

# Urban Planning Re-birth for Challenges in the Dynamic Urban Economy for Managing City Environment: A Review

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## Abstract

Globally, urbanization and cities environments are a hub of informal sector of urban economy in developing countries as the engine of growth for wealth creation, employment generation, and poverty reduction. Pessimist urban authorities demises the sector as chaotic jumble of unproductive sector, often seen as eye-sores and undesirable to an extent some consider the growth a form of urban insurgency. This review therefore aimed at drawing attention to an alternative urban planning re-birth with a view to address the challenges of the dynamic informal sector of urban economy in Nigeria through exploratory design of literature review to justify the existence of the problem worthy to be studied within the context of experiences in the informal sectors of urban economy in Nigeria. Through reviewing the economic contribution of informal economy in Nigeria, policy issues and debate on informal urban economy in Nigeria, challenges of informal sector of urban economy in urban planning perspective and theoretical approaches in reinventing urban planning for good governance. The findings revealed that without informal sector of urban economy, the poor will certainly become a larger burden to urban authorities, and not only domain for the urban poor but many middle class people greatly benefit from it. It is recommended that urban planning should be positioned for good governance and environmentally be pro-poor and inclusive and recognizing urban economy diversity for sustainable management of city environment.

**Keywords:** Planning, Informal Economy, Management, Environment

## 1. Introduction

In the light of global economic dynamics tied to entrepreneurship development, one major manifestation of rapid urbanization is the emergence of informal sector of urban economy (Miller, 2012). However, the growth of the phenomena is creating a lot of challenges to urban planning authorities and environmental managers in developing countries (Deden, 2007).

In many cases, authorities try to forcibly evict the informal sectors in the name of urban order and cleanliness. Yet, such eviction most times does not address the problem rather it only relocates it and even exaggerates conflicts between authorities and informal sectors and often many operators return to their places a few days after being evicted by the authorities.

This emerging paradigm of Urban Informality has become an issue of concern to Urban Planners. Presenting itself in varying forms and degrees, often seen as eye-sores and undesirable activities, to an extent some urban planners consider the growing phenomenon a form of urban insurgency (Mirafab and Wills 2012). Operators of informal activities in the urban economy defied government attempts to set standards or enforce compliance therefore constituting environmental nuisance (Ezeadichie, 2009).

This subjected urban planning to an object of lively debate in recent years that; should planners ignore the urban informal economy, condemn it, or strategizes to accommodate it, recognizing that it is no longer a temporary trend but another kind of economy that is here to stay in contemporary developing countries (Miller, 2012).

In the case of Nigeria, physical planning content were based on foreign theories, principles, and standards (Lekwa, 2015). Provision is not made for an informal activities of urban economy in the various national development plans. Rather the planning authorities denied its access to public spaces in the right locations and doing so does not enhance the potentials of the informal economy in job creation and reduction of unemployment, as a tool in fighting the poverty and unemployment that the Nigeria's prevailing economic policy thrust, the national vision 20: 2020, the National Economic Empowerment and Development Strategy (NEEDS), complemented by SEEDS at the states levels and LEEDS at the local governments level and the transformation agenda that all anchored on micro, small and medium enterprises (MSMEs) as the engine of growth for wealth creation, employment generation and poverty reduction.

The contribution of informal sector of urban economy is not new in Nigeria, Ijaiya et al., (2011) reported that informal urban economy has contributed about 58% of the Nation's Gross Domestic Income (GDI) and provided over 50% of urban jobs. Similarly, Federal Government of Nigeria (FGN, 1993) cited in Abolade Adigun and Akande (2013) reported that the share of informal economic sector employment out of total gainful employment in Nigeria rose from 27.3% in 70s to 38.2% in 90s. Thus the informal economy unarguably plays a significant role in the economy of Nigeria (Abolade, 2012).

Therefore, Lekwa (2015) reported that for functional and aesthetically pleasing environment and sustainable cities, desired that urban planning must as a deliberate approach recognizes the spatial needs of the

informal economy. Miller (2012) reported that there is a need to reconsider informal activities in the light of their positive contributions, which offset their negative effects on urban space. Similarly, Deden (2007) reported that rather than seeking to eliminate the presence of informal sector, urban planning should seek to accommodate this important component of urban economies. Therefore this paper aim at drawing attentions to alternative planning re-birth with a view to tap the diverse potentials of informal economy for city management and sustainable environment.

## 2. Literature Review for the Study

### 2.1 A Profile Contribution of Nigerian Informal Sector of Urban Economy

Globally and in Africa, Nigeria with her large population of 167 million people, National Population Commission Census (2006), expected to reach 220 million by the year 2020, has the largest informal sector of urban economy in Africa with its spatial distribution across states and geo-political zones indicated in Fig 2. National Enterprises Development Programmes (NEDEP) (2015).

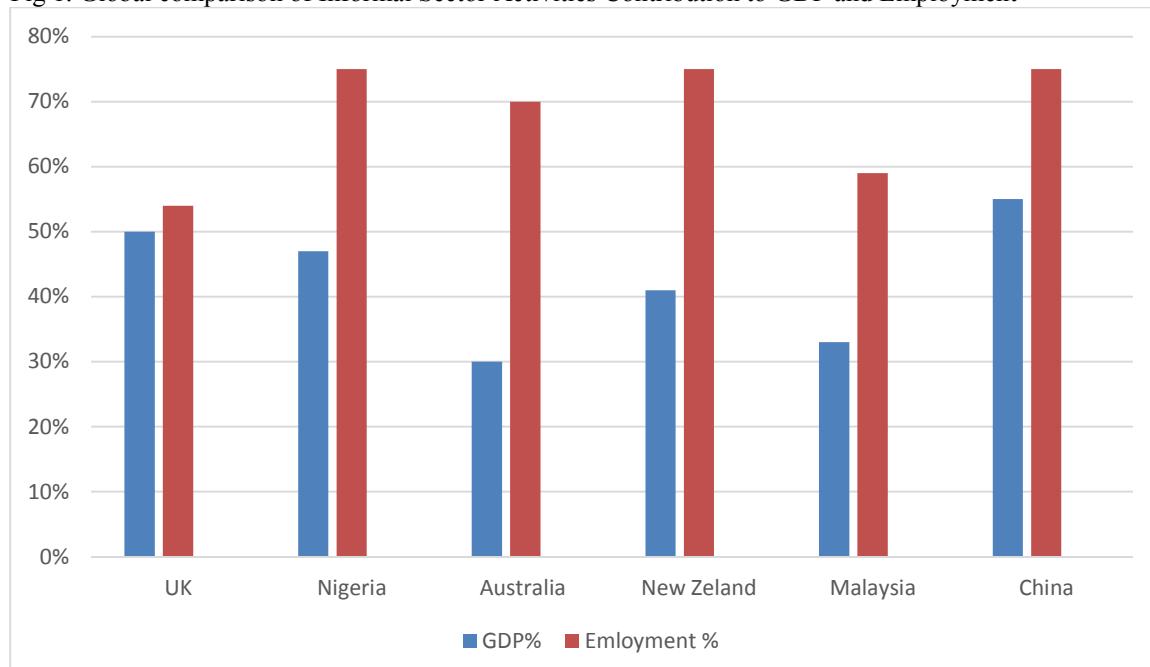
This predominance, stems from its massive population and decades of poor economic performance that is denoted by high unemployment rate of 12.9 % and soaring poverty incidence of up to 54 % Central Bank of Nigeria (CBN) (2009) cited in (Onyebueke & Geyer, 2011). An estimate in the year 2000 by Schneider (2002) put the size of Nigeria's informal sector at 57.9 % of its Gross National Product (GNP) or an equivalent of US\$ 212.6 billion.

Judging by proportion, Nigeria is only exceeded by Zimbabwe (59.4 % or \$42.4 billion) and Tanzania (58.3 % or \$52.4 billion) but factoring in both the market size and population inexorably turns the figures in favour of Nigeria as Africa's most populous country and third largest economy.

It is observed that the net worth of the Nigerian informal sector of urban economy, as a proportion of the GNP exceeds those of Zimbabwe and Tanzania combined! A national survey in 2000, put the number of informal sector enterprises in the country at 8,604,048 enterprises, comprising a total employment generation of 12,407, 348<sup>2</sup> (CBN/FOS/NISER, 2001). Similarly, the global comparison of some selected countries of informal sector contribution to Gross Domestic Product (GDP) and employment by NEDEP (2015) revealed that the sector contributed 47% GDP and 75% employment as compared to New Zealand and China Figure 2 below. Similarly contribution by categorization of income earners revealed that 57% of low income earners in Nigeria are benefiting in the sector Figure 3.

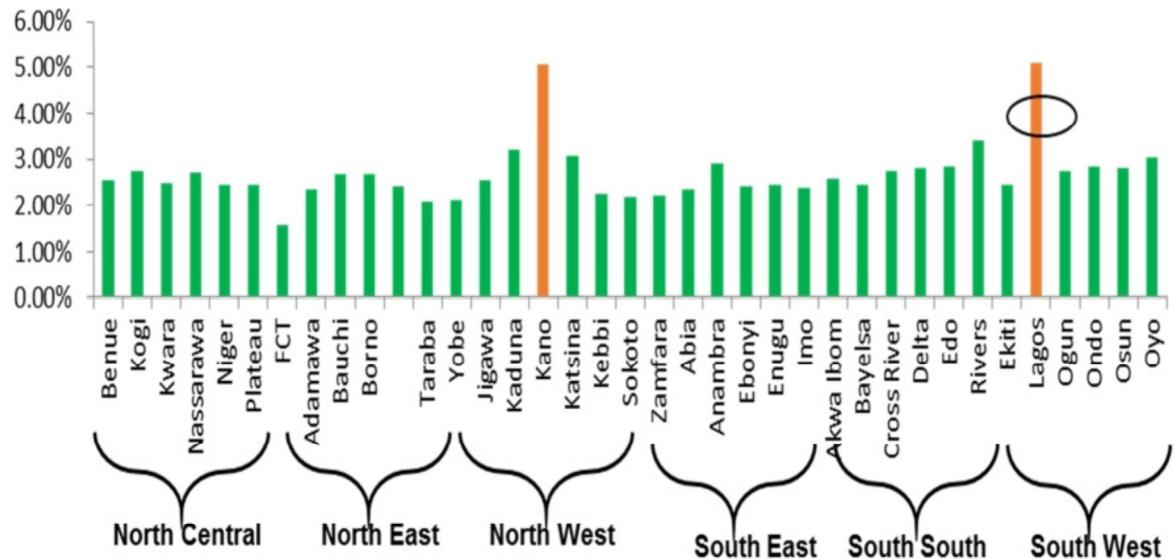
Going by the statistic figures, by implication it is unarguably, informal sector in Nigeria is contributing significantly to employment generation and income in cushions the effects of poverty which in the view of optimist advocates of the sector may out weight the views of the pessimist that stated, the sector is a jumble of chaotic activities that is seen as an eye-sore to an extent that the phenomenon is a form of urban insurgency. Rather, there is need to consider their positive contributions, which offset their negative effects on urban space if planning is for the people, pro-poor and environmental orderliness.

Fig 1. Global comparison of Informal Sector Activities Contribution to GDP and Employment



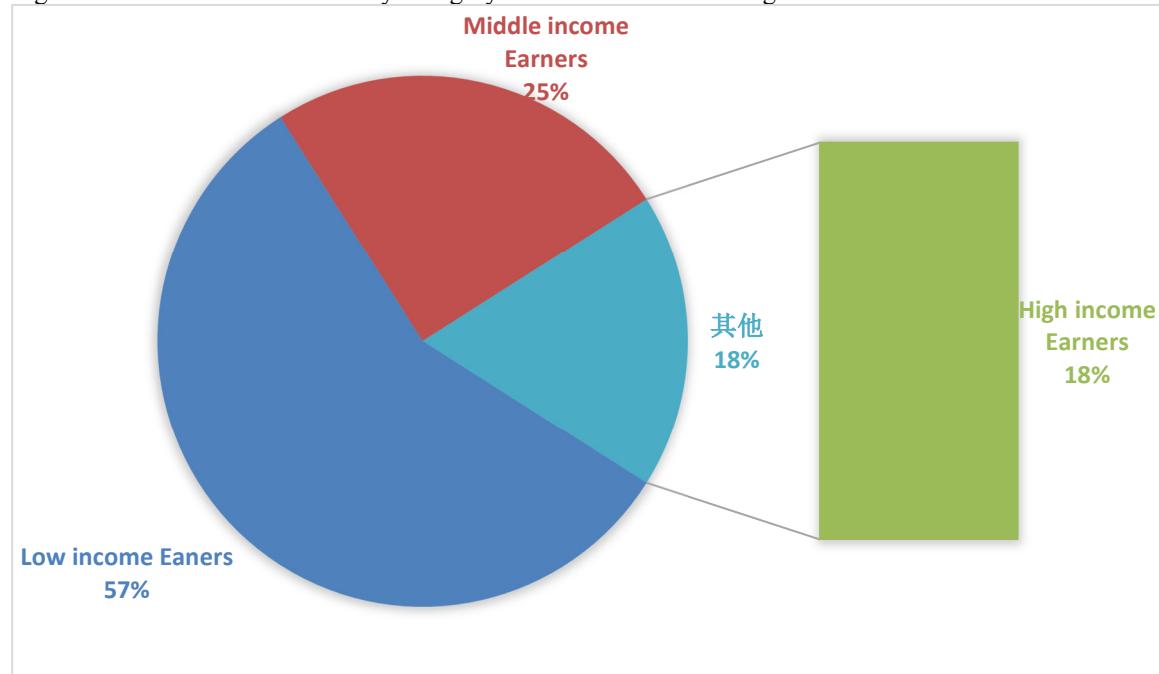
Source: NEDEP (2015)

Fig 2. The spatial distribution of Informal Sector of Urban Economy in Nigeria



Source: NEDEP (2015)

Fig 3. Contribution of the Sector by Category of Income Earners in Nigeria



Source: NEDEP (2015)

Table 1: Distribution of Informal Sector by Category

Activity Category	Distribution	
	Number of person	Percentage %
Manufacturing	22,539	30.1
Water supply	458	0.6
Building & construction	1,375	1.8
Wholesale & retail trade	36,722	49.0
Repairs (cars, cycles & goods)	2,406	3.2
Hotels & restaurants	1,948	2.6
Transportation (land & water)	2,164	2.9
Financial intermediation	57	0.1
Real estate/renting services	300	0.4
Education	298	0.4
Health social & works	637	0.9
Other community social serv.	6,008	8.0
<b>Total</b>	<b>74,912</b>	<b>100.0</b>

Source: CBN/FOS/NISER (2001)

## 2.2 An Overview of Informal Sector Challenges in Urban Planning Perspective

It is an unarguable fact, that urban areas in Nigeria are driven by economic forces of informal sector which plays a significant role in human and economic development. However, the entrepreneurship culture has led to rapid urbanization and increased battle for the struggle of the most precious urban resources of the urban economy; 'space' (Mwau, 2005).

This facts necessitate debate to whether informal sector of urban economy need space or not. However, based on the concept of dual city, Hanna & Hanna (1971) reported that, urban centers or cities are theaters of class struggle and a domain of political claims about rights to urban spaces. To this fact if it is right, then this has brought inequality in the developing world, (Scott & Storper, 2013). Considering that dual city is composed of the capable and the incapable, the advantage and the disadvantage, the weak and the powerful, the rich and the poor struggling for right of urban resource 'space', has consolidate the challenges and difficulties regarding the operations of the informal sector (Mwau, 2005). These challenges manifest in form of impediment to space allocation to traders who sell goods and services outside business premises, working large concentration on streets corners, others in open space and sidewalks who chooses it as the location of their workplaces based on maximizing their client, often congregated in strategic areas of urban areas without defined legal framework that establishes when and where they may occupy against the risk of eviction and ordering, confiscation of merchandise, exacerbating economic hardships for those who have little to fall back on as an alternative means to avert poverty by urban authorities claiming to be working in the public interest to safeguard the cleanliness of cities jeopardizing human capacity-building and sustainable development (Roever, 2007) . Table 2.

Table 2. Physical Location of Informal Enterprises in Selected Nigerian Cities

Location	Aba		Ibadan		Kano		Lagos		Nnewi		Suleija		Summation	
	No.	%	No.	%										
Open space	42	11.5	44	11.1	41	11.9	48	9.8	4	2.0	23	19.3	202	10.6
Residence	97	26.5	134	33.8	194	56.2	189	38.7	7	3.5	29	24.4	650	34.0
Street	47	12.8	45	11.4	55	15.9	63	12.9	90	45.0	1	0.8	281	14.7
Market place	120	32.8	26	6.6	9	2.6	38	7.8	96	48.0	1	0.8	281	14.7
Specially built premises	45	12.3	116	29.3	34	9.9	141	28.8	3	1.5	29	24.4	368	19.3
Govt. designated. Centers	3	0.8	3	0.8	3	0.9	10	2.0	-	-	7	5.9	26	1.4
Kiosks	12	3.3	24	6.1	9	2.6	-	-	-	-	20	16.8	119	3.4
<b>Total</b>	<b>366</b>		<b>392</b>		<b>345</b>		<b>489</b>		<b>200</b>		<b>197</b>		<b>1911</b>	

Source: Onyebueke & Geyer (2011)

## 2.3 Policy Issues and Debates on Informal Urban Economy in Nigeria

Nwaka (2005) reported that opinions differ widely on what should be the appropriate policies towards the informal sector. Some optimist advocates of the sector tend to present it in romantic terms as a form of popular development, a vital source of employment and income for the poor, the seedbed of local entrepreneurship, and a potent instrument in the campaign to combat poverty and social exclusion. Thus dismissing the characterizations

of the sector which led to the misconception that the informal sector required no form of official support. They also condemn the large number of regulations and bureaucratic procedures from the different institutions and levels of government which tend to stifle entrepreneurship, and to inhibit the realization of the full potential of the informal sector.

On the other hand critics, including many planners, environmental managers and government authorities, dismiss the sector as an anomaly, a source of disorder, and an obstacle to physical development. They condemn the informal sector that it will wither away with time and its economic progress. According to them, informal sector activities do not respect legal, social, health and quality standards, and furthermore do not pay taxes, they violate the rules of fair competition". Indeed they argue that the informal sector has run its course, is now saturated, and may just be replicating the disguised unemployment that prevails in rural areas.

These conflicting positions limits success records in the attempt to cure the adverse environmental consequences of the activities of the informal economy, and it is a difficult dilemma for planners and policy makers (Lekwa, 2015). Therefore, in recognition of the spatial needs of the informal economy, optimist advocates of the sector stated that, it is imperative for policy makers to be pro-poor and planning should be inclusive, recognizes every diversity in the urban economy; consider approaches that accepts the informal economy as a subset of the national economy, a subset that plays a positive role in employment generation and poverty reduction. Similarly, the right of operators of the informal economy to work and livelihood must be recognized and accepted, hence their right to permanent space at the right location within the framework of the overall urban physical structure must be made to achieve meaningful urban development of our cities.

Empirical researches suggests also that the path to urban planning sustainability lies in greater realism in building and managing urban environment to be more inclusive and socially equitable that is skewed to be pro-poor and recognizing the urban economic diversity. This is done involving continuously reviewing legislative and administrative activity of urban planning process in order to improve the security and strengthen urban local governance.

#### *2.4 Theoretical Approaches in Reinventing Urban Planning for Good Governance*

United Nations Habitat (2010) debated on the future of urban planning. It became clear that citizen participation and stakeholder consultation, as practiced by some of the UN-Habitat programmes, are positioning urban planning at the cutting edge of the modern notion of good governance. However, the implications of this for the planning practice and for the spatial and physical shape of cities in the developing countries are yet to be fully understood. Similarly the planning profession took a role in reinventing the way in which urban planning is to functions. For example stating that good planning practices from all over the world, including approaches should be based on innovations, Policy reform must be accompanied by capacity building and project-based support, and these was widely accepted by planners from all continents with ten principles to define the added value of the new urban planning to cope with new challenges of urbanization. These include: To promote sustainable development, to achieve integrated planning, to integrate plan with budget, plan with partners and stakeholders, to meet the subsidiary principles, to promote markets responsiveness, to ensure access to land, develop appropriate planning tools, to be pro-poor and inclusive, recognize environmental concerns, as well as cultural and economic diversities (UN Habitats 2010). Similarly, Nwaka (2005) in his study the urban informal sector in Nigeria towards economic development, environmental health, and social harmony, suggested that what is needed is not mindless deregulation of economic and planning activities, rather, more enlightened, more participatory and more equitable form of state intervention that eliminates needless restriction, and provides a more appropriate and flexible regulatory framework that is compatible with local conditions and yet reasonably efficient and environmentally sustainable.

### **3. Summary of Findings**

The Nigerian informal sector of urban economy, epitomizes the global perspectives of every developing countries urban economy, as a huge and diverse economies of enterprises with discernible dynamics and structural properties.

In terms of its share size in employment and income generations as well as it contributions to GDP in Africa, it exceeded that of Zimbabwe and Tanzania combine! Because of its predominance, that stems from its massive population and its position as the third largest economy in Africa and globally, it is compared to New Zealand and China in terms of employment generation.

Regarding policy option, there is still no coherent policy framework for the operation of informal sector activities in Nigeria. However, in the views of the optimist advocate of the sector there is need to recognize and reconsider their activities in the light of their positive contributions in employment and income generation and to maximize their negative effects on urban space. The challenges of the sector in the context of urban planning and environmental management perspectives are numerous; ranging from impediment to spaces for trading goods and services outside formal business premises, to no defined legal policy framework that establishes where such

activities may be carried. Rather, the operators, are always at the vagaries of local urban planning authorities and environmental protection agency workers who claims to be working in public interest of safeguarding the cleanliness of cities, jeopardizing human capacity-building and sustainable development through eviction, confiscation of merchandise, thus exacerbating more economic hardships to those who have little to fall back on as an alternative means to avert poverty.

#### 4. Conclusion

This work reviewed the contribution of informal sector of urban economy in Nigeria viz-as-vi the policy option, informal sector's challenges in urban planning context, and theoretical approaches in urban planning re-birth in the modern notion of good governance.

Although the sector is viewed by some as chaotic jumble of unproductive sector to an extent that growth is referred as a form of urban insurgency. However, the sector have many inherent values, especially among low-income earners of urban class. This review paper, advocates for the enhancement of the 'revolutionary potentials' of this phenomena while ameliorating the abhorrent negative effects on urban space.

This is imperative to urban planners and city managers to recognizes and reconsider approaches and tools toward planning re-birth in considering this sources of livelihood for many of the urban poor in present and future land use plans. Rather than confronting or penalizing the operators.as Watson (2011) rightly put it; planners need to alter their planning philosophy to become pro-poor and promote market responsiveness especially to the low-income earners of urban area to ensure sustainable development of cities.

#### 5. Recommendations

- Urban planning authorities and field officers in planning practice should work and learn the pattern of urban economy informality because understanding it and willingness to embraces its possibilities could lead to an innovative plans, affirming that, "there is also quite a bit to be learned from what goes wrong" (Roy, 2005)
- Urban planning authorities and city managers should be pro and supportive to negotiate the regulation that can provide a much better outcome than the negative attitudes plan- inning has been adopting
- Urban planning should be a tool for inclusion to tap informality as a development force and guide the activities pattern toward making the city environment a better place
- Planning authorities and environmental managers should collaborate with informal sector operators. This will strengthen the legitimacy of planning regulatory systems and Progressively achieve more adequate standards and regulations

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