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**TITLE: THE NIGERIAN ECONOMY: HISTORY AND POLICIES**

**Introduction:**

A trend analysis of the Nigerian economy and the policies that evolved over time can be traced back to the 1945, when the British colonial government launched the “Ten-Year Development Plan for Development and Welfare” having realised the enormous task before them in governing the two protectorates of the northern and southern Nigeria (See, Olayide, 1976; Ayo, 1988; Anyanwu *et al,* 1997).

**Learning Outcome**

By the end of this module, you should be able to:

1. trace the trend of Nigerian policies from 1945 to 2017;
2. mention the policies/programmes of first and second Nigerian development plans/policies;
3. mention the policies/programmes of the third and fourth Nigerian development plans/policies;
4. discuss the challenges of the Nigerian development plans/policies; and
5. mention five solution to curb the challenges facing Nigeria development plans/policies.

**Unit 1: Nigerian Development Policies: Pre-Independence to 2017**

**Introduction**

With independence in 1960, the nationalist leaders (Sir Ahmadu Bello, Chief Obafemi Awolowo, Nnamdi Azikewe and Abubakar Tafawa Balewa), saw the need to depart from the British colonial economic blueprint to a Nigeria economic blueprint that was more nationalistic. This thus led to the introduction of various National Development Plans, policies, programmes and projects between 1962 and 2017 to address the nation’s development challenges. (Olayide, 1976; Usoro, 1983; Ayo, 1988; Anyanwu, *et.al,* 1997; Mordi, Englama&Adebusuyi, 2010; NBS, 2010; FGN, 2011; F RN, 2012; World Bank, 2014; FMBNP, 2017).

**Learning Outcome**

By the end of this module, you should be able to:

1. trace the trend of Nigerian policies from 1945 to 2017;
2. mention the policies/programmes of first and second Nigerian development plans/policies;
3. mention the policies/programmes of the third and fourth Nigerian development plans/policies;

**Main Text**

**The Period before Independence (i.e. During the Colonial Rule)**

This period was when the drive for economic development was dominated and dictated by the colonial government. To speed up economic activities the period witnessed the introduction of a money economy among the peasant communities, which provided an incentive for the peasant farmers to produce more cash crops for sale and export to Britain. The gain of this period was witnessed in 1929 when Nigeria’s export production accounted for 57 per cent of her Gross Domestic Product (GDP). Oil palm products alone accounted for between 85 and 90 per cent of the total volume of exports. However, the period between 1930 and 1945 witnessed massive fluctuations in the commodities in the international markets due mainly to the Great depression of the period and the Second World War (Anyanwu, *et al,* 1997).

By 1945, boom was resort, especially with the end of the Secord World War and the increase in price of agricultural produces in the international market. With more fund generated, and the need to develop the economy of Britain, the colonial government in 1945 introduced a Ten-Year Plan for Development and Welfare, with the following objectives as shown in Table 1.

Table 1: Plans, Policies, Projects and Programmes during the Colonial Era in Nigeria

|  |  |  |  |
| --- | --- | --- | --- |
| Plan/Policy | Year | Objectives | Policies/Projects/Programmes |
| Ten-Year Plan for Development and Welfare | 1945 | * to improve the general health and mental conditions of the people; * to provide physical facilities regarded as the minimum necessary for the general improvement of the country and its population; and * to minimise the migration of people to the urban areas by improving productivity in the rural agricultural sector | * Construction of railways; * Construction of roads across major towns in Nigeria; * Construction of power station in Jos; * Establishment of Tin and Columbite mining in Jos; * Establishment of Coal mining industry in Enugu; * Establishment of Timber and Rubber plantations in Benin; and * Establishment of Marketing Boards to facilitate exports to Britain.. |

Sources: Usoro, 1983; Ayida, 1987; Ayo, 1988; Yesufu, 1996; Anyanwu *et al,* 1997; Ijaiya, and Usman, 2000.

**The Period between 1960 and 1980**

This is a period of rapid development in Nigeria (notwithstanding the incessant military coups and the experiences of the civil unrest and war). Development was rapid given the various government belief in the need to make the country self-sufficient and self-reliant in their drive to economic development. As indicated in Table 2, this is a period that had three mid-term development plans (First National Development Plan (1962 – 1968), Second National Development Plan (1970 – 1974) and the Third National Development Plan (1975 – 1980)], that propelled various development programmes and projects that cut across all sectors.

The plans coupled with the projects/programmes were to some extent able to achieve their set objectives. For instance, before the discovery of oil in commercial quantity in the mid- 1970s, agriculture’s contribution to the nation’s GDP was about 70 per cent and more than 80 per cent of the rural population were engaged in agricultural activities. In the manufacturing sector, most especially those engaged in the processing of agriculture produces (to either intermediate or finished goods) did not do badly too. The manufacturing sector became the fastest growing over the plans periods by recording an average growth rate of 18.1 per cent in constant term. The service, building and construction sectors achieved an average growth rate of 17.7 per cent, 13.9 per cent and 15.7 per cent respectively. Besides the period also witness the oil boom era. (Usoro, 1983; Adeboye, 1989; Yesufu, 1996; Anyanwu *et al* 2010a; Anyanwu *et al* 2010b; Mordi, Englama&Adebusuyi, 2010).

Table 2: Plans, Policies, Projects and Programmes between 1960 and 1980

|  |  |  |  |
| --- | --- | --- | --- |
| Plan/Policy | Year | Objectives | Policies/Projects/Programmes |
| * First National Development Plan | 1962 – 1968 | * to increase the growth rate of domestic product by 4 percent per annum; * to increase annual investment by 15 percent of the GDP; and * acceptance by all governments (National, Regional and Provincial) that the highest priority should go to agriculture, industry, training of high level and intermediate manpower. | * Establishment of Commodity/Marketing Boards to facilitate exports; * Export Promotion Strategy; * Import Substitution Strategy; * Construction of Kanji Hydro Electric Power Station and Dam; * Establishment of Industrial Development Centres; * Establishment of Farm Settlements; * Small Scale Industries Credit Schemes; and * Nigeria Bank for Commerce and Industry |
| * Second National Development Plan | 1970 – 1974 | * united, strong and self reliant nation; * just and egalitarian society; * great and dynamic economy; * land of bright and full opportunities for all citizens; and * true and democratic society | Continuation of those projects/programmes in the First National Development Plan |
| * Third National Development Plan | 1975 – 1980 | * increase per capita income of the nation; * make even distribution of income; * decrease in the level of unemployment; * increase in supply of skilled manpower; * diversification of the economy; * balanced development; and * indigenisationof economy activities. | * National Accelerated Food Production Project; * Nigerian Agricultural and Cooperative Bank; * River Basin Development Authorities; * Operation Feed the Nation; * Agriculture Credit Guarantee Scheme; * Land Use Decree; * Agricultural Development Projects; * Nigerian National Petroleum Company; * Vehicle assembly plants in Kano(Fiat), Kaduna (Peugeot), Bauchi (Sytea trucks and tractors), Anambra (Mercedes Benz trucks), Lagos (Volkswagen); * Jebba Paper Mill; * Jos, Oshogbo, Kastina, Alaja Steel Rolling Mills; * Basita and Savanna Sugar Companies; * Oil Refined industries in Port Harcourt, Warri and Kaduna; and * Massive infrastructural development [e.g. roads construction across the country (Lagos-Ibadan express way). |

Sources: Usoro, 1983; Ayida, 1987; Ayo, 1988; Anyanwu *et al,* 1997; Ijaiya and Usman, 2000; Anyanwu *et al*, 2010a; Anyanwu *et al*, 2010b; Enendu*et al* 2010; Mordi, Englama and Adebusuyi, 2010.

**The Period between 1981 and 2000**

This period unlike the previous ones was marked with high level of political and economic crises coupled with high rate of corruption. To address these crises, the government introduced the Fourth National Development Plan and austerity measure (See their objectives in Table 3). These measures were however, not fully implemented before the military took over governance again in another coup in 1983. Apparently between 1980 and 1985, the country witnessed yet another drastic negative change in the country’s development process that affected the nation’s foreign exchange earnings because of the world oil glut which led to decline in crude oil output by about one-third (to about 2.0 million barrels per day from its high level of 3.0 million barrels per day). The country also witnessed a deterioration in its terms of trade, increased external debt, a gross mismanagement of the economy by government officials, misused of import licences, and overloading of invoices between Nigerians and their oversea counterparts, a gross abused and misused of import and export tariffs at many customs points and fraudulent money transfers (Ayagi, 1990; Yesufu, 1996; Mordi, Englama&Adebusuyi, 2010).

Another military coup in 1985 brought in a new government that introduced the Structural Adjustment Programme (SAP) in order to address the economic challenges inherited between 1979 and 1994 (See the objectives of SAP in Table 3).The poor implementation of SAP further put the nation in crisis. For instance, the share of manufacturing fell from the average of 9.3 per cent to 8. 9 per cent between 1981 and 1985. Similarly, the building and construction sectors average contribution to the GDP fell from 3.4 per cent to 1.9 per cent, and those of utilities from the average of 0.7 per cent to 0.5 per cent. The greatest tragedy of the common or average citizen under SAP lay in inflationary cost of living and the concurrent precipitate fall in real incomes (Yesufu, 1996; Mordi, Englama&Adebusuyi, 2010).

The negative effect of SAP also led to a widespread of poverty. For instance, in 1995, the incidence of poverty showed that about 71 per cent of Nigeria’s households were poor whereas about 36 per cent were core poor and about 35 per cent moderately poor and the unemployment rate stood at 1.8 per cent (FOS, 1995 as cited in Ijaiya, 2000).

Table 3: Plans, Policies, Projects and Programmes between 1981 and 2000 in Nigeria

|  |  |  |  |
| --- | --- | --- | --- |
| Plan/Policy | Year | Objectives | Policies/Projects/Programmes |
| * Fourth National Development Plan | 1981 – 1985 | * increase in real income of the average citizen; * provision of more and even distribution of income; * decrease in the level of unemployment and under development; * increase in the supply of skilled manpower; * decrease on the dependence of the economy on a narrow range of activities; * need for balanced development; * increase participation by citizens in the ownership and management of productive enterprises; and * need for greater self-reliance on local resources | * Green Revolution; * Ajaokuta Steel industry; * Nigerian Agricultural Development Fund; * National Agricultural Land Development Authority; * National Agricultural Technology Support Project; * National Fadama Development Project; * National Housing Fund; * Primary Mortgage Institutions; * Better Life Rural Women; * Peoples’ Bank of Nigeria; * Directorate for Food, Roads and Rural Infrastructures; * National Directorate of Employment; and * Liquefied National Gas (LNG) industries. |
| * Austerity Measure | 1981 | * ceiling of credit expansion; * introduction of foreign exchange control; and * introduction of income policy that clamp down on salary increase | * Continuation of projects/programmes in the Fourth National Development Plan |
| * Structural Adjustment Programme (SAP) | 1986 | * restructure and diversify the Nigerian economy; * adopt measures to stimulate domestic output; * rationalised and restructure tariffs; * move the nation towards improved trade and payment liberalisation; * reduce complex administrative controls; * adopt appropriate pricing, especially for petroleum products and public enterprises; and * rationalised and privatised public sector enterprises | * Continuation of projects/programmes in the Fourth National Development Plan |
| * Various National Rolling Plan | 1989 – 1997 | * ensure macroeconomic stability through the curtailment of unnecessary fiscal deficit; and * reduce the level of unemployment in the country | * Petroleum Tack Fund (PTF); * Family Economic Advancement Programme; * Vision 2010; * Nigeria Export-Import Bank; and * Export Processing Zones; |

Sources: Usoro, 1983; Ayida, 1987; Ayo, 1988; Aikoye, 1994; Udegelanya, 1994; Ukpong and Iniedu, 1994; Yesufu, 1996; Anyanwu *et al,* 1997; Ijaiya, 2000; Anyanwu *et al*, 2010a; Anyanwu *et al*, 2010b; Enendu*et al* 2010; Mordi, Englama and Adebusuyi, 2010.

**The Period between 2001 and 2017**

This period witnessed the return of democratic rule. The first road-map in addressing the long years of military decay and the economic crises that came with it was the introduction of the Medium Term Expenditure Framework (MTEF) in 2003. The framework provided a macroeconomic framework to strengthen fiscal management and improve the planning and budgeting of public expenditure to curtail abuse and misallocation of resources (Mordi, Englama&Adebusuyi, 2010). Also introduced to complement the MTEF was the National Economic Empowerment and Development Strategy (NEEDS) in 2004 by President Obasanjo’s government (See the objectives in Table 4). In 2008, President YarAdua (who took over from President Obasanjo in 2007), introduced a Seven-point Agenda (See the objectives in Table 4) as a short-term measure in addressing some of the critical issues of that time. Unfortunately, the Seven-point Agenda could not be implemented because of the death of YarAdua. President Jonathan that took over could not continue with the Agenda, but instead introduced yet another agenda tagged “ Transformation Agenda” (See the objectives in Table 4).

Table 4 Plans, Policies, Projects and Programmes between 2000 and 2017 in Nigeria

|  |  |  |  |
| --- | --- | --- | --- |
| Plan/Policy | Year | Objectives | Policies/Projects/Programmes |
| * National Economic Empowerment and Development Strategy (NEEDS) | 2004 | * create wealth; * generate employment; * reduce poverty; and * enhance value orientation | * Poverty Alleviation Programme; * National Poverty Eradication Programme; * Monetisation Policy; * Anti-corruption Agencies (e.g. Economic Financial Crime Commission and Independent Corruption Practices Commission); * Several Power generating Plants; * Bank of Industry; * Small and Medium Enterprises Development Agency of Nigeria; * Public Procurement Commission; * Budget Monitoring and Price Intelligence Unit; and * National Extractive Industries Transparency Initiatives |
| * Seven-point Agenda | 2008 | * Critical infrastructure (e.g. power energy, road and rail); * food security; * wealth creation; * transport sector; * land reforms; * security; and * Human Capital Development (education and health) | * Ministry of Niger Delta; * Niger Delta Amnesty Programme. |
| * Transformation Agenda | 2011 – 2015 | * ensuring greater harmony between fiscal and monetary policy; * pursuit of sound macroeconomic policies including fiscal prudence supported by appropriate; * review the revenue allocation formula to achieve a more balanced fiscal federalism;. * institutionalise the culture of development planning at all levels of government and ensuring that the annual capital budget allocations take a cue from the medium and long-term development plan;. * implement a youth employment safety net support programme that includes conditional cash transfer and vocational training; * review the university curricula to align with industry job requirements and promotion of apprenticeship/work; experience programmes and joint ventures; * enforce the mandatory sub-contracting and partnering with locals by foreign construction companies; * entrench a culture of accountability by beginning to sanction and prosecute officers that breach established financial management rules and regulations; * demonstrate adequate political will to tackle the problem of transparency and accountability in the oil industry; * align the recurrent expenditure with non-oil revenue and to devote a substantial proportion of oil revenue to capital expenditure; * limiting total recurrent spending as a percentage of GDP to 6 per cent from the current 8.5 per cent; and * promotion of private sector investments through the creation of an enabling environment. | * Establishment of 12 new Universities * E-Wallet for distribution of Agricultural Input * Early Childhood Care Development * Almajiri Education Programme * National Campaign on Access; Girls’ Education Programme * National Strategic Health Development Plan * National Green House Gas Inventory System * Integrated Payroll and Personnel Information System (IPPIS) * YouWinProgramme * Community Service, Women and Youth Employment Scheme * Subsidy Reinvestment and Empowerment Programme (SURE- P) * Treasury Single Account (TSA) * Sovereign Wealth Fund |
| * Economic Recovery and Growth Plan | 2017 – 2020 | * recognition of inherited debt profile after a robust audit process; * mobilisation of private capital to complement government spending on infrastructure; * strengthen fiscal/monetary handshake; * incentivising export, * encouraging investment in specific sectors through fiscal incentives; * continuous expansion of fiscal space through revenue enhancement and cost consolidation; * improving in fiscal discipline at sub-national level; * enabling and accelerating recoveries process; * rebalancing debt profile portfolio to extend maturity and optimize debt service cost; and * catalysing Micro, Small and Medium Enterprise (MSME) growth through specific measures in order to improve capacity and access to finance. | * Regional Industrial Parks and Special Economic Zones; * 109 Special Production and Processing Centres (SPPCs); * Tractors and Processors Plan; * Anchor Borrowers Scheme; * Livestock Transformation Plan; * Agriculture Mechanization Policy; * Made in Nigeria Export (MINE) Plan; * National Social Investment Programme (N-power, Trader Moni/People moni bank or soft loans, Market moni, Farmers moni and School Feeding programme); * Implementation of responsible and transparentfiscal plan for the challenging economic times; * Investments in capital projects to expand and rehabilitate major infrastructure like rail, road, bridge and air; * Direct and indirect job creation across various economic initiatives; * Investing in technology and creative jobs; * Massive investment in agriculture for food security and sufficiency; * Diversification of national economy; * Increase in internally generated revenue; * Stabilisation of national currency; * Total overhaul and restructuring of national education curriculum and education sector to modern day requirement; * Promotion of investment into modular refineries in the petroleum sector; * Creation and improvement of Voucher system in partnership with private sector; * Provide USD500m innovation fund to technology and creative sector to create 500,000 jobs; * Trained 200,000 youth for outsourcing market in technology, services and entertainment; * New Generation incremental Power capacity per annum on the Grid and Distribution expansion under Distribution Expansion programme; * Off grid power generation and energising federal tertiary institutions and distinguished markets across the sates of federation; * Health Insurance for all; * Consolidated Revenue Fund to Health; * N-Power Medic |

Sources: AfDB/OECD, 2005; Ole, 2009; Anyanwu *et al*, 2010a; Anyanwu *et al*, 2010b; Dodo, 2010; Enendu*et al* 2010; Mordi, Englama and Adebusuyi, 2010; NBS, 2010; FGN, 2011; F RN, 2012; World Bank, 2014; FMBNP, 2017.The emergence of President Buhari government (under the All Progressive Congress), witnessed yet the introduction of another economic blueprint tagged “10-point roadmap of Economic Recovery and Growth Plan 2017 – 2020” (See the objectives in Table 4).

With all the policies, programmes and projects initiated by the various governments within these periods, the experiences of the economic situation were mixed despite the rebasing of the nation’s economy in 2010. For instance, the petroleum industry that provided the bulk of the nation’s income (accounting for over 95 per cent of export earnings and about 85 per cent of government revenues) had its challenges as a result of the drop in the price of crude oil in the international market (from a level of N130.2 billion in 2006 to N116.6 billion in 2008). Oil thief and the vandalisation of oil pipe lines by the Niger Delta militants that reduces oil production were also rampart (NBS, 2010). The situation got worst between 2015 and 2016 when vandalisation of the pipe lines became massive by oil thief and militants, agitating for resource control and independence for the Niger Delta region. The implication of this was a decline in crude oil production from 2475 barrel per day in November, 2015 to 1404 barrel per day in April, 2017 (Trading Economics, 2017).

On the other hand, the non-oil sector real GDP rose from a level of N465.6 billion in 2006 to N652.6 in 2010. In specific terms, the agricultural sector continued its dominance in the economy with its contribution to the GDP averaging 40 per cent in 2012. The sector also employed about two-thirds of the entire labour force. On the average, the sector contributed about 58.3 per cent of the work force between 2001 and 2007 (Anyanwu, et al 2010). However, between the year 2014 and the first quarter of 2017, because of recession, the GDP from agriculture declined to N33.8 billion in the first quarter of 2017 from N46.6 billion in the fourth quarter of 2016 (Trading Economics, 2017).

Within these periods too, the solid mineral sector’s contribution to GDP averaged 0.37 percent in 2012, while the manufacturing sector contributed 4.18 per cent on average to GDP in 2012 with an average growth rate of 7.60 per cent. Between 2012 and 2013, the government demonstrated its commitment to private sector initiatives, by commissioning in 2013 a $2.2 billion Western Metal Product Company (WEMPCO) Limited Complex at Ibafo, Ogun State (FGN, 2011). However, with recession, the nation in the first quarter of 2017 witnessed a decline in the manufacturing sector’s contribution to GDP from N16.4 billion to N15.4 billion in the fourth quarter of 2016 (Trading Economics, 2017).

The trade and commerce sector also experienced improvement in the global competitivenessranking by 12 points to 115/144 countries in 2012, as well as, reduction in the transit time ofgoods within the Economic Community of West African States (ECOWAS) sub-region, through the implementation of the Sea Link Coastal Ferry Services Project (SLCFSP) (FGN, 2011).

This period also witnessed an expansion in telecommunications sector with telephone density increasing from 1 per 165 people in 2001 to 1 per 49 people in 2003. With liberalisation of the telecommunications sector in 2001, private operators brought innovations, wider coverage, competition and financing of investment in mobile number portability (MNP) along with issuance of 3G and 4G licenses that led to the growth of telecommunications sector in the country. Given the remarkable investment in the telecommunications sector, the sector’s contribution to GDP rose from 14.1 per cent in the first half of 2014 to 31.2 per cent in the first half of 2015 (AfDB/OECD, 2005; Finintell, 2013).

**Summary**

This unit examined in historical perspective the economy of Nigeria from the colonial period to the first quarter of 2017. To have a concise discuss, the study was divided into the following periods: the period before independence (i.e. during the colonial rule), the period between 1960 and 1980, the period between 1981 and 2000 and the period between 2001 and 2017. Events, policies of government, programmes, projects and performances of some of the key sectors (agriculture, manufacturing, oil, finance and telecommunication sectors) were articulated. Apparently, the agriculture sector was found to be the main stay of the Nigerian economy before independence and between 1960 and 1970 after the discovery of oil in commercial quantity and the admission of Nigeria into OPEC in the mid-1970s.

The neglect of agriculture, mining and the manufacturing sectors for oil had it implications in subsequent years, especially with the oil gluts of the early 1980s and 2014. The effect became more severe given the drop in oil prices in the international market, thus depleting the nation’s foreign reserves. The activities of the Niger Delta militants added to the problems and with corruption, personalisation of office, nepotism, bad governance, decay in infrastructural facilities, weak institutions, collapse of existing industries, macroeconomic instability, by 2015 the nation’s economy found itself in recession.

**Self-Assessment Questions**

1. explain the trend of Nigerian policies from 1945 to 2017;
2. discuss the policies/programmes of first and second Nigerian development plans/policies;
3. explain the policies/programmes of the third and fourth Nigerian development plans/policies;
4. discuss the challenges of the Nigerian development plans/policies; and
5. mention five solution to curb the challenges facing Nigeria development plans/policies.

**Tutor-Marked Assignment**

1. Explain briefly the effect of the discovery of oil on the derail from the attainment of National Development Plan

**Unit 2: Nigerian Development Policies: Pre-Independence to 2017**

**Introduction**

Having discussed the various Nigerian Development Plan from pre-independence to date, this unit will discuss the challenges facing Nigeria development plans/policies while also proffering solutions.

**Learning Outcome**

By the end of this unit, you should be able to:

1. discuss the challenges of the Nigerian development plans/policies; and
2. mention five solution to curb the challenges facing Nigeria development plans/policies.

**Main Content**

**Challenges in the Nigeria’s Economy**

From the colonial period to 2017, Nigeria has had numerous challenges to content with in her efforts to drive her economy to prosperity. In the colonial period, apart from finding political solutions on how to bring the country together, the colonial government had to content with the provision of infrastructural facilities (roads, railways, waterways and electricity) for easy movement of goods and persons. The supply of electricity to the industries, especially those meant to process agricultural products and mineral resources from raw forms to intermediate goods or/and from intermediate goods to finished goods. The Ten-Year Plan for Development and Welfare of 1945 meant to address this also had its challenges which include, the lack of adequate scientific data, as there was no office of statistics then to collect, collate and analysis data meant for development and no attempt were made then to accelerate economic growth since there were no national goals and objectives, but the interest of the colonial government (Anyanwu *et al,* 1997; Ijaiya& Usman, 2000).

The First, Second, Third and Fourth National Development Plans launched after independence to also address the numerous economic challenges of the nation did little in addressing the situation because they were also confronted with some challenges, such as, the lack of uniformity in the organisation of the plans given the nature of the nation’s federal structure and political instability and fracas which led to several military coups and civil war in 1967. The federal structure, after the military coup of 1966 was distorted from a true federal structure to a unitary military command structure by General Johnson Aguiyi Ironsi. This distortion also affected the fiscal structure of the nation, to the extent that resources that belong to the then federating units were controlled by the federal government, thus depriving states proceeds/funds from their resources with which they could develop at their own pace (Maier, 2002; Achebe, 2006; Menedith, 2006; Campbell, 2010).

On several occasions, the nation was also confronted with economic instability, especially instability in some of its critical macroeconomic variables, such as, instability in the exchange rate and interest rate, high/huge debt profile and high inflation rate. For instance, since 2016 the exchange rate had floated between N360 and N480 per US$ and the inflation rate rose from 15.58 per cent in 2016 to 16.25 per cent in 2017 (Nairametrics, 2017a).

The oil glut experienced in the early 1980s and that of 2015 was said to have led to economic recession which in turn was as a result of a major currency crisis, caused by the drop in oil prices in the international market. The activities of Niger Delta militants and the nation’s inability to diversify the revenue base of the economy were also critical to its development. The consequence of this was the drop in 2015 of the nation’s foreign reserves from US$38 billion to US$28 billion in 2016. This deprived the government enough funds for development (Nairametrics, 2017b).

Other challenges to the Nigerian economy are budget constraints which are subject to availability of funds, the domination of the public sector in the production of goods and services and lack of adequate incentives and conductive environment that could encourage private sector’s development and participation in economic activities in the country. Weak institutional framework and capacity for economic policy management and coordination, increasing security challenges in the country, especially in the North East (Boko Haram insurgency) in the Niger Delta (oil pipe line vandalisation by the militants), and in the North West, North Central, South East (farmers/herdsmen crisis) and infrastructural decay (e.g. bad roads, poor state of the railway system and poor electricity power supply) were identified as some of the challenges of the nation (See, Ijaiya, 2012; Ijaiya, 2015).

**Other challenges include:**

1. Policy somersaults and inconsistency,
2. duplication of agencies, projects and programmes that performed similar functions,
3. bad governance,
4. corruption and fiscal indiscipline, especially among the members of the three arms of government (the executive, the legislature and the judiciary),
5. frequent change of cabinet members,
6. personalisation of office,
7. nepotism, bad attitude,
8. indiscipline,
9. selfishness and greed on the part of citizens and individuals put in position of responsibility (See, Ijaiya, 2012; Ijaiya, 2015).

**Solutions to the Challenges**

However, to address some of the challenges would require restructuring the political, physical and fiscal nature of the Nigeria state. Political restructuring, such as reversing back to the parliamentary system of government of the early 1960s (that is uni-camera in nature), given its economic efficiency and cost effectiveness. Physical restructuring that requires the nation restoring to the pre-1966 military coup federal structure where each region/state was an autonomous entity that operated and developed at its pace. The fiscal restructuring require that the federating units have control over their resources and the proceeds/funds that accrued from the resources and that only a fraction of what accrue should be given to the federal government. Fiscal structuring should also include the central government conceding some of its role that are in the exclusive list (e.g. control of mineral resources and internal security) to the states/local government areas so that they could have enough funds for development,

The government through its various agencies, e.g. the Ministry of Finance, Ministry of Planning and Budget and the Central Bank of Nigeria should address with urgency the macroeconomic policy inconsistency, instability and policy reversals experienced over the years given their implications on investors’ confidence. Couple with this is the need for political stability, provision of conducive environment for doing business and protection of lives and properties.

Massive investment in infrastructure e.g. railways, roads, waterways and electricity are paramount in a build-up to reviving the economy. Government at all levels (Federal, State and Local) should intensify efforts in reviving the moribund industries across the country. Organisations and individuals should also compliment government efforts by investing massively in agriculture, mining, manufacturing industries and infrastructure development..

**Summary**

Good governance that has eluded the nation should become the driving force of the nation quest for development. Drawn from the words of KetumideMasire, (the former President of Botswana) “bad governance does not just undermine service delivery, it retards development and it also drives violence”. Thus negating the tenets of good governance (accountability, transparency, openness, rule of law, civil and economic liberties and responsiveness) is inimical to development. Therefore, nations that must develop must abide by the tenants of good governance. Leaders must allow institutions to work in accordance with the rules that set them up. Nepotism, personalisation of office, greed and selfishness should be discarded in the country for it to prosper (See, Langer, 2017).

**Self-Assessment Questions**

1. Mention five challenges facing the Nigerian development plans/policies
2. Proffer five (5) solutions to the challenges mentioned above

**Tutor-Marked Assignment**

1. Trace the history of Nigerian development plan from independence to 2017, highlighting one programme for each phase.

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1. [↑](#footnote-ref-2)
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