

THE CHALLENGES OF ECONOMIC TRANSFORMATION IN AFRICA: THE NIGERIAN EXPERIENCE

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***Abstract:** Previous administration have laid plans, programmes, and visions to guarantee Nigeria's economic development by altering the model of economic structure of production and consumption pattern, reduce dependence on oil, diversify the economic base, generate employment, create a globally competitive and stable economy. The economy has not been able to perform to its full potential particularly in the face of its rising population. The Nigerian economy has grossly underperformed relative to her enormous resource endowment and the achievements of her peers/other developing nations with similar characteristics. Nigeria has made modest progress in its transformation to democracy and a market economy, but there have also been serious setbacks; the political system still struggle with state coherence, improving government institutional efficiency, internal security, democratic representation and attitudes enforcement of the rule of law and economic reforms. Economically, Nigeria suffers from major shortcomings in all but two areas: economic growth due to large profits from crude oil and natural gas exports and the large and rapidly growing market for private mobile phone services. This paper examines the challenges of economic transformation in Nigeria and recommended solutions.*

Keywords: Economic Transformation, Nigeria, Africa.

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INTRODUCTION

The quest to improve the material well-being and welfare of the citizens, various governments has over time embarked upon numerous developmental policies, plans, programmes and projects. Notable among these was the First National Development Plan (1962-1968), which was designed to put the economy on the path of accelerated growth by prioritizing agricultural and industrial development as well as training of high-level and intermediate manpower. The Second National Development Plan (1970-1974), through to the Third National Development Plan (1975-1980), were devoted primarily to reconstruct and rehabilitate infrastructure that were destroyed during the civil war years.

This period witnessed massive investment of resources into the rehabilitation and construction of new infrastructural facilities. Moreover, the Fourth National

Development Plan (1981–1985) was intended to reduce the dependence of the economy on a narrow range of activities and broaden the economic base as well as develop the technological base. The economic downturn of the early 1980's necessitated the implementation of Economic Stabilization Measures and later the Structural Adjustment Programme (SAP), which was aimed at creating a more market-friendly economy and to encourage private enterprise through the removal of cumbersome administrative mechanisms in economic management. The economic deregulation and liberalization policies of the late 1980's and 1990's had the goal of fostering effective allocation of scarce resources. In addition, Nigeria's Vision 2010 was aimed at "transforming the country and focusing it firmly on the path to becoming a developed nation by the year 2010".

According to the document, the private sector was expected to be very active, within a market-oriented, highly competitive, broad-based, private sector-driven development process. In addition, the return of democratic governance in the country in 1999, brought along with it the introduction of a series of reforms, aimed at redressing the distortions in the economy and restoring economic growth. The National Economic Empowerment and Development Strategy (NEEDS) of 2004 was a home-grown poverty reduction, value-reorientation and socio-economic development strategy for the country.

The fact that all plans, programmes and visions mentioned above, were to guarantee Nigeria's economic development by altering the model of economic structure of production and consumption pattern, reduce dependence on oil, diversify the economic base, generate employment, create a globally competitive and stable economy. In reflection, it is clear that the economy has not actually performed to its full potential, particularly in the face of its rising population. The Nigerian economy has grossly underperformed relative to her enormous resource endowment and the achievements of her peers with similar characteristics. This is, particularly so, because agriculture has remained largely peasant, while the high contributions of the tertiary sector to output suggest that the sector is not really servicing the Nigerian economy but, indeed, other economies. Little wonder then that the diversification index remains below 0.4 per cent over the years in spite of the numerous reforms that have been put in place.

The rest of this paper is structured into four parts. The second gives a contextual background highlighting Nigeria's quest to become one of the top twenty economies in the world by the year 2020 and the on-going efforts of the Government to transform the country's economy. The next reviews challenges of Nigerian Economic Transformation. Part three discusses the solutions. While part four concludes the paper.

CONTEXTUAL BACKGROUND

In order to transform Nigeria to take its rightful place in the comity of industrialized nations and lead the rest of African nations in economic development, concerted efforts were made that culminated into the crafting of the vision 20:2020 document. This is not

the first effort to fashion out a road map for the strategic development of the country. There was the vision 2010 of the late head of state, General Sani Abacha and the Nigerian Economic Empowerment Development Strategy (NEEDS), of former, Chief Olusegun Obasanjo.

The mission of the vision 20:2020 reads "By 2020, Nigeria will have a large strong, diversified, sustainable, and competitive economy that effectively harnesses the talents and energies of its people and responsibly exploits its natural endowment to guarantee a high standards of living and quality of life to its citizen's Nigeria's economic transformation roadmap constitutes the following:

- 1) Creating the platform for success by urgently and immediately addressing the most debilitating constraints to Nigeria's growth and competitiveness.
- 2) Forging ahead with diligence and focus in developing the fabric of the envisioned economy by:
 - i. Aggressively pursuing a structural transformation from mono product economy to a diversified industrialized economy.
 - ii. Investing to transform the Nigerian people into catalyst for growth and national renewal and a lasting source of comparative advantage.
 - iii. Investing to create an environment that enables the coexistence of growth and development on an enduring and sustainable basis.
- 3) Development and deepening the capability of government to consistently translate national strategic intent into action and results by instituting evidence based decisions.

THE TRANSFORMATION AGENDA OF THE FEDERAL GOVERNMENT OF NIGERIA

The transformation framework forms a subset of the larger super structure of the vision 2020 as well as the MDG's .It is instructive to note that the time frame (2011-2015 for the Agenda coincides with the MDG's time orientation as well as the 2015 elections.

The Federal Government realised that with the existing disconnection between policy formation and implementation, there is no need to develop a mechanism for reversing the trend that will ensure continuity, consistency and commitment. This will provide the necessary mechanism that will correct the flaws so that economic growth is committed to the improvement of the overall welfare of Nigerian citizens.

The Objectives of the Transformation Agenda are:-

- 1) Macroeconomic Framework and Economic Direction in order to achieve the baseline GDP growth rate of 11.7% annually, emphasis will be laid on the important sectors of the economy (agriculture, oil and gas, manufacturing, building and

construction, ICT and Telecommunication) and making an investment of N40.75 trillion with the public sector contributing 60% and the private sector 40%. The whole macroeconomic policy will be over hauled to ensure among others: of the

- Harmony between fiscal and monetary policy
 - Pursuit of sound macroeconomic policies, including fiscal prudence
 - Reviewing the budget process to ensure greater clarity of the roles of the executive and the legislative arm of the government
 - Reviewing the revenue allocation formula to achieve balanced fiscal federalism ,institutionalizing the culture of development planning at all levels of government
- 2) **Job Creation:** Creating 5 million jobs annually in three years as well as:
- Establishing youth employment safety net support programmes
 - Developing industrial clusters
 - Promoting apprenticeship and joint venture start –ups
 - Reviewing university curricula to align with industry job requirements
 - Introducing mandatory skills transfer to Nigerians by foreign companies operating in the country.
- 3) **Public Expenditure Management:** In order to reverse the sub optimal public expenditure profile where in most cases the recurrent component exceeds the capital (often times government had to borrow to pay for recurrent expenditure), the Agenda will pursue the culture of transparency and accountability in public spending.
- 4) **Governance:** The Government recognizes that only good governance can provide maximum benefits to the citizens derived through effective and efficient use of public resources, proper financial management and fiscal procedure.
- 5) **Justice and Judiciary:** Under the transformation Agenda, the policy trust will on ensuring greater independence of the judiciary as well as respect for judicial decisions.
- 6) **Foreign Policy and Economic Diplomacy:** This aspect will be made to be focused and well funded in order to meet the foreign policy goals of the country.
- 7) **Legislature:** The Agenda will pursue the creation of a dynamic constitutionally effectively and public responsive legislature that is transparent and accountable in its conducts.
- 8) **Education:** On education, the policy trust will be on
- Infrastructural development

- Increased students enrolment
- Reducing the pupil/teacher ratio
- Enhancing the competence of teachers

9) **Healthcare:** The National Strategic health Development Plan (NSHDP) will be the vehicle for the efficient health care delivery at all levels.

10) **Labour and Productivity:** The policy trust on this segment will be;

- The implementation of the national Action plan on employment
- Creation (NAPEC) in order to create 5 million jobs annually
- Growing the real sector primarily, Agriculture, oil and Gas manufacturing building and construction
- Promoting Private Sector Investment
- Infrastructure Policies Programme and Projects
- The Agenda will address the infrastructure, deficit and the power sector as well as transportation, housing, information and the communication technology.

CHALLENGES OF NIGERIAN ECONOMIC TRANSFORMATION

There are many challenges confronting economic transformation in Nigeria. In this paper we have indentified these key challenges namely; leadership, social infrastructure, weak governance, environmental factor, corruption, policy incoherence etc. Nigerian economy has achieved some considerable progress; the accomplishment is far below her realizable potentials given her abundant human and material resource endowment. The country is still grappling with numerous challenges, which has continued to militate against the achievement of economic transformation.

First, from the standpoint of leadership, the country is seriously beset with numerous shortcomings in the leadership arena, be it in the spheres of politics, corporate or at the community level, etc. In fact, the case of Nigeria could be rightly classified as leadership decadence across all spectrum of human endeavour. In the *Trouble with Nigeria*, Chinua Achebe concludes that Nigeria's problem is poor leadership and evidence on ground shows he is correct. Some people will disagree, arguing that leadership is not Nigeria's problem. Certainly it is leaders and not poor rural dwellers that are responsible for Nigeria's underdevelopment. Oladapo Fafowora *et al* (1995) also see leadership as implying a purposeful direction of the "led-some " movements towards definite and defined goals, which will be to the benefit of society and such leadership is characterized by social and motivational climate for its followership and discipline. Our present leaders lack the vision and morals to lead us and are being driven by primitive accumulation to line their purses for themselves and generations yet unborn. The effect of this untold hardship on her citizenry whose lives are impoverished and hardly eke out a reasonable standard of living is seen on a daily basis especially with the rate at which we see children of school age hawking under scorching and baking sun hawking miserable wares and

endangering their lives, meandering through gridlocks just to put food on their table. As Ishola Williams notes 'a leader does not come from heaven; he comes from a group of people. If the people are good followers they will choose the right leader'. The bane of leadership in our environment could conveniently be grouped into the following broad categories:

- Prevalence of executive/legislative/judicial lawlessness and corruption within the body polity as the personal interests of many leaders override collective goals. The frenzied quest for wealth over and above all other considerations has rendered leadership most ineffective.
- Abuse and manipulation of ethnic relationship by leaders in authority by way of nepotism, tribalism, favouritism and religious bigotry.
- Inadequate motivation of subordinates and followers leading to disconnect in leadership and followership relationship.

Second, is the challenge of diversifying the economy, Nigeria used to earn a much higher proportion of its national income from agriculture and the mining of solid minerals such as Tin and Coal. We did have a promising manufacturing and industrial sector, but all that have now retrogressed so much that some industries have either closed down, or relocate to other neighbouring countries. The economy is yet to achieve the necessary structural changes required to jump-start rapid and sustainable economic growth. The attitudinal and structural changes needed for economic transformation are still very much lacking. This is traceable to the manifestations of structural rigidities occasioned by the apparent weak linkages existing among the primary, secondary and the tertiary sectors of the economy. The huge foreign exchange inflows from oil have also not been effectively harnessed to ensure a comprehensive diversification of the economy.

Thirdly challenge of our public infrastructures. In the area of transportation, the situation is quite shocking and unfortunate. Our roads are bad and apparently over-burdened by the virtual absence of functional railways. The heavy-duty trucks that daily move commodities, industrial goods and petroleum products, among others, have relentlessly put pressure that make the maintenance and sustenance of good condition for our roads impossible.

The inland waterways have remained under-developed. Nigeria used to have thriving national carriers like the Nigeria Airways and a shipping line, but all these are no longer in existence. They have all disappeared over the years as a result of mismanagement and unabated corruption. The attempt in recent years to resuscitate the Nigerian airways by partnering with Virgin Atlantic to create Virgin Nigeria has since also failed. All these are indicators of the difficult times that our nation has been facing in the last in an attempt to

firmly hold its own and proceed on the path to development. It is also a reflection of the low research and development efforts on the part of the government.

Fourthly, is also the challenge of corruption, Although corruption has been consistently confronted by successive governments, particularly in recent times with the establishment of such anti-corruption agencies the Independent Corrupt Practices Commission (ICPC) and the Economic and Financial Crimes Commission (EFCC), the menace has remained disturbingly resilient. The cankerworm of corruption has eaten deep into the fabric of our society and is now encroaching on our collective values. No formal or informal institution in this country has been spared the affliction of corruption, including the institution of the family that until now was a bastion of restraint and inculcation of ethical values into our children. Now, some parents encourage it by supporting their children in examination malpractices, while the entire communities often approve the garlanding of ostensibly corrupt but rich current and former public officials whose source of wealth must at best, be questionable. The challenge of corruption is, therefore, at the root of our underdevelopment. It has become so pervasive that many essential public projects for which vast sums of money have been paid to the concerned contractors have either been abandoned or remained uncompleted. And where such public projects have been completed, their costs are always higher in comparison with the costs of similar projects in other countries. Former president of Nigeria Olusegun Obasanjo has described corruption as the "Number one enemy" of our national interest and performance.

Nigeria is perceived as one of the most corrupt countries of the world and those who continue to do business with us come to the negotiating table with the proverbial long spoon. Corruption has become endemic and has continued to ravage the entire strata of the society. In fact, corruption is a direct result of the weak leadership, poor value and reward system in the country. According to the Transparency International 2012, Nigeria's position in the Corruption Perception Index for 2011 was 143 out of a total of 183 countries with a score of 2.4/10, which clearly reveals Nigeria as one of the most corrupt countries in the world.

Fifth, the menace of weak governance constitutes a serious challenge to the various efforts and reforms meant to achieve economic growth for sustainable development. Thus, the prevalence of weak institutions, poor governance as well as poor ethical standards in most public and private organizations, constrain the realization of economic policy objectives of the government. The effect of all these have permeated the country's regulation and law enforcement, rendering them ineffective.

Sixth, is the environmental factor, particularly the weak investment climate, owing to the legal and institutional challenges as well as the spate of insecurity, which has continued to constrain massive flow of investment in the key potential wealth-creating and employment generating sectors of the economy.

Finally, policy incoherence and inconsistencies and occasional policy somersault also pose a major constraint to economic development in Nigeria. Though, government policies, plans and initiatives tend to be laudable, they are most often discontinued with any change in regime. Thus, regime changes in the past had often truncated the implementation of good projects and programmes.

RECOMMENDATION

Given the various challenges confronting economic performance in the country, one pertinent question to ask is – How do we refocus our energies (political and corporate elites as well as the ordinary citizens) to attain the much desired economic progress and development? I am sure you all know the answer – Leadership rejuvenation at all strata of our Society. This is because leadership is the hub upon which every other thing revolves.

From the standpoint of our current situation, Nigeria needs leadership at all the various levels of society to manage the wide spectrum of our socio-economic and political activities. As the leader of all leaders, the political leadership is very vital in achieving the total transformation of the economy as seen in the case of the East Asian Economies that were able to transform over a space of fifty years from minor to major players on the world economic stage. For Nigeria, it is essential for the political leaders to be visionary and transformational, to be able to see, project and assemble a vision of a desired future for the nation. In addition, they should be selfless, engaging and motivational as these are the fundamental prerequisite for mobilizing followership, particularly in a multi-ethnic, multi-religious and multicultural society like Nigeria.

Corruption in our polity must be unwaveringly tackled because; it is the major bane of our development. It must be equally fought by the government and citizens alike. When we have pseudo private sector, dilapidated and non-functional public infrastructure much of the blame must go to corruption because it facilitates the distortion of the codes of honour and work ethics in the system and society in general. It is important we strengthening all the anti corruption agencies in the country.

The diversification of the economy must be accorded the utmost priority. The agricultural sector must be rejuvenated and restored to a decisive position in the nation's economy. The industrial and manufacturing sectors must be resuscitated. We have already noted above that there was a time that the industrial and manufacturing sectors in this country looked good and very promising. Now, part of the "resource curse" that has afflicted this country is the neglect of these sectors, a neglect that has been regrettably compounded by the poor power and infrastructural conditions.

The government, however, has to create the enabling environment for the involvement and successful thriving of the private sector. It must provide the needed infrastructures and make it possible for the growth of a credible independent and virile private sector that is not a mere extension of the public sector because of the proprietary interests of serving public office holders. The Nigerian economy needs an authentic and proactive private

sector that is interested in producing goods and services and is ready to invest in Research and Development (R&D).

CONCLUSION

Given the inability of Nigeria to realize its development aspirations during the past 52 years of political independence, and the seemingly forlorn hope for realistic progress by many citizens, it is obvious that the country needs a new kind of leadership. Such leadership should be inspiringly creative and resolutely courageous. It is this kind of leadership that will be capable of taking the country into new frontiers of development, as it has been demonstrated by the Asian countries that we had enumerated earlier; leadership that sees beyond the obvious to spot the unusual solution if we are to realize the aspirations of the Vision 20:2020 document.

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