

**KEYNOTE ADDRESS ON ECONOMIC DIVERSIFICATION AND INFORMAL
SECTOR GROWTH AND THE ROLE OF FEDERAL MINISTRY OF INDUSTRY,
TRADE AND INVESTMENT AT THE 27TH ANNUAL NATIONAL CONFERENCE OF
ASSOCIATION OF NATIONAL ACCOUNTANTS OF NIGERIA BY MR. ALIYU
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Protocol

It is a great honor for me to deliver a keynote speech at this very important forum. I will like to first congratulate the Association on this joyous occasion of your 27th Annual National Conference. As requested by the organizers, I will be giving this keynote address on the Economic Diversification and Informal sector growth.

2. Prior to the discovery of crude oil in 1956, the mainstay of Nigeria 's economy was agriculture. Nigeria was a primary producer of cash crops in the likes of cocoa, timber, palm-oil, groundnut and they were also exported. However, with the discovery of oil in the 1960s and the oil boom of the 1970s, agriculture which initially contributed 60% to Nigeria 's Gross Domestic Product (GDP), 70% to export, and 95% to food needs was neglected, hence the need for diversification.

3. Nigeria needs to diversify her economy as a matter of priority because diversification of the economy is the only viable way to survive the current environment of global economic uncertainty with the volatility of oil price, the winding down of oil relevance due to technological advancement which are gradually replacing the use of oil to renewable energy sources. Diversification is therefore imperative against the technological trends of our jet age which continuously search for alternative sources of energy because;

- i. It will lead to the revitalization of the moribund sector especially the informal sector it will also improve local technology and promote private sector development of pre-existing economic activities like agriculture and small-scale businesses which will lead to the expansion of environmental capacity to meet the people 's needs. This will enhance the capacity of the economy in absorbing the majority of the unemployed Nigerians thereby reducing the unemployment rate in Nigeria.
 - ii. This will stall the problems created by fluctuations in prices of oil globally and boost Nigeria's revenue base and strengthens the economy 's adaptive capacity to safeguards long-term prospects against depletion of basic natural resources.
 - iii. Moderate Nigeria's exchange rate and earn more foreign exchange thereby achieving some level of economic stability i.e. economic growth plus low inflation rate which is not possible in an oil-based mono-cultural economy.
 - iv. Crucial in improving the Standard of Living of Nigerians because economic diversification will among other things bring about job creation and economic stability. These factors are germane in reducing poverty and starvation, and bringing about increase in the per capita income of Nigerian citizens respectively.
4. Economic diversification is considered to create new opportunities for economic growth because it involves using the right strategy to boost revenue generated from other sectors of the economy. The diversification of the economic cannot be maximally achieved without critical effort in mainstreaming the informal sector of the economy. Economic diversification and the informal sector can be seen as two side of the same coin which are interdependent because it is undeniable that economic development in the country is one that hugely depends on the state of affairs of the

informal sector. Therefore, unless critical intervention is made to maximize the potentials of the informal sector which impact can translate to sustainable and inclusive economy growth and development of the economy, such economy diversification cannot be considered holistic. On this note, we cannot afford to waste much opportunities to break away from underdevelopment despite our massive natural and human resources endowment due to heavy reliance on crude oil resources as the major source of revenue. Therefore, the need to diversify the economy cannot be over emphasized as this will reduce the huge dependence of our economy on one major commodity and the need to broaden our revenue base and reduce undue pressures associated with mono-cultural economy.

5. Consequently, efforts have been made over the years by Nigerian governments to grow and diversify the economy to non-oil base through various policies of government for example; Trade Liberalization Policy (1986 SAP era), Export Promotion Policy (Post SAP period) and the current Zero-Oil Plan enunciated by President Muhammadu Buhari administration in October, 2016, which is being implemented by the National Export Promotion Council (NEPC) focusing on boosting non-oil exports, with targeted earning of \$150 billion from this source over the next 10 years, generating 500,000 jobs annually, and raising at least 20 million Nigerians out of poverty through increased production and export activities.

6. The Zero-Oil Plan identified and prioritized 11 strategic products with potential to earn substantial revenue for the country were earmarked to replace oil. These include palm oil, cashew, cocoa, soya beans, rubber, rice, petrochemicals, leather, ginger, cotton and Shea butter. It is importance to know that the Zero-Oil Plan was mainstreamed into the current Economic Recovery and Growth Plan (ERGP), and its five specific components were to generate \$30 billion dollars from the 11 strategic products. The government has strengthened the Export Development Fund

to enhance competitiveness of locally produced goods and has launched the First National Export Aggregator to aid domestic sourcing of products and introduction of the One-State One-Product initiative to explore the comparative and competitive advantages of states among many other efforts to ensure the diversification of the economy.

7. The gradual growth and change in the Nigerian economy in recent times cannot be discussed without the mention of the Informal Sector, it is a major contributor to the Nigerian economy, it accounts for a significant portion of employment and national GDP. According to World Bank report of 2021, it stated that 80.4 per cent of Nigeria's employments are in the informal sector, a fast-growing informal economy which offers significant job creation and income generation potential, as well as the capacity to meet the needs of poor consumers by providing cheaper and more accessible goods and services. With the significant contribution of informal sector to the Nigerian economy, an undeniable truth is that any notion of economic development in the country is one that hugely depends on the state of affairs of the informal sector. Sustainable and inclusive economic development and job creation are unlikely to be achieved unless the potential and needs of the informal sector are adequately considered.

8. At this junction, I will like to state that, gender equality and the involvement of women in the Nigerian economy is a great determinant of a successful economic diversification. A greater significance and contributor to economic diversification is the growth of MSMEs, MSMEs are important agent of economic growth as they provide more than 50 percent of GDP of developing nations, they are source of supply of both human capital, source of innovation and technological development and raw materials to bigger firms and main source of entrepreneurship and

businesses. Women are known to make up a larger percentage of the MSMEs businesses and their role cannot be overemphasized.

9. Enhancing women 's participation in development is essential not only for achieving social justice but also for reducing poverty, experience has shown clearly that supporting a stronger role for women contributes to economic growth, it improves child survival and overall family health. In short, investing in women is central to sustainable development. Giving women greater economic empowerment means enabling women to increase their right to economic resources and their control over meaningful decisions that benefit themselves, their households and their communities. These include the right to control their own time, their income and access to participation in existing markets equally. Greater empowerment improves their well-being and economic status.

10. The Nigeria government in recognition of Women's active role has done a lot promote their active participation in economic diversification, the Nigeria Export Promotion Council (NEPC) launched the SheTrades initiative in Nigeria together with ITC to unlock markets for women. The SheTrades initiative supports Nigerian women through: Enabling market access; Capacity building through training / webinars on the platform; Taking advantage of trade and market tools; Supporting women entrepreneurs to participate in annual global events; and on the spot registration on SheTrades initiative. Empowering more women to work, results in better growth of the economy. This is because women's economic empowerment, increases economic diversification, boosts productivity and income equality, resulting in other positive development outcomes.

11. In conclusion, it is crucial that government do not believe that oil provides an endless source of revenue for Nigeria. The sovereignty of Nigeria should be characterized by her self-

reliance economically which is adjudged as one of the core objects of development because it presents the opportunity to independently determine and implement policies without undue influence or interference from outside sources. This underscores the need that Nigeria economic diversification plan and process must be participatory and inclusive envisaging the peculiarity of economic structure and features using our human resource because nowhere have external resources sufficed for the development needs of a people.

I thank you for the opportunity, attention and God bless.