The result also shows that employment has an overall positive relationship with informal sector income, investment and employee's education, this confirms to the apriori. By implication, it means that the increase in informal sector income, investment and education leads to employment in the informal sector investment in Benue State. The study concludes that the informal sector is made up of able-bodied people and are constrained with a myriad of challenges which may deter and limit the potential for alleviating unemployment. Furthermore, the informal sector suffers from social insecurity and so a policy framework must be formulated to attract youth in the sector.

Keywords: Employment, Labour market, Policy, Skills development, Youth.

JEL CODE: F21, O55, P33

1. Introduction
Poorly defined neo-liberal policies to generate employment have significantly contributed to the emergence of the informal sector in many countries. In Africa, however, informal sector involvement in the economy has been on the increase in the last decade (Mintah & Darkwah, 2018). Mwanza and Benedict (2018) state that informal SMEs are the backbone of many countries across Africa contributing to an estimated 50% towards Gross Domestic Product (GDP) and 60% towards employment generation in their respective economies. This is further supported by ILO (2016), which estimates that the average contribution of the informal economy as a percentage of the GDP in Sub-Saharan Africa (SSA) is 41%, with 30% in South Africa to around 60% in Nigeria, Zimbabwe, and Tanzania with the informal sector representing about three quarters of non-agricultural employment and 72% of SSA's employment. Despite the varying importance of the informal sector employment across the countries (Taiwo, Onasanya, Agwu, & Benson, 2016), Nigeria as a country needs to build research towards generating quality information on assessing the informal sector employment potential. In the past five decades, academicians theoretically and empirically

debated the potential of the informal sector towards economic growth and employment generation with no finite solutions (Hart, 1973; Mukherjee, 2004 and Mintah & Darkwah, 2018). Current research analysis the issues surrounding the informal sector the extent of their contribution in the area of income and employment generation.

Mennens et al. (2018) argue that most informal SMEs in Africa are engaged in retailing, trading and manufacturing, with retailing and trading mostly being found in urban regions, while manufacturing is either found in rural or urban centres. The size of the informal sector depends on several factors including preference, taste and consumption of local consumers, availability of the inputs used to manufacture (raw materials), and the level of development of the local and export markets (Chen, 2012).

The informal sector in Sub-Saharan Africa plays a crucial role. In such countries like Nigeria were in 2019, only 2% of population entering the labour market are absorbed in the formal sector, the informal sector supports the meagre formal sector in preventing the economy from collapsing. However, although the informal sector may aid in the short-run and long-run development (Hassan, 2016). This condition puts Nigeria as one of the countries that have the largest informal sector in the world. This sector has interests for at least three reasons; in a response to poverty and unemployment, as incubators of business opportunities and stepping stones to formal economic accessibility and as absorbers of the majority of the workforce. This applies in agriculture, forestry, labour, fisheries and the field of a large trade, retail, and restaurant. The contribution of the informal sector to the real economy places it as a reality of people's economy that plays an important role in development (Haris, 2011). This is indicated by the ability of this sector to survive from the impact of the economic crisis and the economic recession.

The informal sector which ought to be a saving grace for the unemployed has continued to suffer from the comprehensive absence of social protection, access to the business-friendly credits, unfair competition through dumping of manufactured goods from more industrialized countries, inadequate infrastructure, lack of representation and participation in decision-making processes resulting in unworkable, corruption-prone public policies and programmes that have failed significantly to solve the problems in the informal sector. One of the most viable sectors perceived by many as significant towards improving production capacity and ensuring sustainable economic development as well as the livelihoods of the poor majority in the informal sector, especially since it can provide business opportunities to the less skilled thereby bringing them income which may influence the social welfare conditions, despite this not much has been done.

To boost employment in Nigeria, the government has focused on the area of improving the informal sector through credit delivery to the Micro and Small and Medium Enterprises (MSMEs).

Efforts in this respect include developing policies and creating institutions for mobilizing and deploying capital funds to MSMEs. These are found in various Governments' key development strategies such as the National Economic Empowerment Strategy (NEEDS), Seven (7) Point Agenda, Transformation Agenda and Our Benue and Our Future. Coordinated implementation of NEEDS has created at least 7 million new jobs (National Planning Commission, 2004). Most of the programmes at the federal level are replicated in Benue states and some intervention programmes are; Entrepreneurship Skill Development, Agro–Farming, Micro/Small-Scale Business Financing, Public Works, Voluntary Services, Functional Literacy, Waste to Wealth Scheme, Graduate Attachment Programmes (GAPs) and National Open Apprenticeship Scheme (NOAS).

Despite government intervention at various levels, the youth unemployment rate is still on the increase from 38 per cent in 2011 to 60 per cent in 2017 in Benue State (National Bureau of statistic 2017; Benue State Ministry of Commerce and Industry (2018). In Benue state, it is not clear whether the informal sector generates employment or whether earnings generated from the informal sector is enough to provide the needed employment opportunities for youth employment in the state. This study seeks to provide answers to the following research questions; what are the socio-economic characteristics of the participants in the informal sector? Does the amount of income and employment generated by the informal sector investment suffice to generate employment? The study is significant because it provides policy action on how best to invest in the informal sector to enhance its full potential in the economy, especially in the post- COVID-19.

2. Literature Review

The concept of the informal sector developed in the early 1970s which was introduced by Hart through his paper Urban Employment in Ghana. The informal concept itself is an extension of the traditional concept. Hart said that informal activities are a way of doing things, characterized by ease of entry, reliance on indigenous resources, family ownership of enterprises, the small scale of operation, labour-intensive and adapted technology, skills acquired outside the formal school system and unregulated and competitive markets. Informally largely ignored, rarely supported, often regulated by the government activities. Thus, the main characteristic of the informal sector is labour-intensive and low-income economic activity (Gurtoo and Williams, 2019). In Nigeria, the informal sector refers to those who involved in non-wage employment, namely entrepreneurs, entrepreneurs assisted by families, daily labourers, and unpaid family workers (Ndabeni, 2013). The informal sector includes an understanding of various activities which in general terms are referred to own business (Jeong, 2019). Their activities are synonymous with traditional markets and are the main source of income for urban and rural residents (Rothenberg et al., 2016).

Empirically, research by Barr, (1998) in Ghana and Jeong (2019), studied the relationship between education and informal sector employment, the study showed a positive and insignificant relationship. They posited that education does not significantly affect informal

sector operation. Kalleberg (2016) agree with the notion that the informal sector has a diverse social and economic business which helps in income generation as well as business success. One of the main reasons for the low earnings by female informal workers, according to some studies, is because women have the extra responsibility of making a home (Ndabeni, 2013). Implications of women's responsibility mean that women will have to take time off work during crucial times of their pregnancy as well as spend time in doing household chores daily. This implies that one's gender can be a determining factor of income levels generated in the informal sector. Zogli and Kabange (2019) found that education and gender are factors that influence the income of small-scale enterprises in developing countries. Zogli (2017), study singled out education as a key factor in determining the type of enterprise and incomes earned in the informal sector. According to a World Bank (2012) report, the return on education is low in the informal sector, as many operators in Sub-Saharan Africa are people with low educational levels.

Sethuraman (2018) found that education and gender are factors that influence the income of small-scale enterprises in developing countries. Charmes (2012), study singled out education as a key factor in determining the type of enterprise and incomes earned in the informal sector. According to a World Bank (2012) report, the return on education is low in the informal sector, as many operators in Sub-Saharan Africa are people with low educational levels. Chen (2018) and Sachs and Andrew (2019) agree with the notion that having diverse social networks helps in income generation as well as business success.

Other studies look at the role of the informal sector in reducing unemployment include the study by Delbiso (2012), uses primary data collected from a sample of 264 youth informal sector operatives in Hawassa city. The ordinary logistic regression was used to determine factors that may contribute to the income improvement of the operatives. The result reviewed that; 90 per cent of the operatives have witnessed that their livelihood has improved after they embark on the sectors. However, lack of working capital, working sites, adequate market and raw materials were reported as the major impediments for the operators.

In Nigeria, Fasanya and Onakoya (2012) examine the impact of the informal sector on employment generation in Nigeria during the period 1970 to 2010 making use of secondary data. The study followed the augmented Solow growth analytical framework. The findings of the study showed that informal sector activities have a significant influence on absorbing the labour force in Nigeria. The study showed that human capital development is positively related to the joblessness rate which reflects the scarcity of government spending on education in the country.

Pedalgo, Zafra, and Tuzon (2015) investigates income-generating possibilities of street food vending businesses in Ogun State, Nigeria. The study aimed to show the profitability of the street food business in Nigeria. The study used primary data to analyzed data, simple analysis such as descriptive statistics to describe the socio-economic characteristics of the vendors. Furthermore, the budgetary analysis was used to analyze cost and returns and the net profit of food vending business in the study area. Cost and return analysis of food vending business

included the cost structure, the gross margin analysis and profitability analysis such as net profit, net operating margin on sales.

Ogunrinola (2015) examines the role of an urban informal sector in the urban unemployed in the South West of the country. The data for the study was generated from a survey of 777 randomly selected in the informal sector in two cities in Nigeria. In addition to the descriptive analyses, two econometric models were specified and estimated using the OLS technique. The study revealed that the sector is a high employer of young school. Earnings analyses show that 86% of the operators earn above the minimum wage level while human capital variables explain earnings distribution.

Philip, Samson and Ogwu (2017), explore the role of the informal sector as a strategy for reducing unemployment in Kogi State, Nigeria. The research elicits data from both primary and secondary sources. The result of 260 participants attests to the fact that informal sector activities have significantly reduced unemployment. Tefera (2018) assessing the role of the informal sector in reducing youth unemployment. Data are gathered from a sample of 264 youth informal sector operators in Hawassa city. Ordinary logistic regression was used to determine the factors that can contribute to the livelihood improvement of the operators. Operators who are more educated, natives to the city, more profitable, stayed longer in the activity, and have a culture of saving, have depicted better livelihood improvement vis-à-vis their counterparts. However, lack of working capital, working premises, adequate market and raw materials were reported as the major impediments for the operators. Sachs and Andrew (2019) investigate the role of the informal sector in Phnom Penh's growth. The informal sector also attracted educated people when the formal sector has been unable to offer proper employment and income.

The theoretical foundation for the study is rooted in the efficiency wage theory, which is used to model the predicted outcomes of the Harris-Todaro (2010) surplus labour theory. The efficiency wage models have found useful applications in the analyses of productivity, earnings and employment determination. A major assumption of the efficiency wage theory is the endogenous determination of wages through firms' optimization behaviour.

3. Methodology

The entire population of Benue state is over 4,285,736 people (NPC, 2006), while about 48 per cent are youth in the informal sector (Benue state Ministry of Trade and Investment, 2019). Due to time and other resource constraints, the sample size was determined using Cochran (1977). The formula for calculating the sample size for a simple random sample without replacement is as follows:

$$n = \left(\frac{z}{m}\right)^2 p(1-p) \tag{15}$$

$$n = \left(\frac{1.96}{.05}\right)^2 .48(1-.48) = (39.2)^2(.23) = 1536.64(.23) = 384$$

Where *m* is the margin of error (= 5%); z is the value (1.96 for 95% confidence level); *p* is estimated proportion of youths in the informal sector in the state is about 48 per cent (BSMTI, 2019). Hence, $p = 0.48$ is used to calculate the sample size. By substituting the values in the above formula, the sample size for this study is 384.

The study used two sampling techniques. Firstly, the multistage sampling method was employed to identify one local government area in each of the three (3) senatorial zones. Hence, Benue state is clustered into three (3) senatorial zones. Secondly, the simple random sampling procedure was employed to select one hundred and twenty-eight (128) participants (youth) currently employed in the informal sector in each of the three (3) local government area. In each of the local government area, four (4) council wards will be purposively selected and each will be administered with thirty-two (32) questionnaires (two rural and two urban). Thus, making a total of 384 participants in the study area. The local government areas will be selected based on the prevalence cases of youth in the informal sector activity in the study area.

Following Canagarajah and Thomas (2011). The study adopts the probit model to analyse data, the choice of the model is predicated on the fact that it allows for dealing with binary dependent variables and also enables us to quantify the relationship between individual informal sector operators and the probability of reducing unemployment. In the model, it is assumed that the decision to employ labour is mainly based on the characteristics of the firms, equation (1) is modified to include the firm's characteristics. Thus, the probability that an employee will be employed by the informal firm is stated in a reduced form:

$$Y_i = \beta_0 + \beta_1 INV + \beta_2 ED + \beta_3 YE + \beta_4 SEX + \beta_5 HOP + \beta_6 AGE + u_i \qquad (1)$$

where, Y= Employment generation, INV= Investment; ED= education level of participants; HOP= operation hour per-day; YE= years of Establishment; SEX= sex of the participants; AGE= Age of the participants.

Table 1: **Measurement of Variables**

Abbreviation	**Definition of Terms**	**Measurement**	**Expected sign**
Y	Employment generation	Number of workers employed	Positive (+)
Investment	Money on the business.	Amount of investment in Naira	Positive (+)
ED	The education level of participants	Years of schooling	Positive (+)
Income	Amount of money generated	Amount of money in Naira	Positive (+)
Weekly Working Hours	Operation hour per-day	Average of operation hour per-day	Positive (+)
SEX	Sex of the participants	Male or Female	Positive (+)
AGE	AGE of the participants	In years	Positive (+)

The a priori expectation for this research is that there exists a direct positive relationship between employment generation and informal sector activities. This paper also employed simple statistical tools of data analysis such as table, frequencies and percentages to present and analyze the data collected.

4. Results and Discussion of Findings

4.1 Classification of the surveyed activities into Sector by Gender

Informal sector within the sampling frame was analyzed to determine if gender played any role in determining the type of businesses engaged by youth in the study area. Table 1 shows the distribution of youth in the informal sector is according to both gender and type of informal business by sector in the study area. The results show that women dominate the informal sector in Benue state, even though transportation (Bus drivers) and technical (Car repair) businesses were solely made up of males. Women's dominance was mostly in services (Tailoring) as 35% of the participants were tailors while trade (Vegetable/fruit business) comprised 10% and telecommunication (Mobile phone business) comprises of 27% for women and men respectively. The male dominates manual labour such as transportation (Bus drivers), car mechanics and manufacturing sectors whereas the women concentrated on less labour-intensive businesses. This result is in line with findings of Fasanya and Onakoya (2012) which posited that women prefer less labour intensive businesses as it allows them to balance their work with family responsibilities.

Table 1: Informal Sector activities by Gender

Nature of Job	**Gender**	
	Female	**Male**
Trading (Vegetable/fruit vending)	82	20
Telecommunication (Mobile phone business)	28	28
Transportation (Bus drivers)	-	43
Services (Tailoring)	90	40
Technical (Car repair)	2	28
Manufacturing (agro processing)	8	13
Total	**204**	**172**

Source: Field Report, 2020.

4.1.2 Marital status of Entrepreneurs in the Informal Sector

Figure 1 showed that 47 per cent of the participants were married while 45 per cent are single, 5 per cent and 3 per cent were widowed and divorced respectively.

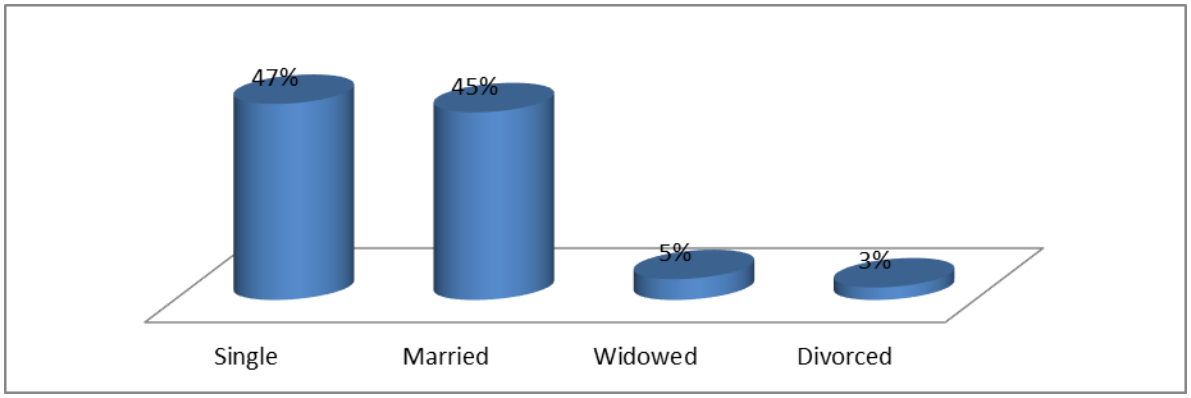

Figure 1: Marital Status of* Entrepreneurs *in the Informal Sector

4.1.3 Educational Level of Entrepreneurs in Informal Sector Activities

Table 2 shows that 48 per cent had tertiary education while 41 per cent had primary and 11 per cent had secondary education, this shows that the youths in the study area educated as they saddled between tertiary and primary education. Of all the sub-sectors within the sampling frame, only trading has no formal education while services have the highest number of participants with primary education, followed by technical (car repair) businesses and manufacturing business with 16 percent respectively. Telecommunication (mobile phone business) had the highest number of participants with secondary education. On the other hand, the transportation sector dominates with tertiary education. This implies that the informal sector is dominated by educated participants who were unable to find a job with

the formal sector. This result is in line with the findings of Jeong (2019), that education significantly affects informal sector operation.

Table 2: Educational Level of Entrepreneurs in Informal Sector Activities

Education Level	**Type of Business**						
	Technical	Telecom	Services	Trade	Manufacturing	Transport	**Total**
No Formal Education	-	-	-	-	-	-	-
Primary	16	-	74	15	16	-	159(41%)
Secondary	-	46	35	44	-	1	28(11%)
Tertiary	14	10	40	43	5	45	197(47%)
Total	**30**	**56**	**130**	**102**	**21**	**43**	**376(100)**

Source: Field Survey (2020).

4.2 Informal Sector Activity

4.2.1 Length of Stay in the Activity.

Figure 2 shows that about 60 per cent of the youth operating in the informal sector stayed more than a year in the informal sector activity while the rest 40 per cent stayed a year or less. The long stay in the informal sector could be as a result of the sector flexibility in accommodating unemployed youth, thereby reducing dependence on formal sector employment.

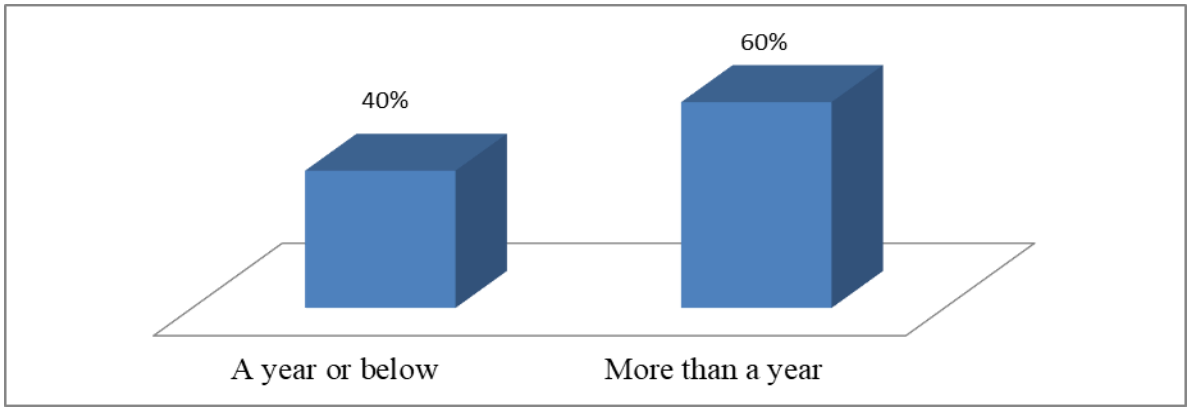

Figure 2: ***Length of stay in the activity.***

Source: Field Survey (2020).

4.2.2 Source of Finance.

Figure 3 indicates that 40.4% of the youth operating an informal business were financed by the government, which is not strange as Benue state government is embarking on youth empowerment programme with the objective of poverty reduction and youth employment generation through granting of loans to the youths. The 38% of the finance is from personal savings of the unemployed youth which in turn become an employer of labour while 8.8% of the finance is from informal credit organizations, as it is difficult to obtain loan from the formally organized banks.

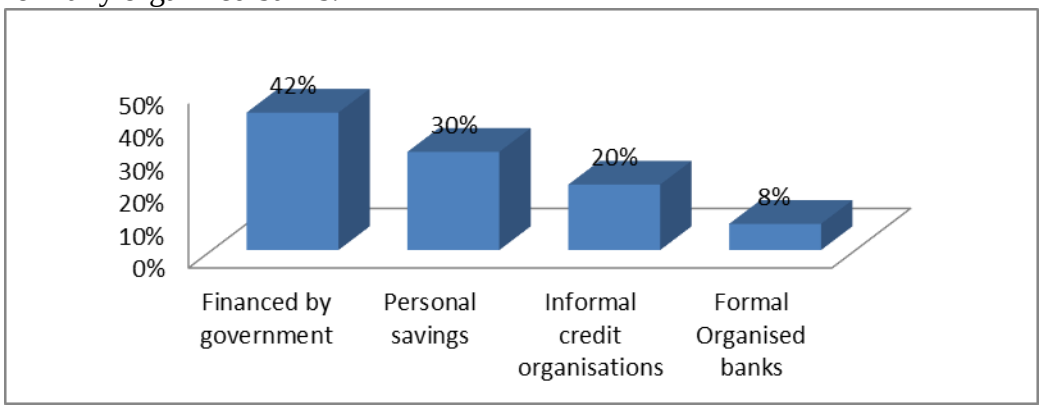

Figure 3: Source of Finance.

Source: Field Survey (2020).

Figure 4 shows that 55 per cent of the youths in the informal sector had no access to loan while the remaining 45 per cent have access. This is because they cannot satisfy the conditionalities and procedures involved in obtaining loans from formal financial institutions. This may offer the youths' opportunity to increase reliance on the formal sector for employment opportunities.

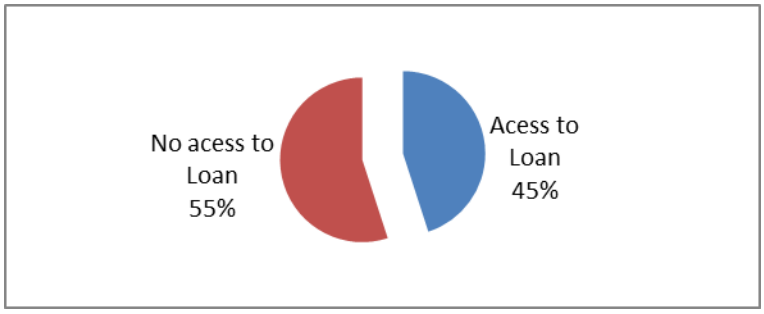

Figure 4: Access to Loan.

Source: Field Survey (2020).

Table 3 showed that most participants applied for a loan below ₦ 200,000 due to lack of collateral security while result on the relationship between the amount of loan granted and amount of loan spent on enterprise showed a significant difference. This could be that operators spend a greater part of loan granted to them on household needs rather than investing in enterprise.

Table 3: Mean Amount of Loan Requested and Granted

Variable	Amount	S.D	N	t-value	Level of Significance	Decision
Amount requested	215,780	166,884.45	376	3.673	0.05	Reject Ho
Amount granted	199,900	148,958.14				
Loan Granted and Spent on Enterprise						
Amount granted	199,900	148,958.14	376		0.05	Reject Ho
Amount spent on Enterprise	105,201	19,807.05				

Source: *Computed from survey data*, 2020.

Figure 5 shows that the majority (47%) of the participants earned a monthly income of ₦900,000 and above while 41% earned income of between ₦701,000 - ₦900,000 and only 2% earned less ₦500,000. This is means that the informal sector business is profitable when compared with the capital invested as reviewed in the literature.

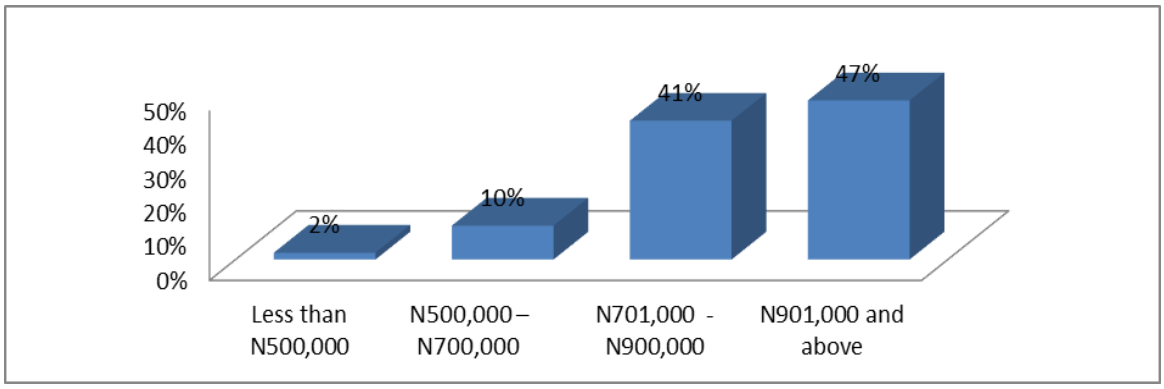

Figure 5: Income Per Month Distribution

Computed from survey data, 2020.

4.3 Income Generated by the Informal Sector

4.3.1 Income Generated by Sectors

Figure 4 analyses the income generated by sectors, the results show that majority (35 per cent) of the income was generated from the service sector while 27 per cent, 15 per cent and 11 per cent were generated from trade, telecommunication and transport respectively. Only 6 per cent were generated from both manufacturing and technical business respectively as shown in Figure 6. This explains why the service sector attracts more participants than any other sectors in the study areas.

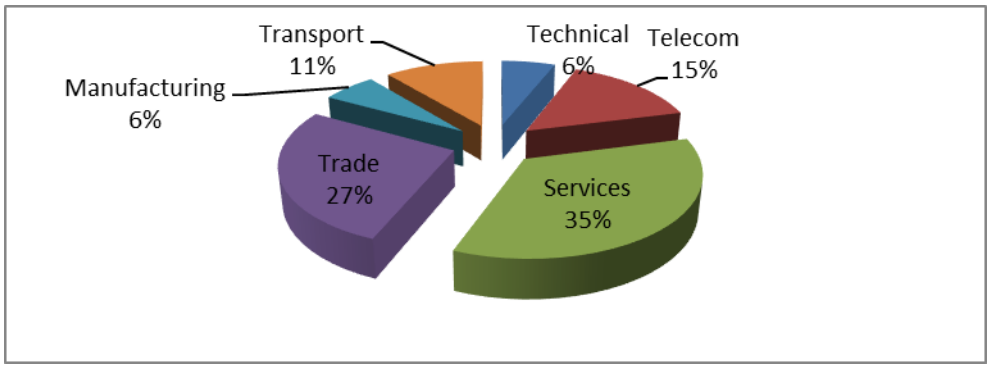

Figure 6: Income distributed by Informal sector

Computed from survey data, 2020.

4.3.2 Access whether the Earnings Generated are Attractive

The mean difference test results in Table 4 indicates a significant difference between the amount of investment and the amount generated from the informal sector. The result from Table 4 shows that the earned was higher than the amount invested, meaning the sector is productive and attractive to youth for alleviating poverty and employment.

Table 4: Mean Amount of Invested and Earnings Generated

Variable	Amount	S.D	N	t-value	Level of Significance	Decision
Amount invested on Enterprise	105,201	19,807.05	376	3.673	0.05	Reject Ho
Amount Earned	666,014.05	48,958.14				

Source: *Computed from survey data*, 2020.

4.4 Informal Sector Employment Generation

4.4.1 Employment Generated by Sector

Figure 7 shows that the majority (34 per cent) of the youth sampled were in the service sector while 27 per cent were in trade subsector, 15 per cent were in telecommunication sub-sector. Transportation, technical and manufacturing sub-sector accounted for 11 per cent, 8 per cent and 5 per cent respectively. This implies that the service sector generated more employment than any other sector.

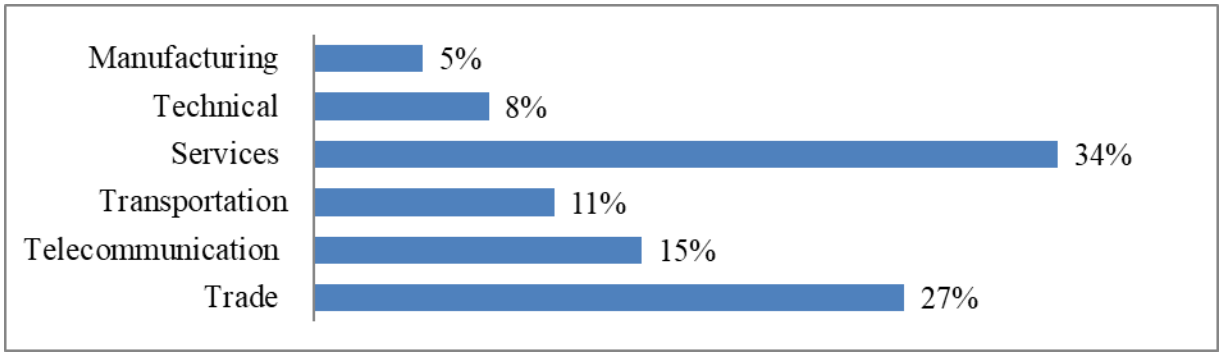

Figure 7: Employment by Informal Sector

Source: *Computed from survey data*, 2020.

4.4.2 Informal Sector and Employment Generation in the Study Area.

From the regression result in Table 5, the constant variable shows a positive sign indicating that all things being equal, without considering the independent variables in the model, employment generation will be an increase in the informal sector by approximately 5% every year. This implies that this sector depends largely on all these variables. The result also shows that there is a positive direct relationship between employment and informal sector variables as they all have the expected signs and confirm to the a priori. By implication, it means that an increase in the income level and investment will lead to an increase in employment. This finding is corroborated by the study of Zogli et al. (2017) which discovered that quest for higher income is a major motive for starting an informal business. Also, both investment and income are significant at 5 percent. From the result, the income of the informal sector went up by 0.4439 percent for a naira increase in employment. This means that an increase in income rate will increase employment in terms of labour demand which is in line with theoretical postulations, that is an increase in income is expected to expand businesses leading to more working hands in the informal sector. This is in line with the model predicted outcomes of the Harris-Todaro (2010).

Operational hour per day was found positive and significant to account for a change in employment of participants. This finding contradicts Tefera (2018) posited that lack of working capital, working premises, adequate market and raw materials were reported as the

major impediments for the operators. The education variable showed positive and significant with informal sector investment employment. This shows that the business performance of educated people is higher than that of non-educated people. Furthermore, the age of the participants was not found to be significant and has a negative sign which is against the theoretical expectation. This implies that experience thus not count in the informal sector investment employment generation in the study area. Sex is an important variable, which affects the employment of participants. It is significant at 0.05 percent level to account for changes in employment and it has a positive sign. This result collaborates with the findings of Danja (2016), which indicates that sex has a positive relationship with the informal sector. The R^2 which is the coefficient of determination 0.6320 shows the goodness of fit of the model. In other words, it exhibits a good fit and has strong predictive power. By implication, it shows that about 63% variation in labour demand is explained by the variables captured in the model while the remaining 37% is catered for by error term which are those variables that cannot be captured in the model. The t-statistics which is used to test the individual signs of the exogenous variables shows that all the variables are significant at 5% level of significance. The F-statistics which is used to test the overall significance of the variables in the model is also significant with probability. 0.0000.

Table 5: Regression Result on the Informal Sector Investment on Employment Generation in the Study Area.

Variable	Coefficient	S.E	t-Statistic	Prob.
SEX	0.3098	1.2013	2.4634	0.0453
ED	0.0771***	0.7465	1.8927	0.0000
Income	0.4439	0.0529	8.3895	0.0000
Investment	0.1952	0.0592	3.2939	0.0014
Weekly Working Hours	0.0074*	0.2965	4.3563	0.0000
AGE	0.5832	0.8712	3.7594	0.7761
C	5.323	0.6975	7.6368	0.0000
R^2	0.6335			
F-statistic	0.0000			
D.W stat.	1.7806			

*significant at 5% level; ** significant at 1% level; *** significant at 10% level

Source: *Computed from survey data*, 2020.

5. Conclusion and Policy Recommendations

The study analyses the role of the informal sector on employment generation in Benue state. The inability of the formal sector to provide employment was the main factor that drives the youth to join the informal sector, even though the youth in the informal sector were made up of able-bodied people who can work productively in the formal sector if given an opportunity. Majority of the youth had no access to loan from formal financial institutions;

hence they cannot satisfy the conditions and procedures involved in obtaining loans. The sector is also constrained with a myriad of challenges which may deter and limit the potential for alleviating unemployment in Benue state. Furthermore, the informal sector suffers from social insecurity and so a policy framework must be formulated to attract youth in the sector. The logistic regression result showed that employment is generated through the informal sector activities as all the variables are statistically significant except for age.

The study recommends that policy framework must be formulated and adopted at the national and state level to provide basic social security for the youth engaged in the sector, this will encourage them to be self-employed as they constitute a major chunk of the population. As a solution to the problem of having limited financial sponsors, it should be emphasized that the owners of such small informal businesses should recognize and embrace the idea of fostering partnerships. Thus, they should pool their resources by bringing their capital and expertise together to make a meaningful investment. This will also allow them to gain knowledge further and skills from their partners than when operating as individuals. This knowledge is very vital in improving efficiency and productivity that will trigger income and employment generation. Policy development and innovation should be targeted to improve the performance of the informal sector particularly in the context of increasing need to reduce poverty and increase employment opportunities in Nigeria.

Commercial banks should be encouraged to make loans available and timely to youth in the informal sector. Again, the bank should effectively monitor the activities of youth in the informal sector to ensure that funds allocated are efficiently utilized. Options such as providing tax incentive mechanisms, to promote youth- investments should be considered. That is tax incentives for firms that recruit youth; this would increase job absorption in the sector.

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