

# Developmental imperatives for a nation

“For sustainable transformation to take place in Nigeria, the government need to devise strategic methods of improving the nation’s level of productivity across all sectors in the economy.”

- Adeyemi Adesina  
July 2011

Although Nigeria is the most populous black nation and it is richly endowed with natural resources, according to the CIA World Fact Book (2010), it’s economy ranks 32<sup>nd</sup> in world. The nation has under utilised its potential due to a number of reasons such as poor governance and political instability. Going by recent trends in countries with similar statistics especially in the areas of population size and GDP growth rate, analysts believe that Nigeria could potentially emerge as one of the world’s largest economies by 2050. However, for sustainable transformation to take place, the Nigerian government need to devise strategic methods of improving the nation’s level of productivity across all sectors in the economy.

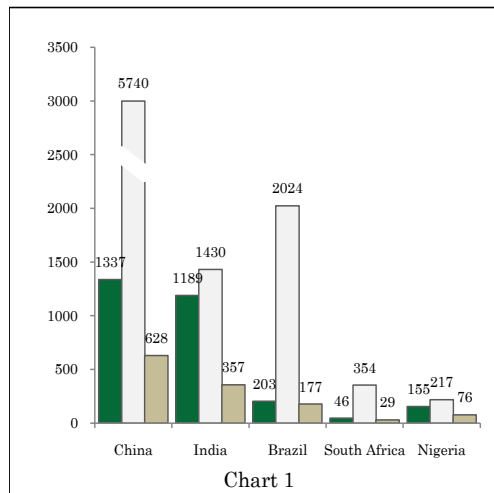
The need for an environment that encourages optimal productivity cannot be overemphasised as productivity is one of the most important remedies to economic retardation. Some of the leading economies of today such as the US and UK were built on the industrial revolution of the 18<sup>th</sup> and 19<sup>th</sup> centuries. The revolution led to major growth in their economy through increased performance in many of their sectors such as agriculture, mining, manufacturing, transportation and technology. Therefore, it is not far fetched to state that the industrial capability of a country plays a vital role in its economic growth. For Nigeria to reach its desired position among industrially advanced countries, the nation needs to invest heavily in infrastructure that promotes productivity and industrialisation

Through a system considered to be less capital intensive, countries such as Brazil, India, China, Russia and South Africa (BRICS) have risen to prominence over the last ten years. They have been able to efficiently harness their human resources to strengthen their country’s economies, as well as, position themselves as the world’s fastest growing economies.

**Chart 1:**

Comparison of population, GDP and urbanisation

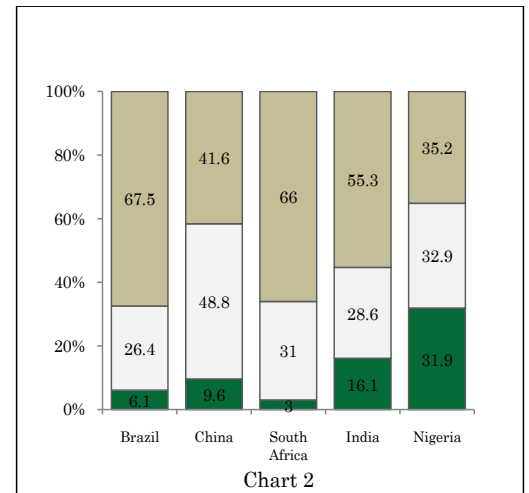
- Population (million)
- GDP (billion \$)
- Urbanisation (million)



**Chart 2:**

Comparison of contributors to GDP

- Agriculture
- Industry
- Services



When comparing their GDP and population size, while countries like China, Brazil and South Africa recorded high per capita figures in 2010, Nigeria and India’s figures were much lower. Some countries have been able to effectively harness their human resources in boosting their economic outputs. Countries such as Brazil and South Africa have benefited from the investments in infrastructural development in their respective countries giving rise to a more productive work force.

Chart 2 above indicates that the services sector, which consists of trade and commerce, transport, financial services, telecommunications, hospi-

tality, real estate and community service, is responsible for the high GDP per capita in Brazil and South Africa. For the emerging economies to catch up with the established ones, they will need to build their industrial sector. In the interim, they can harness their human capital which is the key driver for sustainable growth in the services sector.

Nigeria's rise to economic prominence will depend on how the leadership of the country performs across the following areas:

## Developmental projects

In increasing the level of productivity of its workforce, the Nigerian government needs to seek ways of improving the quality of life of its citizens by providing basic social amenities. This can be achieved through investments in capital projects such as developing new roads, oil refineries, hospitals and establishing better equipped schools. Based on the assumption that the technical proficiency of a nation's workforce has an immense effect on its productivity, another solution could lie in commercialising some public parastatals; particularly the formal and informal educational sector. A typical example can be for in the commercialisation of the Nigerian telecommunications industry which resulted in Nigeria's ranking as the fastest growing telecommunications industry in Africa.

## Excessive spending

In addition to improving the quality of life if its citizen's, the administration needs to avoid wastage of public funds by government officials at every level. Anti-graft policies need to be reviewed and empowered to limit indiscriminate spending within the public sector. The 2010 fiscal performance report revealed that Nigeria's budgetary spending over shot

its revenue by over \$11 billion increasing the nation's debt portfolio. Incurring national debts is not an issue in itself but when considering public expenditure across both capital and recurrent costs, the capital expenditure needs to outweigh the recurrent cost. In other words, public funds should be directed towards financing more of capital projects rather than servicing recurrent costs. The government should put in place adequate checks and balances to public spending such the just instituted Sovereign Wealth Fund (SWF) which replaces the Excess Crude Account (ECA) as a judicial effort set at limiting excessive spending by various arms of government thereby providing more checks and balances on how financial resources are dispersed. In addition, sector based performance reports should be made available to the general public as a means of measuring performance. These solutions could help minimise fund mismanagement and help increase accountability in government.

## Policies and laws

The level of productivity of a country is mostly dependent on the quantity and quality of its indigenous manufacturing trade. A country's ability to meet its material needs internally goes a long way in determining its economic growth. The government should create conducive environments for indigenous manufacturers to grow by promulgating laws and setting up policies that uphold citizens' rights as well as create mechanisms for enforcement of such laws. Attention should be given to indigenous companies that engage in industrial activities by enacting policies that will ease the burden of competition with foreign investors that have the financial resources to outperform them.

## References

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