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ECONOMIC DIVERSIFICATION AND INFORMAL SECTOR GROWTH IN AFRICA: A REVIEW OF TWO SELECTED COUNTRIES

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ABSTRACT

The need to transform Africa into industrialization countries has become imperative in recent times. Inspite of the Africa's numerous natural resource potentials, the citizens are still floundering with extreme poverty, diseases and poor national economic development. The global movement for transformation of governance has brought about sundry innovations in public administration. One of such innovations is economic diversification that will enhance the attainment of our objective of developing Nigeria into an industrialization country. The best global practices recognize the potency of the informal sector growth involvement in the good governance project. The study will seek to encourage the synergy between the government and informal sector for improved national economic development. To achieve the objective, the study employed both the descriptive and analytical approaches to review related literature and case studies of two selected African countries that largely depend on oil revenue to develop their economies. Within the framework of mixed economy and globalization systems and analysis of data, the findings revealed that African continent and Nigeria in particular are facing challenges of worsening economic development, poverty, infrastructural decay, bad governance and complex global market trends. It is recommended that government prioritize and craft strategies that will roll out effective mechanisms and programmes to build capacity. A consistent policies and regulatory frameworks for creating good governance mechanisms must be adopted while partnerships and informal sector growth should be promoted by government.

***Key words:** Africa, Economic Diversification, Informal Sector Growth.*

1. INTRODUCTION

Economic growth and diversification are the foundation for industrialization and sustainable development. Economic development is attainable through a careful and well-coordinated national planning in accordance with a shared vision of the people. Strategic issues arise from a divergence between the present position of a country and the vision of what the country strives to attain within a specified time frame. The primary concern of this submission is "how we should go about to diversify our economy through informal sector growth and attain our objective of developing Africa and Nigeria in particular into an industrialized economy". The global financial and economic crises exposed one of the major weaknesses of a number of African economies; their dependence on too few export commodities such as oil and gas and one or two sectors in helping to develop the economies. Such dependence makes many African countries vulnerable to fluctuations in commodity prices, demand and extreme weather events such as droughts and floods (OECD/United Nations, 2011).

Despite the abundant natural resources of most of the African Countries, their development have not matched those of the lesser endowed nations such as Malaysia, Singapore, Indonesia, Brazil and South Korea (Abdullahi, 2008). Osisioma (2008) clearly stated that Nigeria, once sub-Saharan Africa's if not Africa's most promising and oil-rich country, has over the last three decades found its economy floundering in the face of political instability and bad governance. The country has often been characterized as the epitome of wasted potential and Africa's answer to Asia's newly industrializing countries. But, Africa's great hope transformed itself into Africa's great disappointment. It is real income per capita today is about US$250 – is nearly the same as it was during independence. In 1960, for example, Nigeria's per capita income was about 1.5 times that of Malaysia. But in a twist of irony of fate and glaring bad leadership, Nigeria's current per capita income has not only declined from its 1960 level to the point where Malaysia's capital income is now 15 times that of Nigeria.

Also, the country's economy is in shambles, capital flight and political trepidation continue to throttle any hope of early economic recovery. With a population of about 220million people, according to the National Bureau of Statistics estimation, the country is endowed with enormous human and material resources, with substantial deposits of such minerals as coal, natural gas, limestone, iron ore, zinc, ceramics among others. Further, Nigeria is the largest oil producer in Africa and the 6th largest in the world; she has abundant arable land with a favourable climatic condition for food production in the world. Nature is so kind to Nigeria with no natural disasters as witnessed in many countries of the world and yet its citizens have continued to witness devastating economic hardships, abject poverty, intricate webs of infrastructural decay, insecurity of lives and properties and a dwindling economy on a daily basis. These ugly events have continued to beleaguer Nigeria's drive for economic development. These problems have revealed Africa's vulnerability to external economic shocks. Largely dependent on the oil economy for survival and a few other commodity exports, some of the continent's economies like Nigeria and Mali suffered setbacks in economic growth and in their efforts to meet the Millennium Development Goals and Sustainable Development in Africa.

Since the Second World War, economic development in the world has witnessed a tremendous evolution and a welter of theories and approaches. A basic objective of the different development theories and approaches that have been adopted is to aim at increasing the living standards of the world's population without much concern for the environment. Early theories of development concentrated more on maximizing output and economic growth. The industrial sector was particularly regarded as the motor of economic progress. Large-scale modern manufacturing plants were constructed to produce abundance of goods and to provide a basis for a brighter future. However, today, most people are questioning the rationale and capacity of these development approaches to deliver the expected higher standards of living. More than I billion of the world's population, especially in Africa and Asia are still living under abject poverty. The phenomena of economic recession, galloping inflation, high unemployment rates, in both the industrialized and developing countries, and the skewed distribution of the world's riches are still fundamental problems in the world (Abdulhamid et al., 2015).

Specific problems emanating from the implementation of these approaches to development include the over-exploitation of the world's resources, the phenomenon of mass consumerism, especially in the industrialized countries, pollution, and the mountains of domestic and industrial wastes. The automobile industry, for example, heavily pollutes the environment and kills thousands of people through accidents each year. The rapid depletion of the world's natural resources is facilitating the destruction of the life-support system of the planet. Also, millions of hectares of productive dry land become desert each year, while acid rain in Europe destroys forests, water systems, and the artistic and architectural heritage of many countries. The emission of toxic substances from industry into the atmosphere and the depletion of the ozone layer are some of the consequences of economic gigantism and globalization of the world economy. Clearly, there has been an over-expectation with regard to the ability of economics growth and output maximization development strategies to significantly improve upon human welfare without impairing the quality of the environment. As result of the ineffectiveness and inappropriateness of these strategies, since the 1970s, a number of new development strategies have been proposed to redress development problems, to improve the living conditions of the world's population, and to prevent a further degradation of the environment. These new strategies include the basic needs approach; employment creation and income distribution; sustainable development (SD); and human development (HD) (Abdulhamid et al., 2015) in Orie (2018).

Furthermore, most research studies in this regard were carried out in developed countries like USA, Europe, China, India, Thailand and Singapore. No known research studies were carried in the Sub-Saharan Africa like Nigeria in recent times. Research studies in Nigeria and Anambra State in particular were done over 20 years ago and the present economic implications of COVID-19 pandemic in Nigeria's national development is the reason for the research effort.

According to Diarra, Gurria and Mayaki (2011), since Economic diversification holds great potential to increase Africa's resilience and would contribute to achieving and sustaining long-term economic growth and development in the continent, the study will use the strategy of economic diversification which will fully involve informal sector participation in order to improve the utilization of the continent's vast national resource potentials.

1.1 Objectives

The objectives of this study are:

1. to adopt policies and regulatory frameworks that will encourage more diversification from oil revenue to non-oil dependent economy.

2. to ensure greater levels of informal sector growth participation in nation's economic development.
3. to eradicate poverty among the citizens through mechanization of productive sectors.

2. LITERATYRE REVIEW

2.1 Conceptual Review

2.1.1 COVID-19 Pandemic in Nigeria: Mode, Features and Spread

The COVID-19 pandemic in Nigeria is part of the worldwide pandemic of Coronavirus disease 2019 (COVID-19). This according to Sheik and Rabin (2020) is caused by severe acute respiratory syndrome Coronavirus 2 (SARS-CoV-2). The first confirmed case in Nigeria according to the Nigeria Centre for Disease Control (NCDC) cited in Wikipedia (2020) was announced on the 27th Day of February 2020, when an Italian citizen in Lagos tested positive for the virus. Similarly, on the 9th Day of March 2020, a second case of the virus was reported in Ewekoro, Ogun State, Nigerian citizen who had contact with the Italian citizen.

On the 28th Day of January, 2020 according to Wikipedia (2020), the Federal Government of Nigeria (FGN) assured citizens of the country of its readiness to strengthen surveillance at the five international airports in the country to prevent the spread of disease. The government announced the airports as: Enugu, Lagos, Port-Harcourt, Kano and the Abuja-FCT. In addition, NCDC also announced that it had set up a Coronavirus group and was ready to activate its incident system if any case emerged in Nigeria. Wikipedia (2020) noted that on 31st Day of January, following the developments of Covid-19 Pandemic in mainland China and other countries worldwide, the Federal Government of Nigeria set up a Coronavirus Preparedness Group to mitigate the impact of the virus if it eventually spreads to the country. This came on the heels of WHO listing of Nigeria among other 13 African countries identified as high-risk area for the spread of the virus.

Nigeria according to the World Bank Brief (2020) was among the first Countries in Sub-Saharan Africa to identify Covid-19 (Coronavirus) cases and began implementing strict measures to contain the spread of the virus. At the same time, crude oil which is basically the mainstay of the country's foreign exchange earner, saw prices plummeted by about 60% following the spread of the global pandemic. Owing to the fact that the oil sector accounts for the bulk of Nigerian government revenue, the collapse in prices started having profound implications for the national economy.

Accordingly, the Federal Government became confronted with the simultaneous challenge of combatting the public health crisis of the pandemic alongside trying to bolster a weakening economy. Given the mounting evidence that the social and economic impacts of these twin crises are likely to be significant, the government started ramping up policy interventions that can help mitigate such negative impacts in the midst of the stringent measures taken to curtail the spread of the virus. Alleviating the impacts of the Covid-19 crisis became vital for preventing poverty from deepening and increasing in Nigeria; before the crisis as posited by the World Bank Brief (2020), approximately 4 in 10 Nigerians were living below the national poverty line, and millions more were living just above the poverty line, making them vulnerable to falling back into poverty when shocks occur.

Consequently, according to the United Nations Development Programme (UNDP) Policy Brief (2020), efforts to contain the spread of the virus have been underway since the days of the pandemic in Nigeria. A National Covid-19 Multi-Sectoral Pandemic Response Plan was adopted to serve as blueprint for a whole-of-Government response. This was done to provide the Federal Government (FG) with timely evidence to guide the policy response, this multi sectoral plan is a new high-frequency survey known as -the Nigeria Covid-19 National Longitudinal Phone Survey (COVID-19 NLPS) was initiated. This survey as identified by the World Bank Brief (2020), is to be implemented by the National Bureau of Statistics (NBS) with technical support from the World Bank. It was also designed to measure and monitor the economic and social impacts of the Covid-19 crisis by tracking households' welfare and behaviour every month over a period of 12 months. The survey has a panel structure, such that it follows a representative sample of Nigerian households to assess how key indicators that may underpin the overall policy response are changing over time.

As the reality of the Coronavirus pandemic began taking its toll on Nigeria, federal authorities, like the rest of the world began cancelling events, flights, and virtually everything that requires social, official, religious and other similar gatherings including closing of malls, shops and markets. The impact of these measures according to Ayoade (2020) which was aimed at reducing the spread of the virus also hit the national economy. In the course of time, these impacts became clear that it has the potential that could cripple fragile economies like that of Nigeria and the economies of most other countries globally.

Ayoade (2020) pointed out that Nigeria's economy was already declining in the advent of the pandemic as it largely depends on oil exports. The oil markets have been on a downward trend as Covid-19 has crippled demand. Fuel prices fell and recorded 18-year low trading at less than US$22 per barrel and it is not expected to recover anytime soon. Similarly, Kwaw, Andam, Hyacinth Edeh, Victor Iboh Karl Pauw & James Thurlow (2020) noted that national GDP declined sharply during the lockdown period, and that Nigeria will experience recession during 2020. More specifically, the lockdown policies reduced Nigerian GDP by US$11 billion or 23% during the period. They further estimated that depending on the nature of economic recovery in the second half of 2020, GDP will be between 6% and 9% lower compared to the levels of GDP that were expected during 2020 prior to the onset of COVID-19.

In addition, our estimated contraction of the economy is consistent with global projections of the International Monetary Fund (IMF) and The World Bank. Despite being exempted from many of the government's lockdown policies, we estimate an 11% decline in agri-food system GDP (US$1.6 billion). We also estimate a temporary 9%-point increase in the national poverty headcount rate, implying that there were 17 million more people living below the poverty line during the lockdown period. (Kwaw, Andam, Hyacinth Edeh, Victor Iboh,2020)

As posited by KPMG Business Impact Series (2020), the rapid outbreak of the Covd-19 presents a combination of globally alarming health, economic, business and commercial crisis that the world is grappling with. In addition to the significant human impact being felt. As viruses know no borders, these impacts continued to spread. In fact, KPMG Business Impact Series (2020) further noted that 94% of the Fortune-1'000 across the globe, and businesses in Nigeria have been impacted and are already seeing Covid-19 disruptions. As is expected, the Covid-19 threat will eventually fade, as the Ebola, Zika, and Severe Acute Respiratory Syndrome (SARS) viruses have in recent years. However, the social-economic impact will still be felt long after the virus fades.

That there has been collateral damage arising from this pandemic cannot be denied. According to UNDP (2020), the "United Nation's Framework for the Immediate Socio-Economic Response to the Covid-19 Crisis" warns that,

The Covid-19 pandemic is far more than a health crisis: it is affecting societies and economies at their core. While the impact of the pandemic will vary from country to country, it will most likely increase poverty and inequalities at a global scale, making achievement of SDGs even more urgent. Assessing the impacts of the Covid-19 crisis on societies, economies and vulnerable groups is fundamental to inform and tailor the responses of governments and partners to recover from the crisis and ensure that no one is left behind in this effort. Without urgent socio-economic responses, global suffering will escalate, jeopardizing lives and livelihoods for years to come. Immediate development responses in this crisis must be undertaken with an eye to the future. Development trajectories in the long-term will be affected by the choices countries make now and the support they receive.

UNDP (2020) further stated that, the United Nations has mobilized the full capacity of the UN system through its 131 country teams serving 162 countries and territories, to support national authorities in developing public health preparedness and response plans to the Covid-19 crisis.

Associated and related to the above is that persons suffering non-communicable diseases were receiving little or no attention even when such could lead to fatalities. WHO survey shows that prevention and treatment services for Non-Communicable Diseases (NCDs) were severely disrupted, partially or completely since the COVID-19 pandemic began. The survey, which was completed by 155 countries during a 3-week period in May 2020, confirmed that the pandemic has global impact while affecting low-income countries like Nigeria, the most. Furthermore, as evidenced from the survey, more than half (53%) of the countries surveyed had disrupted services for hypertension treatment; 49% for treatment of diabetes and diabetes-related complications; 42% for cancer treatment, and 31% for cardiovascular emergencies. Rehabilitation services were disrupted in almost two-thirds (63%) of countries, even though rehabilitation is key to a healthy recovery following severe illness from COVID-19. Also, of concern is the fact that health officials were reassigned to support the containment of the pandemic. For instance, in the majority (94%) of countries responding, Ministry of Health staff working in the area of NCDs were partially or fully reassigned to support COVID-19. (WHO News Release, 2020)

The socio-economic response will be one of three critical components of the UN's COVID-19 response, alongside the health response, led by WHO, and the Global Humanitarian Response Plan, this will be for an initial period of between 12-18months. As the technical lead for the socio-economic response, the UNDP and its country offices worldwide in close collaboration with specialized UN agencies, are working to assess the socio-economic impacts of the Covid-19 pandemic on economies and communities for regional and country analyses.

Whereas the Federal Government directed cessation of movement for 14 days effective March 30th in Lagos, the FCT and Ogun states, which UNDP Policy Brief (2020) as of March 2020 noted as accounting for 72% of the cases, there were similar efforts of imposing restrictions on inter-state movement as well as intra-state movement, apparently to enable them buy time for the recommended measures including for testing, isolation and contact tracing to be implemented. This could as well be seen as the beginning of the lockdown of the country that ultimately locked down the economy.

While the lockdown was not to stop the virus, it was a welcomed act to balancing non pharmaceutical interventions such as economic package to reflect the local realities. This is because the number of locales needing or requiring economic packages continued to increase in the face of a dwindling fiscal space. As put forward by the UNDP Covid-19 Briefing (2020), in Lagos for instance, with as many as 78% of the population living in rented dwelling combined with 65% of the population relying on the Electric Distribution Company popularly called NEPA as their only source of electricity and energy, lockdowns will need to be supplemented with more than just food.

2.1.2 COVID-19 Impact on Nigerians

What began as a health crisis with grave impact on populations, within days become an economic and fiscal crisis with a high risk of negative social implications. Indeed, the economic impact of the pandemic could cultivate conditions for disgruntlement and social unrest. Similarly, pandemic has a bearing on the social fabric of society, for instance, stress induced by economic losses often resulted in visible cracks where incidences of once socially unacceptable norms become more frequent. WHO News Release (2020) points out that evidence suggests that health related pandemics have the potential of increasing the risks of domestic violence, violence against care givers and health workers due to the serious stress levels that the pandemic places on patients as well as abuse and exploitation of women and girls that need to be protected as these women and young girls who are vulnerable might suffer abuse from men by way of sexual exploitation and battery together with the vulnerability of the aged men and women whose body immunities may have been weakened by age constrain etc, as a result of the government stay at home directive occasioned by the lockdown. Furthermore, frustrations resulting from economic losses could also play into existing regional and ethnic fault lines within Nigeria, as was exposed in the end-SARS protest in which ethnic sentiments were being employed as the master mind of the destructions of businesses and property by the protesters.

While analysing the potential impact of COVID-19 on Nigeria's North-East region, the UNDP COVID-19 Policy Brief (2020) posited that the stealth of the virus in the extremely congested living conditions and interacting with a population characterised by high prevalence of comorbidities, including high incidences of chronic malnutrition and endemic malaria coupled with the current measles, cholera and Lassa fever outbreak, can result in serious implications on containment efforts in the region as well as throughout the country. This is in line with the position of WHO Health Sector Bulletin (2019) which noted that the already bleak outlook together with a Covid-19 outbreak could severely hamper the capacity of humanitarian actors to serve affected communities by impeding supply chains and resulting in fatal delays of delivery to the 7 million people in need of humanitarian relief, the result to be expected in such situation could only be a significant numbers of collateral damage.

Furthermore, according to UNCTADStats (2020) the decline in oil prices by 55% between the end of 2019 to March 2020 is one of the most serious economic shocks that Nigeria has faced in its memory. Similarly, the Extractive Industries Transparency Initiative (EITI, 2019) posits that the oil sector contributes 65% and 90% to government and total export revenue respectively. As crude oil prices dipped in March of 2020 to USD30/barrel as against budget projection of USD57 per barrel within the 2.18mbpd, it translates to some 48% decline of expected revenue, so also did export revenue decline with a combined effect of 0.55% points drop in Gross Domestic Product-GDP. (2020 UNDP, Covid-19 Policy Brief 1)

In all of these, the gross domestic output is at the receiving end, as Nigeria's GDP before the crisis was below USD1 per day for an average citizen and a country that is already in debt and facing Coronavirus pandemic crisis without external shock, because, according to the Revenue Mobilization, Allocation and Fiscal Commission meeting on March 23rd, 2020, where the federal government distributes revenue to States and Local Governments from the proceeds of crude oil, it lamented of low revenue owing to the **Economic**

2.1.3 Diversification

UNECA Economic Report (2007) pointed out that, for a decade, African countries have been enjoying high levels of economic growth, human development and political stability. As they continue along the path of economic progress, it is imperative that they find ways to diversify their economies, namely, by strengthening non-traditional sectors; expanding their range of products and exports; and engaging with new economic and development partners. Economic diversification therefore involves investing in new and/or diverse areas of economic activities for the purpose of enhancing the revenue generating sources and being able to finance more service-driven demands. Economic diversification may focus on infrastructure, investment in Agriculture, industry, human and natural resources.

2.1.4 Informal Sector Growth

Informal Sector is easily identified in communities with geographical entities, such as Urban neigbourhoods or villages or groups with common interests such as women groups, market traders, members of microcredit society, cooperative movement among others. These groups typically work in partnership with support organizations and service providers (government, the private sector or NGO) to develop and implement profits that meet their immediate priorities in education, health, sanitation, transportation, resource management, economic activities and other livelihood issues (Chinedu, 2008). Informal sector can play a role in advancing diversification, by driving innovation, and economic activity in under-exploited sectors. For example, it may also invest in

Research and Development for new activities. Botswana Appraisal Report (2009) indicated that Africa are informal, small-scale and lack access to capital, making it difficult for them to fully exploit business opportunities. Government should find ways to strengthen entrepreneurship, by creating favourable industrial, trade policies, and eliminating bureaucratic obstacles to starting business. Private sector should reciprocate by engaging with government initiatives and take the lead in driving the agenda for diversifying the economy.

From the foregoing conceptualization of issues, an effective collaboration between the government and the informal sector involvement is imperative if a successful economic diversification must be carried out. In a survey carried out by OECD/United Nations (2011), it was observed that the increase in unemployment was a direct result of the Asian economic crisis. Loss of employment in the affected sectors, as business closed down and GDP contracted, was considered to be the most important social consequence in the crises. The bulk of the job losses was concentrated in modern sectors that depended on institutional finances, the lack of whch resulted in the closures. As a result, many skilled workers took to relatively inferior jobs in the informal sector. As the flexible labour markets in the affected countries allowed the affected employees to be reallocated from formal sector to the informal sector, the impact of the recession became moderated. The discussion of this survey report strengthened most African countries on the importance of informal sector. As the concern of the world community increased over the lack of economic growth, policy makers began looking for a solution to ease the situation. A planned promotion of growth in selected leading sectors of the economy would then lead to the overall growth of the economy. Interest was thus generated in sectors outside the organized economy that was providing a livelihood to a large section of the poor. Hence, the concept of the informal sector was born.

Maurice, (1999) analyzed the contributions of the informal sector and placed a persuasive importance of the link between formal and informal activities that are not confined to particular occupations or even economic activities. He further maintained that informal activities of doing things which can enhance Africa's economic development and growth include:

- 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;
- Unregulated and competitive markets; and
- A relatively low level of capital requirement.

Therefore, a synergy between government policy on economic diversification and informal sector growth involvement is absolutely necessary for an accelerated countries economic development, growth and sustainable development in Africa.

2.1.5 Role and Challenges of the Informal Sector Growth

According to the OECD/United Nations (2011), the outcome of the survey report indicated that poverty in East Asia gave rise to increase in unemployment as a direct result of the Asian crisis. The discussion of this survey report further strengthened the Asian country's interest on the importance of informal sector. The experts who attended the regional seminar where the survey results were discussed also recognized that the informal sector ought to be an important element of the Asian social protection framework. Furthermore, the informal sector refers to the part of the economy that does not fall under the purview of organized economic activities. The concept has an interesting and chequered history. As the concern of the world community increased over the lack of economic growth and perpetuation of poverty in the developing countries, policy makers began to look for a solution to ease the devastating situation. The traditional wisdom of economic development represented by Prebisch's doctrine of post-Keynesian developments suggested that an appropriate macroeconomic policies and institutions together with the availability of sufficient funds were needed. A planned promotion of growth in selected leading sectors of the economy would then lead to the overall growth of the economy. Then, the need to identify the target sectors with maximum linkages to the rest of the economy, and the mobilization of enough funds to enhance the growth rate of the target sectors – the informal sectors. Osvaldo (1999) pointed out that the country growth that was visualized by those early development economists was essentially the growth of organized economic activities through rapid industrialization via capital formation and the expansion of domestic and export demand. The reality that a large section of the population was earning a daily living by participating in activities that fell outside the orbit of the organized sector was summarily ignored as it was considered to be a temporary phenomenon. Osvaldo further posits that optimistic vision of economic transition did not match what was actually happening in the world. In the late 1960s and 1970s, a large section of the population in the developing countries was still suffering from poverty and still working outside the organized sector in activities that were later broadly termed as "informal". Economic growth was not percolating down to the masses fast enough. Due to population growth and Urban migration, the active labour force was growing at a much faster rate than the availability of jobs in the organized sector. The focus of development policies was gradually shifting from pure-economic growth to growth with equity and the eradication of poverty, interest was thus generated in sectors outside the organized economy that was providing a livelihood to a large section of the poor. Hence, the concept of the informal sector was born.

2.2 Theoretcical Review

Udu and Agu (2015) posit that different societies or nations have adopted different economic systems to deal with their basic societal economic problems. There are several such economic systems which may be faced with the problem of allocation of scarce resources, problem of how to produce, problem of product distribution, problem of industrial efficiency, problem of maintaining full employment, and economic stability in order to minimize human suffering in societies. The research will examine two economic systems which appear relevant to the study.

2.2.1 Mixed Economic System

According to Chibueze (2009) Most if not all the new states (third world countries) practice what is referred to as mixed economic system. In a mixed economy, the state gets to operate some principles of capitalism and that of socialism. That is, it is a system which allows for private and public ownership of means of production and distribution. The state (government) shoulders the responsibility of regulating and monitoring economic activities in the country and at the same time exercises jurisdiction over certain areas of the economy like water supply, and power whose tariff rates are seen to be too sensitive to be exposed to the vagaries of market forces. Private participation, ownership and control of the production and distribution process are guaranteed but sometimes subject to the approval and control of relevant public agency. Government monitors private economic activities to ensure that they conform to laid-down rules and regulations. Although, both the public and private sectors enjoy the freedom of production and distribution, yet occasionally government interferes with its pricing policies forcing by fiat the prices of goods and services to remain at specified rates. This is why it's a mixed economic system. Even when private participation is allowed in the economy production, distribution and pricing of goods and services are not entirely left to the dictates of the market. Profit making is accommodated quite alright as it is the guiding value of the private sector but not to the extent of exploiting others to accumulate wealth as obtained in a purely capitalist economy. Also, the moderating effect of government's participation in production and distribution compels the private sector to tame the excessive urge for huge profits. The fact that there is very little room for state and private monopoly means that either of both cannot hold the economy to ransom as each checks the other (Udu and Agu, 2015).

2.2.2 Globalization System

This system is that which best describes the dynamic of the new world economic order. Today, serious emphasis is on the internalization of financial market; of production; of trade (distribution and exchange); of human and material resources; of economic policies; rules and procedures; of risks and opportunities and of technology (transport, information and communication).

Conversely, this implies the internalization of exploitation and subjugation of the intra-national production firms by the Western-owned and controlled Trans-National Corporations (TNCs); of the comprador and petty bourgeoisie by the metropolitan bourgeoisie; and of poor countries by the super rich nations who control a greater percent of world's capital (Chibueze, 2008). Chibueze further observed that states in the present global economic order have little or no place in the production and distribution process. What we have is an economic system that recognizes only the private sector as the drivers of economic growth. The systems and actors of each economy are inter-connected in a complex manner and bounded by the universal capitalist principles and practices which ultimately subjects national economies to the whims and caprices of the world economy.

Stiglitz (2001) in Wilson (2008) pointed out that from the foregoing economic systems, the low level capacity utilization in the productive sector limits Nigeria's international opportunities due to significant product shortages for exports. At a capacity utilization of less than 40 percent due primarily to power shortages, the cost of production in Nigeria far exceeds the cost of competing products from other countries (in the global market). In a most recent survey report, Nwadialor (2016) posits that African countries particularly those that have achieved their nation independence, adopted the mixed economic system. Here, both the government and private sector co-operate to develop the economy. The practice of mixed economy in a country like Nigeria is still on trial. Government is trying to divest itself of ownership of some industries by privatization. Also, globalization is almost for African continent because of its influence and contents on our economy. The obvious impact is that nation states have become largely inter-dependent; national borders are now less coincident with the organization of economic activities and increasingly, with the conduct of governance.

3. METHODOLOGY

The study adopted both descriptive and analytical. The approach relied on official documents from the offices of federal and state ministries, departments and agencies and a considerable volume of related literature. In respect of official documents, the reports of the World Bank, United Nations, the Economic Commission for Africa (ECA), the CBN Quartely and Annual Reports, and the Nigeria's National Policy on Local and International Development partners were utilized. Furthermore, the review of literature provided a wide range of scholarly opinions on similar subject matter of studies that were undertaken in both developed and developing countries like Nigeria. To this end, the paper uses literature review to identify policy and strategic steps for effective economic diversification and informal sector growth involvement towards Africa's industrialization and Nigeria in particular.

4. RESULTS

In the analysis of the results and discussion of the findings from the two African Countries selected for review, the levels of economic diversification and internal sector growth participation to develop Africa have not been phenomenal except for the South African economy.

In the case of Nigeria, Abdullahi, (2008) posits that the analysis of the factors and forces which retard the development of Nigeria shows that a major problem in our nation building has been lack of a shared vision. Over the past decades, some past governments have made a lot of economic interventionist policies such as Structural Adjustment Programmes, national orientation, among others to abrogate the ethno-political crises which hinder effective implementation of national development planning. The politicization of ethnicity since independence remain a key element in the failure of Nigeria's economic development. Public Sector projects and similar activities have continued to exert a negative influence on productivity and innovation, particularly on wealth creation. There is absolute absence of accountability in the implementation economic policies and programmes that will transform the lives of the citizens. Also, corruption is endemic in all spheres of public and private lives, especially our government leaders. Wilson (2008) indicated that through Nigeria has witnessed massive social, economic and political transformations in the past three and half decades but the prevailing rising prices of crude oil in the international markets create sufficient financial resources for governments to make upstream and downstream investments and to receive higher returns. This can reposition the oil sector to become both a provider of revenues and a vehicle for economic diversification. A recent research study carried out by Osisioma and Okoye (2013) indicated that the government has not expressed any strong political will to ensure a full economic diversification of the nation's economy inspite of its enormous revenues generated from the crude oil. Also, legal framework and policies for the implementation of the national programmes that will impact on the citizens have remained obsolete and inconsistent. Also, endless corruption and failure of leadership in the economic management continue to bring Nigerian to worsening economic hardship and failure of institutions. Onah (2011) observed that despite the abundant natural resources, Nigeria's development has not matched those of lesser endowed countries such as Malaysia, Singapore, Brazil, South Korea and even South Africa. The increasing trend in globalization vis-à-vis the under development of Nigeria as a nation engendered the need to reform the development structure, diversify the economy from oil-dependency and encourage informal sector growth for accelerated growth and sustainable development.

In the case of South Africa, her economic performances as drawn from its profile and strategies OECD/United Nations (2011) reported that the South African economy has long been the largest and most diversified economy in Africa. With its growth of GDP after 2000, its success is further attributed to its extraordinary mineral wealth and a strong reliance on traditional sectors. It has a well-established economy which was founded on manufacturing base, agriculture and mining. Dube et al (2007) observed that the government gives adequate financial support to informal sectors growth. This action gave rise to the opening up of new economic sectors such as the automobile industry, tourism, infrastructures like roads, airports, construction of hotels and other facilities – job creation and image-building for the country as a whole. The initiative of SADC governments in 2008, indicated that the South African economy is fortunate to have possibly the best-developed financial sector in Africa, with a vast spectrum of international linkages to mobilize funds as well as well-developed domestic financial market with a broad range of services.

In a regional context the most recent research survey conducted by AEO (2010) shows that South Africa has one of the largest and most diverse economies in Africa. Because of its economic and political clout, many regional groupings are located there, including the Southern African Customs Union (SACU), which is made up of Botswana, Lesotho, Namibia, South Africa and Swaziland. In this context, South Africa's geo-strategic location, together with its resource wealth, has long attracted international political and economic interests.

5. CONCLUSION AND RECOMMENDATIONS

Diversifying Africa's economies is an important part of the continent's development strategy. The study has analyzed the wide range of experiences that various countries have had with diversification, as well as the variety of factors that influence the process. Although experience differ from country to country, there are some common findings that can be used to draw conclusions and recommendations for improved actions to support economic diversification in Africa and Nigeria in particular. Two of the case studies chosen – South Africa and Nigeria and to some extent Nigeria are key players in their respective regions and beyond. Analysis of these case studies reveals five critical building blocks for economic diversification in Africa. These are: The role of government leadership, the role of informal sector growth, regional economic institutions, the broader international context and other determinants of diversification. Within the regional and international context, South Africa's important position as a driver of economic development and diversification in Africa has been enhanced by its commercial reach across the continent and its integration in global supply chains, helping it to increasingly become an economic hub for Sub-Saharan Africa (SSA) and a bridge to the global economy in contrast to Nigeria's global economic posture. Therefore, the South Africa's geo-strategic location, together with its resource wealth, has long attracted international political and economic interests.

In the light of the mixed economic and globalization systems theory framework, review and analysis of the selected countries and the findings noted above, there are a number of recommendations that governments can consider to improve their abilities to boost the diversification of their national economies.

Africa needs to prioritise and craft strategies that focus on the roll-out of effective mechanisms and programmes that are coordinated with all stakeholders and which can also contribute to building African capacity for sustainable results, e.g. relevant capacity building measures; functional regulatory frameworks and management entities which can act as dedicated drivers of diversification initiatives at national and regional level; and policy/strategy formulation and implementation.

There must be improved strategic management involving prioritisation, strategies, policies/regulator frameworks and creating governance and management mechanisms. It is important that leading government and stakeholders identify sectors that can drive economic diversification and create appropriate strategies that are multi-dimensional in nature to achieve results.

Governments should strengthen all the existing partnerships with stakeholders internally as well as in the region and internationally. Regular meetings and an agreement on time tables and deliverable results will improve the enabling context of projects identified to support economic diversification.

There must be adequate support to the informal sector. The Private Sector is the core driver of economic diversification and thus, all actions taken by government and stakeholders should aim to strengthen support to the Private Sector by creating a business-friendly environment. The implementation of international trade agreements, direct support in the context of PPPs, capacity building mechanisms for private sector, and partnerships with donors and trading partners are ways governments can enhance the business-enabling environment. Also, particular supports should to extended to SME sector. Its flexibility and ability to innovate and spur growth and diversification can be enhanced by improving access to finance, reinforcing links with Research and Development Centres and business incubators.

Government must improve its governance mechanisms. The conduct of governance and leadership must recognize that globalization makes for greater depth, extent and diversity in cross-border trade and investment. Money, goods, technologies, communications and people are moving across national frontiers at an accelerating rate. All regulatory frameworks and policies should be updated within a reasonable time period and then consistently applied at both the regional and international levels.

The current spate of corruption among our leaders must be check-mated by strengthening the use of the existing institutional mechanisms like Independent Corrupt Practices Commission (ICPC) and Economic and Financial Crime Commission (EFCC) among others. Any erring corrupt leaders and other public officials must be charged to court of law, tried and prosecuted if found wanting without compromise.

All the political office holders especially those in the National Assemblies, Executive Arms of Government and various institutions of Governance are urged to demonstrate genuine political will in the implementation of policies and programmes of government to ensure good governance..

It is only when these actions is holistically taken that the issue of effective economic diversification can be achieved, thereby paving the way for African nations industrialization drive.

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