Revised Edition

Introduction to Basic Concepts in

GOVERNMENT, SOCIETY AND ECONOMY

A Textbook for GES 103

Published by
General Studies Programme
University of Ibadan

Published by
The General Studies Programme (GSP) Unit

First Published 2005
Fourth Edition 2010
This Edition 2013

ISBN: 978-978-135-811-5

General Studies Programme (GSP) Unit
University of Ibadan.
Ibadan, Nigeria

Printing and Binding
Alafas Nigeria Company
08033612670

LIST OF CONTRIBUTORS

Prof. S.K. Balogun: Department of Psychology, Faculty of the Social Sciences, University of Ibadan.

Dr. Abigail O. Taiwo: Department of Psychology, Faculty of the Social Sciences, University of Ibadan.

Dr. Adebimpe A. Adenugba: Department of Sociology, Faculty of the Social Sciences, University of Ibadan.

Dr A.M. Lawal: Department of Psychology, Faculty of the Social Sciences, University of Ibadan.

Dr. S.A. Okhakhume: Department of Psychology, Faculty of the Social Sciences, University of Ibadan.

Dr. Emeka Okafor: Department of Sociology, Faculty of the Social Sciences, University of Ibadan.

Dr. A.O. Omobowale: Department of Sociology, Faculty of the Social Sciences, University of Ibadan.

Dr Kenneth N. Okakwu: Department of Sociology, Faculty of the Social Sciences, University of Ibadan.

Dr. Olanrewaju Olaniyan: Department of Economics, Faculty of the Social Sciences, University of Ibadan.

Dr. Olayinka A. Lawanson: Department. of Economics, Faculty of the Social Sciences, University of Ibadan.

Dr. D.D. Ajayi: Department. of Geography, Faculty of the Social Sciences, University of Ibadan.

Mr. B.o. Oyekanmi: Department. of Political Science, Faculty of the Social Sciences, University of Ibadan.

Mr. O.I. Adejumo: Department of Public and International Law, Faculty of Law, University of Ibadan.

Mr. S.A. Omolawal: . Department of Sociology, Faculty of the Social Sciences, University of Ibadan.

Mrs. Adefolake O. Ademuson: Department of Sociology, Faculty of the Social Sciences, University of Ibadan.

Cordelia O. Chiagozie: Department. of Sociology, Faculty of the Social Sciences, University of Ibadan.

Table of Contents

10

GROWTH AND DEVELOPMENT OF THE NIGERIAN ECONOMY

Olayjnka A. Lawanson and Olanrewaju Olaniyan

Introduction

This chapter is devoted to the examination of the scale and scope of major economic changes in Nigeria since independence. The country attained political independence from Britain in 1960 and became a republic in 1963. The country is endowed with vast and largely untapped natural resources such as crude oil, columbite, gold and silver, iron-ore, marble, lead, zinc, tin, natural gas and limestone, among others. At independence, the Nigerian economy was typically characterised by underdevelopment features such as low productivity growth of the various economic activities, low per capita income, and poor standard of living, poor state of social and economic infrastructure, with a dominant primary product (agriculture) sector.

The country's desire for economic growth and development resulted in the adoption and implementation of four national development plans between 1962 and 1985. The persistent underdevelopment and economic crisis in the country led to the adoption of Structural Adjustment Programme (SAP) in June 1986. By the turn of the decade, a series of rolling plans as part of a perspective plan was adopted. These plans were geared towards attaining a number of specific objectives, which include an increase in the real income of the average citizen accompanied by more equitable distribution of income among individuals and socio-economic groups; reduction in the level of unemployment and underemployment; an increase in the supply of skilled manpower; increased sectoral and regional balance in the development; increased participation by Nigerians in the ownership and management of production enterprises; increased dependence on local resources in the development process; and maintenance of economic stability (Anyanwu, et al., 1997). The first decade of Nigeria's independence was characterised by political crisis, with the intrusion of the military into the political scene, which resulted in a civil war with its adverse economic consequences. The second decade of the 1970s under the military administration witnessed the emergence of oil with increased public involvement in economic activities, and invasive economic control policies. With the oil glut of the early 1980s, the third decade from independence was characterised by protracted economic crisis that led to the return of the military and the adoption of SAP. In the 1990s, the economic liberalism adopted under the SAP was intensified. The 1990s witnessed the adoption of rolling plans, while the return of democratic government in the country gave birth to a departure from conventional development plan to a more paradigm approach.

Trend and Structure of Economic Growth and Development: 1960-2010

From a modern economic growth perspective, "a country's economic growth may be defined as the long term rise in capacity to supply increasingly diverse economic goods to its population, and this growing capacity is based on advancing technology and the institutional and ideological adjustment that it demands" (Kuznets, 1971). This implies that attainment of sustainable improvement in and higher standard of living for the generality of the populace should be premised on sustained rise in the productive capacity of the economy and real output per capita. The size of an economy is usually measured by a number of indicators, such as Gross Domestic Products (GDP), Gross National Product (GNP), or Gross National Products (GNI). However, the growth rate of GDP has conventionally been used as a measure of rate of growth of the economy.

Structure of the Economy

The structure of any economy is typified by the component sectors of the economy and the contribution of each to economic activities. The main sectors of the Nigeria economy are agriculture, oil and mining, manufacturing and services. These sectors contribute differently to employment and total output of the economy. While the Nigerian economy as a whole has generally experienced steady growth since independence, different sectors have exhibited varying pattern of growth over the same period. From Table 1, the real GDP grew by between 2.9 and 7.6 per cent, except for the first half of the 1980s, during which austerity measures were introduced as a result of the oil glut in the world oil market. The appreciable growth experience of the first two decades after independence mainly arose out of the favourable effects of the oil boom. As a result, there was an explosion of public expenditure profile of the country, necessitated by the demand for rehabilitation of infrastructure after the civil war, and significant increase in workers' salary (popular Udoji awards).

In the case of agricultural sector, no appreciable growth was achieved between 1960 and 1980. In fact the sector suffered a decline during the period 1975-80. This is attributed to the Dutch disease syndrome, in which the boom in the oil sector shifted incentives to the oil sector to the detriment of the agricultural ector. With the oil glut of the early 1980s, attention was resuscitated in favour of the agricultural sector, and appreciable growth of 3.6% and 7.0% was recorded between the first and second half of 1980s respectively. The sector has since maintained a steady growth. At the turn of the century, the sector experienced a boom, as it grew by over 18.0% and 7.0% between the periods 2000-04, and 2005-08, respectively.

Coupled with the emergence of high inflation rate that rose to 18.1%, the period of 1980 to 1990 was a period of recession in the Nigerian economy with many sectors of the economy experiencing negative growth. Inflation in the economy having peaked at an average of 42% during the period 1991-1995, have steadily declined to 10.4% in the period 2005-08, though still at 2-digit.

Apart from the negative growth experience of the 1981-85, the external sector of the economy has significantly grown. Most especially, in the 1990s, export and import sectors grew significantly at the rates of as much as 76% and 82%, respectively. The economy experienced negative balance of trade as a result of the faster growth of import over export, which necessitated the drive for the diversification of the economy from oil sector dependency to giving other sectors prominence, especially agriculture and manufacturing. The structural imbalance in the economy and the outstrip of payment for import over export earning has implications for the exchange rate of the Naira.

Table 1: Selected economic performance indicators for Nigeria 1960-2008 (Growth Rate)

Period	1960-70	1971-75	1976-80	1981-85	1986-90	1991-95	1996-00	2000-04	2005-08
Real GDP	4.5	7.6	2.8	-1.0	6.8	3.7	2.9	12.6	6.4
Agriculture	0.02	1.9	-1.5	3.6	7.0	2.9	4.2	18.1	7.0
Oil & Mining	23.6	7.8	3.2	0.2	-0.2	-0.6	1.6	6.7	-3.1
Manufacturing	7.4	9.5	11.8	-2.0	7.2	0.3	-0.9	8.7	9.5
Building & Construction	8.3	20.6	7.1	-20.1	-0.4	4.3	4.1	4.6	12.8
Services	8.1	10.4	2.7	-2.7	4.6	5.8	3.1	19.3	9.4
Inflation	2.4	2.8	18.1	17.8	18.0	42.0	25.4	15.6	10.4
Government Consumption	-	-	19.1	7.6	9.1	63.4	23.6	22.4	27.8
Investment	5.4	24.9	6.4	-15.2	30.6	54.9	76.2	28.9	21.9
Exports	3.1	15.9	4.1	-29.5	22.3	75.1	82.6	23.3	31.1
Imports		0.7	0.6	0.7	4.5	16.8	21.9	123.3	125.8
Exchange rate (₦/$1.00)		1.9		3.3	1.9	2.4	3.0	10.4	43.7
External Reserves (US$'b)		0.9	5.2	10.0	24.9	29.1	25.2	31.8	6.6
External Debt Stock (US$'b)			2.8						

With the adoption of SAP from the middle of the 1980s, the Naira began to lose its strength against the dollars and other major currencies of the world. A Naira that was stronger than the dollar up till 1985 drastically depreciated to N4.5 to US$1 during the second half of 1980s. It has since steadily depreciated to N125.8 to US$1 in the period 2005-08. As at the end of 2011, one US dollar officially exchanged for about N160. Though the external reserve of the country has over time fluctuated, it has more or less consistently risen from relatively low level of US$1.9b in the second half of 1970s to US$43.7b in the period 2005-08. Given the poor performance of the economy, the country has over the years increased its stock of debt, reaching around US$32b over the period 2000-04. However, the country benefitting from the Heavily Indebted Poor Country (HIPC) initiative had more than half of her debt written off while the remaining was paid off by the country. Thus the external debt stock of the country drastically reduced to about US$6.6b in the period 2005-08.

Table 2: Sectoral Share of Real GDP for Nigeria, 1981-2008

Sectors	1981-85	1986-90	1991-95	1996-00	2000-04	2005-08
Agriculture	37.25	41.07	38.31	39.22	39.52	41.75
Manufacturing	9.17	8.28	7.51	5.91	3.91	3.97
Oil & Quarrying. Mining	14.90	13.26	13.32	16.10	28.60	21.10
Wholesale & Retail Trade	13.45	13.36	12.45	12.04	11.94	15.55
Building & Construction	3.39	1.95	1.95	2.02	1.77	1.67
Services	21.83	22.08	26.45	24.71	14.25	15.96

In terms of contribution to real national output, the agricultural sector has consistently remained the highest contributor, contributing well above one-third of the total real GPD. It contributed more than 40% in the periods 1986-90 and 2005-08. Next are the service sector and oil, quarrying and mining sector, whose contributions significantly fluctuated over the years. The oil, quarrying and mining sector gradually increased from the 13.26% in 1986-90 to 28.6 in 2000-04, but declined to 21.1% in the period 2005-08. The service sector had accounted for a relatively stable proportion of more than 20% of real output prior to the turn of the century. The first decade of the century has however, witnessed a decline in contribution to less than 16%. The least contributions come from manufacturing, and building and construction sectors. While the manufacturing sector has consistently declined in share of real GDP from the height of 9.17% in the period 1981-85 to 3.97% in the period 2005-08. The building and construction sector has similarly declined from the height of 3.39% in the period 1981-85 to 1.67% in the period 2005-08. This has implications for the development of the economy and shows that a lot needs to be done to improve manufacturing and allied sectors, such as building and construction.

SECTORAL ANALYSIS

Agriculture

The agricultural sector is an important economic sector in the Nigerian economy, providing employment for about 65 percent of the Nigerian labour force. The agricultural and rural sectors are highly interwoven in Nigeria, because the rural sector is predominantly agriculture base. Thus the sector is of great importance to the government in its policy scheme. The broad agricultural policy objectives in Nigeria are:

- Attainment of self-sufficiency in food and fibre
- Improvement in socio-economic welfare of the people
- Reduction in the rate of food inflation
- Diversification of the country's sources of foreign exchange earnings through the rejuvenation of agricultural export commodities; and
- Production of raw materials for local agro based industry

One of the earliest interventions of government aimed at developing agriculture in Nigeria was through the establishment of the agricultural development corporation and farm settlement schemes in the1950s and 1960s. These schemes were aimed at reducing the volatility of income streams of farmers as well as ensuring farmers' access to farmlands, and modernizing the otherwise largely peasant agricultural sector. Considered as a "preferred sector", many other policies such as the use of instrument of concessionary interest rates on agricultural loans, establishment of agricultural specialized banks, commodity boards, input supply and distribution, agricultural input subsidy, land use, research, extension and technological transfer, mechanization, water resources and irrigation, etc., were in vogue.

Efforts at resuscitating the agricultural sector saw the introduction of "Operation Feed the Nation" programme in 1976, replaced four years later, with "Green Revolution" programme in 1980. Specifically, interest charges on agricultural loans did not exceed 6% and 9% in the 1970s and 1980s, respectively. Relevant institutions established in this regard include Agricultural Credit Guarantee Scheme (AGCS) in 1977, Nigerian Agricultural and Co-operative Bank (NACB) in 1973, Agricultural Commodity Marketing Boards, River Basing Authorities, National Directorate of Employment (NDE), Directorate of Foods, Roads and Rural Infrastructure (DFRRI), National Agricultural Land Development Authority, and the Family Economic Advancement Programme (FEAP). In spite of all these efforts, it is surprising to note that the sector has not been able to provide enough food to feed the citizens. The country still spends billions of Naira to import rice for local consumption.

Industrial

The industrial sector of the economy comprises manufacturing, oil, quarrying and mining; and electricity subsectors.

Manufacturing

Given the consistently low share of less than 10 per cent of the manufacturing sector in national output over the years, the policy aim has been to improve the sector in the country. The sector has been characterized by low capacity utilization, and lack of appreciable growth. Capacity utilization in the sector is about 50%. The poor performance of the sector is attributable to the high dependence on imported inputs, high cost of economic infrastructure inputs, low quality of products, and low diversification of export products.

Oil, Quarrying and Mining

With the oil boom of the 1970s, oil has gained prominence within the Nigerian economy, accounting for the highest proportion of export, foreign earnings and federally collected revenue. Nigeria has estimated proven oil reserves of 32 billion barrels, and is the 6th largest producer in the Organization of Petrol Exporting Countries, (OPEC). At the current rate of production, these reserves can last about 35 years.

Thus Nigerian economy is subject to the vagaries of the international oil market. While the oil and gas sector has been well developed, the solid mineral sector is not. The Nigerian liquefied natural gas company was established to fully harness the associated gas component in large proportion. The country currently exports trains of millions of cubics of natural gas to Europe, especially Italy. In addition to oil, Nigeria has substantial reserves of natural gas and abundant solid mineral deposits, including coal, tin, kaolin, gypsum, columbine, gold, barites, marble, tantalite, salt and sulphur.

Electricity

Inadequate electricity generation and supply remains one of the major infrastructural problems of the country. While the name of the body in charge of electricity supply has over the years been changed, the inefficiency and inadequacies that characterized it refused to disappear. The body which was originally known as Electricity Corporation of Nigeria (ECN) at inception after independence was later renamed National Electric Power Authority (NEPA). As part of the effort to introduce some element of private sector involvement in its activities and address its inefficiency problem, the government initiated an unbundling process of the entity, through which different stages of its activities can be handed over to the private sector to manage. Thus this initiative necessitated its being renamed Power Holdings Company of Nigeria (PHCN). Has a precondition for the takeoff of the unbundling process, the power generation capacity of the country has drastically been increased to over 20,000 megawatts, using hydro and gas to feed the grade.

In order to steer the Nigerian economy into industrial development, the government embarked on a number federal core industrial projects, which include:

- Refineries,
- Fertilizer plants,
- Steel plants, and
- Pulp and paper plants

Refineries

The four existing refineries in Nigeria, one each located in Warri, and Kaduna, and two in Port Harcourt, are owned by government. However, about 20 licenses have been issued by government to private sectors since 2000 to build refineries in the country, though none is yet to be built, a decade after. In spite of the existence of four refineries in Nigeria, the country still imports more than two-thirds of domestic consumption of petroleum. This is the consequence of the myriads of operational problems plaguing the refineries. Though debatable, the government is said to subsidise the consumption of petroleum products in the country, as a substantial proportion of domestic consumption is imported at international market price.

Fertilizer Plant

Occasioned by the need to promote agricultural output in the country, two fertilizer plants were established. They are Federal Super-Phosphate Fertilizer Company (FSFC), which accounts for 90 per cent, and National Fertilizer Company of Nigeria (NAFCON) which accounts for the remaining 10 per cent. The two plants are, however, dependent on import for their main inputs. In the face of scarce foreign exchange, the activities of the plants have been sub-optimal. This has thus resulted in shortage of fertilizers every planting season in the country.

Steel Plants

Considered to be central to the development of the industrial sector, the government embarked on the construction of three steel plants, and three inland steel rolling mills. The steel plant companies are located in Itakpe, Ajaokuta, and Aladja, while the steel rolling mills are located in Osogbo, Jos, and Katsina. However, both the steel companies and the steel rolling mills ended up in colossal failure, as they are currently non-active. In an attempt to resuscitate the steel plants, government has had course to enter into arrangements with foreign private sectors without much appreciable result.

Pulp and Paper Plants

In the case of pulp and paper plants, three core companies: Nigerian Paper Mills, Jebba, Nigerian Newsprint Manufacturing Limited, and Iwopin Pulp and Paper Company Limited, were established. Similar to the experience of the previous ones, these companies are also plagued with the same problem of inadequate funding, foreign exchange constraints, high cost of operation as well as obsolete equipment and technology.

Planning for Development

The major framework for planning in Nigeria had varied from medium term development plans from independence to the mid-eighties to the rolling plan, and currently in the last one and a half decades to the NEEDS, Seven Point Agenda, and Transformation Agenda frameworks. Planning was considered as crucial to the process of growth and development in the country. Thus the country embarked on different types of development planning.

The first national development plan (1962-1968): The objective of the plan was to accelerate the rate of economic growth and the rate at which the standard of living of Nigerians could be raised. Fresh from independence, the urge to have increasing measure of control over her destiny by de-emphasising dependence on external sources for capital and manpower became the driving force. Both agriculture and industrial development were given priority in the plan. Many projects such as the Port Harcourt Oil refinery, the Kainji dam, and the Nigerian Security Printing and Minting were established so as to promote the process of economic development of the country. However, the plan failed to achieve its objectives. This failure is due to:

- Insufficient resources to execute the plan, as the resources expected from foreign allies fell short. Up to 50 percent of the plan was expected to be financed by foreign allies.
- Inadequate manpower, as most of the economic advisers for the implementation of the plan were foreigners.
- Political problems also represented major problems faced by the plan. This started with the wrangling between the federal and the regional governments.

The climax of the turmoil was the civil war that the country had to engage in the last half of the 1970s. this affected the effective and efficient implementation of the plan.

The second national development plan (1970-1974): The plan was drawn at the end of the civil war with the hindsight that the economy had to be reconstructed. The plan had five main objectives, which were to create: a united strong and self-reliant nation; a great dynamic economy; a just and egalitarian society; a land of bright and full opportunity for all citizens; and a free and democratic society.

The country witnessed the first oil windfalls during the plan period. Thus there was reasonable economic and price stability. Many economic reforms were introduced, such as changing to indigenous legal tender currency of Nigerian Naira in place of British pounds. Also was the promulgation of the indigenous decree to enhance the ownership of business by Nigerians, against the existing dominance by foreigners. Many state owned enterprises, such as River Basin Development Authorities, Industrial Training Fund, National Economic Advisory Council, National Bank for

Agriculture, National Standard Organisation, and the Nigerian National Oil Corporation, aimed at developing the economy faster were established. The problem of this plan was inadequate capacity to execute the plan.

The third national development plan (1975-1980): The plan was drafted under a favourable financial condition because the country had enjoyed the huge oil revenue as a result of the positive oil shocks of the early and mid-1970s. This plan, in addition to the objectives of the second development plan had the following short term objectives: increase in per capita income; more even distribution of income; reduction in unemployment; increase in the supply of high level manpower; diversification of the economy; balanced development; and indigenization of economic activities.

Despite high expectations, the plan failed to achieve its objectives. In fact some of the objectives are yet to be achieved almost four decades after. For instance, the development pattern of the economy is not balanced across the sector. and the economy is yet to be diversified, but rather heavily dependent on oil sector. Overstatement of government capacity, and negative oil shock were partly responsible for the failure. Thus, a significant proportion of the plan was not executed. The country has to resort to external borrowing to even complete some of the projects, marking the beginning of the rising debt profile of the country.

The fourth national development plan (1981-1985): The objectives of the fourth plan were to promote economic growth and development, achieve price stability and social equity. Agriculture, education, manpower development, infrastructures, housing and health were accorded priority in the plan. Similarly the fourth plan failed to achieve its aims. This is due to the adverse effect of the negative oil shocks of the early 1980s, coupled with the high cost of running a democratic government under which it was to be implemented. The plan was also affected by large scale corruption, high level of inflation, debt stock and crises, as well as lack of coherent fiscal and monetary policies.

Structural Adjustment Programme (SAP)

By the middle of the eighties, the economy showed a deep recession, structural imbalance, fiscal and exchange rate crises coupled with balance of payment and external debt problems. SAP, being a reaction to the economic crises of the 1980s, was introduced in July 1986, with the belief that it represents the process of leading the economy towards development. Though meant to last for two years (1986-1988), it remained in force till 1993. The objectives of the programme were:

- To restructure and diversify the productive base of the economy in order to reduce dependence on the oil sector and imports;
- To achieve fiscal and balance of payment viability over the period;

- To lay a basis for a sustainable non-inflationary or minimal inflationary growth; and
- To lessen the dominance of unproductive investments in the public sector, improve the sector's efficiency and intensify the growth potential of the private sector.

The policy elements of SAP include among others:

- Adoption of a realistic exchange rate;
- Deregulation and greater reliance on market forces;
- Trade liberalization;
- Removal of subsidies on public sector goods and services;
- Privatization and rationalisation of public enterprises and a general reduction of the size of the public sector
- Strong demand management policies.

The exchange rate and trade reforms were the lead policies in the SAP policies, with the deregulation of the major sectors of the economy. The deregulation of the financial sector led to an increase in the number of financial institutions. In addition, many state owned enterprises were either commercialized or privatized. SAP was the most controversial package of economic policies that brought in its wake great hardship to Nigerian, resulting in riots and protests across the country.

Rolling Plans

It was believed that one of the reasons why the country has not achieved sustainable economic development over the years was because it was using medium term development plans. By the early 1990s, the country shifted from the five year plans to the three-year rolling plans. The first rolling plan to be prepared was the 1990-92 rolling plan. The objectives of the first rolling plan included:

- Attainment of self sufficiency in production of food and other raw materials;
- Laying a solid foundation for self reliant industrial development as a key to self sustaining dynamic and non-inflationary growth;
- Create ample employment opportunity; and
- Enhance the level of socio-political awareness of the people, further strengthen the base for a market oriented economy and mitigat the adverse impact of economic downturn and adjustment process on the most affected group.

Despite great expectations that were placed on the rolling plan, it was not very successful, as it relied heavily on deficit financing. It was argued that the plan was just a package of myriads of uncompleted public projects, lacking integrated achievable growth objectives.

The 1993-1996 rolling plan was the first plan to be prepared under the National Planning Commission (NPC), which was established with Decree 12 of 1992. The plan sought to address policy issues concerning among other things, the depreciating value of the Naira, the inflationary trend, the sluggish performance of the productive sectors, especially the manufacturing sector as well as the debt question. The major problem with this plan was that it did not include estimates of the local governments. The plan performed below expectations because it coincided with the period of widespread political crises. As a result, rather than catapulting the economy into development, the economy was slowed down by widespread workers strike and civil disturbance. It should be noted that the rolling plans were guided by the policy of economic deregulation and the need for rapid economic recovery.

Lessons of the Development Plans

The study of the development plans shows that government was the main agent in the development of the economy. There was little or no role that was expressly given to the private sector despite the fact that the planning documents recognised the importance of the private sector to the development of the economy. This is based on the assumption that government should be in charge of the commanding heights of the economy. During the period, government was explicitly involved in production and distribution activities in addition to its regulatory activities. This led to the establishment of various state owned enterprises.

However the economy has a substantial influence on the private sector. While the organised private sector comprises a few private and public limited companies, more than 70 percent of the labour force is employed by the unorganised private sector or the informal sector. This informal sector acts as the driving force for the rural areas and a source of cheap labour to the urban sector.

Recent Development Initiatives/Programmes

The return of democracy to the country in 1999 has been accompanied by different development initiatives aimed at advancing the Nigerian economy along the development path. Between 1999 and now, three development programmes could be identified. They are: National Economic Empowerment and Development Strategy (NEEDS), Seven Point Agenda, and Transformation Agenda.

National Economic Empowerment and Development Strategy (NEEDS)

NEEDS, which focuses on poverty reduction through economic growth, human development and changing the way of doing business, represents a paradigm shift in planning. Contrary to previous plans, NEEDS tries to play down on projects, while focusing on policy environment/climate, promoting measurable targets and specific outputs, and down-top approach. It focuses on policy choices and development for project to germinate. It has measurable targets and objectives, it is participatory, and the targets are keyed into the MDGs. While NEEDS is national in focus, there are states and local government counterparts called State Economic Empowerment and Development Strategy (SEEDS) and Local Economic Empowerment and Development Strategy (LEEDS). This is based on the premise that states and local governments play critical role in public spending and Nigeria's development agenda and that no sustainable development can take place without key role by state and local governments.

NEEDS is a development plan inspired by current challenges for change and vigorous growth. It recognises the fact that the fundamental challenge at this stage of Nigeria's development is to meet the basic needs of her people in the areas of housing, clothing, health care, education, adequate water supply, physical security, job creation, sanitation, nutrition, empowering her people, good governance and hence poverty reduction on a sustained basis. Financing of the implementation of NEEDS is designed to come from increased efficient use of resources by curbing wasteful use of resources, mobilizing domestic savings, attracting FDI and ODA as well as debt relief from creditors. Part of the outcomes of the NEEDS implementation is the increasing flow of FDI, and the successful debt relief and payoff of the country's debt balance.

SEVEN-POINT AGENDA

The government's 7-Point Agenda released on August 1 2007 accommodates Power and Energy, Food Security and Agriculture, Wealth Creation and Employment, Mass Transportation, Land Reform, Security plus Qualitative and Functional Education. It contains within it two key concepts needed to catalyze the country's development. The essential needs of the Nigeria's poor, to which overriding priority is given; and the idea of limitations imposed by Nigeria's state of technology and social organization on the environment's ability to meet present and future needs. As part of the public sector role, the challenge is to support and strengthen the Nigerian system to actualize its huge potential and fulfill its obligations to the society and the continent.

Power and Energy – The infrastructural reforms in this critical sector through the development of sufficient and adequate power supply will be to ensure Nigeria's ability to develop as a modern economy and an industrial nation by the year 2015.

Food Security – This reform is primarily agrarian based. The emphasis on the development of modern technology, research, financial injection into research, production and development of agricultural inputs will revolutionalize the agricultural sector leading to a 5 – 10 fold increase in yield and production. This will result in massive domestic and commercial outputs and technological knowledge transfer to farmers.

Wealth Creation – By virtue of its reliance on revenue from non-renewal oil, Nigeria has yet to develop industrially. This reform is focused on wealth creation through diversified production especially in the agricultural and solid mineral sector, as against dependence on oil.

Transport Sector – The transportation sector in Nigeria with its poor roads networks is an inefficient means of mass transit of people and goods. With a goal of a modernized industrialized Nigeria, the agenda is to rehabilitate and modernize the railway system.

Land Reforms – This changes the land laws and the emergence of land reforms to optimize Nigeria's growth through the release of lands for commercialized farming and other large scale business by the private sector.

Security – An unfriendly security climate precludes both external and internal investment into the nation. Security is to be seen as not only a constitutional requirement but also as a necessary infrastructure for the development of a modern Nigerian economy.

Education – The two-fold reforms in the educational sector is to ensure firstly the minimum acceptable international standards of education for all, and a strategic educational development plan to ensure excellence in both the tutoring and learning of skills in science and technology.

The short life span of the agenda is responsible for lack of appreciable impact on the country's development path.

Transformation Agenda

The transformation agenda is planned for between 2011 and 2015, which is the duration of President Jonathan's administration. It is necessitated by the need to correct the flaws in the country's drive for development where there is absence of long-term perspective, and lack of continuity, consistency and commitment (3Cs) to agreed policies. It aims to deepen the effects and provide a sense of direction. A total investment of N40.75trillion in nominal terms is also projected for the period, of which N24.45trillion (60%), and N16.30trillion (40%) are expected from public and private sectors, respectively. The transformation agenda is based on a set of five priority policies and programmes, which are:

- Ensuring greater harmony between fiscal and monetary policy.
- Pursuit of sound macroeconomic policies, including fiscal prudence supported by appropriate monetary policy to contain inflation at single digit.
- Review of the budget process to provide greater clarity of roles between the executive and legislature and ensure prompt enactment of appropriation bill.
- Review of the existing revenue allocation formula to achieve a more balanced fiscal federalism.
- Institutionalising the culture of development planning at all levels of government and ensuring that the annual capital budget allocation takes a cue from medium and long term development plans.

The performance and effectiveness of the transformation agenda may not be ripe for assessment as the programme is less than a year in implementation.

While the transformation agenda aims at promoting continuity, a discontinuity of development programme appears to be the order of the day of governance in the country. The truth is that party ideology is absent in the country's political system, which is responsible for frequent jettisoning of existing development programme and adoption of new ones whose life span is not guaranteed. Since the beginning of the current democratic dispensation, the same party has produced three presidents associated with three different unrelated development programmes. Thus economic development focus is still an issue in the country.

Poverty and Human Development

Poverty can be defined as lack of resources necessary to ensure access to a set of basic needs. It includes not just the lack of income, but also the lack of access to health, education, and other basic services. Three main approaches to measuring poverty can be identified in the literature. Which are: relative poverty, absolute poverty, and subjective poverty.

Relative Poverty Measurement: The households with respect to poverty can either be categorized as poor or non-poor. Relative poverty is defined by reference to the living standards of the majority in a given society and separates the poor from the non-poor. The non-poor are seen as those households with expenditure above two-thirds of the total household per capita expenditure, while the poor are those household below this proportion. However, further disaggregation of the poor can be in terms of core-poor (extreme poor), moderate poor.

***Absolute Poverty Measurement*:** This approach, also known as Food Energy Intake measure, defines poverty in terms of the minimal requirements necessary to afford minimal standards of food, clothing, health care and shelter. In this method, both food expenditure and non-food expenditure, using the per capita expenditure approach, are considered. The poor are seen as those households who cannot afford up to 40 per cent of 3000 calorie per day from the basket of food consumed. Following the World Bank's Purchasing Power Parity (PPP) index, this approach recognises the poor as those living on less than US$1 per day.

Subjective Poverty Measurement: This approach determines poverty based on the opinion of the respondents as to whether they consider their living standard as poor or not. It is based on self-assessment and "sentiments" from respondents interviewed. Unlike the other two statistical measurements of poverty, it considers the respondents' opinion on whether or not they consider themselves to be poor.

Table 3: Relative Poverty: Non-Poor, Moderate poor, and the Extreme Poor (%), 1980-2010

Year	Non-Poor	Moderately Poor	Extreme poor
1980	92.8	21.0	6.2
1985	53.7	34.2	12.1
1992	57.3	28.9	13.9
1996	34.3	36.3	29.3
2004	43.3	32.4	22.0
2010	31.0	30.3	38.7

Sources: NBS 2012: The Nigeria Poverty Profile 2010 Report.

Table 3 reveals that the proportion of people living in poverty, though had fluctuated over the years, has generally progressively increased from less than 28% in 1980 to 69% in 2010. This represents about 150% increase.

REFERENCES

Aboyade O. (1983) Integrated Economics: *A Study of Developing Economics*, London: Addison Wesley.

Anyanwu J. C., A. Oyefusi, H. Oaikhena, and F.A. Dimowo (1997) *The Structure of the Nigerian Economy,* Onitsha: Joanee Educational Publisher.

Central Bank of Nigeria (2000) *The changing Structure of the Nigerian Economy and Implications for Development,* Abuja: CBN

Garba, A.G. (2003) *Development Thought, Policy Advice and Economic development in Africa in the 20th Century: Lessons for the 21st century* Ibadan: Ibadan University Press.

National Planning Commission (2004) *National Economic Empowerment and development Strategy (NEEDS)* Abuja: NPC

NBS 2012: The Nigeria Poverty Profile 2010 Report, Press Briefing by Dr. Yemi Kale, the Statistician-General of the Federation/Chief Executive Officer, National Bureau of Statistics (NBS), Abuja, 13th February, 2012.

NISER (2003) *Understanding Poverty in Nigeria:* NISER review of Nigerian Development 2001/ 2002 Ibadan: College Press and Publishers.

Obadan, M.I. (1993) *Wither Structural Adjustment in Nigeria*? NCEMA monograph series No. 3.

Olayide, S.O. (1976) *Economic Survey of Nigeria 1960-1975* Ibadan, Aromolaran Publishing Company, Ibadan.

Oasyimwese, I. (1983) *Development Economics and Planning:* Essay in Honour of Ojetunji Aboyade, Ibadan: Ibadan University Press.