



Business Entrepreneurs Investing Leadership Lifestyle Lists Opinions Sports Tech Contact

The Economy Behind the Scenes

March 9, 2015 Editor Economic Development & Policies, Editor's Pick, Investing



VENTURES AFRICA – Every Oscar winning movie is characterized by a star actor or actress, intriguing storyline, or special effects and while the lead character picks up the awards at the glamorous ceremonies much accolade goes to the team behind the scenes that makes that movie a masterpiece. The production teams, technological inputs, assistants, make up artists whom we don't get to see, play a vital role in

actualizing this success. Similar scenery occurs in the global economic landscape and this scenery is known as the "informal economy". This economy coined the shadow economy by some has seen its importance grow exponentially in recent years and the need for global economic growth and diversification becomes paramount for every economy be it emerging or developed.

This shadow economy is a self reliant unregulated economy that represents a tremendous source for global development going forward. Huge focus has centered on the more regulated formal economy, which has provided \$1trillion annually to global GDP. Interestingly this less sought after informal economy accounts for two-third of workers in the world and in emerging markets such as Nigeria, Brazil and India, is a key driver of economic growth.

In Nigeria (Africa's largest economy), the informal sector accounts for 75% of the country's employment base and a key source of wealth creation and employment generation. Hence increased emphasis has been placed on financial institutions to increase lending facilities for small and medium businesses, which account for 45% of Nigeria's rebased GDP. Corporations in the formal economy have however taken cognizance of the impact of the informal economy and according to a recent [Phillips Consulting Survey](#), 56% of respondents indicated that the informal economy has an effect on their organizations day-to-day activities with a majority signifying this effect as positive. The survey report goes on to elaborate that this shadow economy accounted for 57% of the 2.48million jobs created in Nigeria between July 2012 and July 2014. Big sharks such as MTN and UAC foods and other FMCGs operating in Nigeria realize a significant amount of revenue and market share from sales of their products in the informal economy. Closer to home in my weekly activities it is hard to imagine a week without the services of the informal economy be it the tailor, mechanic, dry cleaners, traders of tangible products the list goes on and on.

Now on Sale!



SUBMIT PRESS RELEASE

Polls

How will the election postponement affect the Nigerian economy

- Severely
- Moderately
- Mildly
- No Effect



View Results

Polls Archive

Popular Posts Recent Posts

Why The Nigerian Diaspora Won't Return Home

The Richest Black Woman In The World, Folorunsho Alakija

The Richest People In Africa 2013

How To Find A Job You Love

How To Build A Multi Million Dollar Online Business In Nigeria

Nigeria's Neighbours are Profiting from its New



QUICK LINKS

- [Business](#)
- [Entrepreneurs](#)
- [Investing](#)
- [Leadership](#)
- [Lifestyle](#)
- [Lists](#)
- [Opinions](#)
- [Sport](#)
- [Tech](#)







ABOUT VENTURES

- [Our Company](#)
- [Privacy Policy](#)
- [Careers](#)
- [Advertising](#)
- [Write For Us](#)

SUPPORT & CONTACT

- [Contacts](#)

STAY CONNECTED

-  [Twitter](#)
-  [Facebook](#)
-  [LinkedIn](#)
-  [Google](#)
-  [Apple iOS Store](#)
-  [Android Play Store](#)

© 2013 Ventures Africa. All Rights Reserved

