



# NIGERIA: A PROGNOSIS FOR 2017

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## Introduction

With all the abundant natural and human resources, Nigeria has failed to develop itself economically and socially since over 50 years of independence. Worse still, it seems we have not even realised our mistake, talk more of learning our lessons there in. We still think that development happen by chance, but this is a total fallacy. Development requires well-planned and coordinated efforts of both the leaders and the followers. There is all indication that the next generation is not being prepared well enough for the development of the country, without which development will not occur.

Large Quantity of gas is flared daily in Nigeria whereas we are looking for sources of electricity. The health and environmental implications of this problem is huge and calls for policy attention. The country is currently facing challenges of economic recession, oil price shock, insecurity, and inflation. In addition, the economy is faced with challenge of dealing with the global economy and the big power policy choices, which informs and shapes national policy trajectories and development prospects in Nigeria.

Various indicators of a failing economy abounds. These include the delay in passing the 2016 and 2017 budget; poor governance; lack of diversification; poor management of the oil revenue and the manufacturing sector; low agricultural output; misalignment between the official forex and parallel forex. Others include unprecedented looting of state treasury; violent extremism and terrorist attack that are all over the country; poor coordination of economic activities with the resultant high-level of poverty and inequality; fragile political systems, and above all, high level of corruption and the recent compression in the economy regrettably attributed to the decline in international price of oil.

Using various indices for measuring economic performance, Nigeria performed poorly from 2012 to 2016. Though many term what we just had 'a recession', some see it as a compression. The economy was generally in disarray from 1999 to 2015. Solving the problem does not need a fire brigade approach but sound economist to look at previous data and come up with solutions for recovery and growth for the economy.

Rather than solving the problem, this administration has made the economy worse to the extent that in dollar terms, it will be a miracle for it to return the economy to where it met it within the 4 or 8 years of its tenure. While there are some attempts to ensure macroeconomic stability, the fundamentals, started wrongly and even the growth rate of the GDP we had somewhere within the period did not stimulate the expected development in Nigeria.

It is appalling to state that crude oil contributes less than 10% to the GDP but still, determines the faith of the country. The sharp decline in the price of crude oil and the resultant effect on the economy confirms lack of planning in the economy.

Due to violation of certain rules (honesty and effective governance), Nigerian economy lacks economic resilience which is needed for any nation to withstand external shocks. The policies of the global world affect Nigeria today because she is a client at the international market. Such policies like subsidy removal, anti-graft laws, and global political circle have the tendency to shape the national economy and development options. For instance, China's economic slowdown has also slowed our economy down. The global recession of 2008, which took place in the USA, crashed the Nigerian economy and until date, the Nigerian stock market has not recovered from the shock.

To create economic resilience, government should have a concerted plan to diversify economic activities,

reengineer, and restructure the states as an engine for innovation. Economic volatility is inevitable, thus, building resilience is a necessity action, and we require a deeper thinking that cuts across, economic, political, and scientific thinking to bring about the desired resilience, recovery, growth, and continuity of the Nigerian economy. Furthermore, there is need for continuity/consistency of institutions in the country. The central bank of Nigeria (CBN) and other institutions must be independent and should not operate under the shadow of political forces prevailing in the economy.

The states must be able to internally generate revenue and treat funds from federal government as foreign aid. Resilience comes from diversification, which results from concerted plan of the government and people. Such a plan must depend more on internal resources. Re-engineering and restructuring the states as an engine for innovation is a condition for building a resilient economy. Above all, there is need for a translational leader, one who is able to draw groups, form big constituencies, and collate ideas for development.

To remedy the Nigerian economy also requires citizens united. This idea embodies new citizenship and a claim of ownership of the country by its citizens. We can only get the government and the economy we worked for, not the one we wish. The current government is not working in anybody's interest, except a privileged few. A system designed for consumption cannot lift the country out of the present economic problems. If each party of government can only implement 25% of their promises, the country will be much better than it is. The fight for which tribe produces the next president of Nigeria is an unnecessary distraction from the current compressive problems of the nation. There is need for a new Nigeria where it does not matter where the President of the country comes from. There is need for a country where everyone can be protected, and get their rights.

### Policy Recommendations

To restructure the economy and put it in the path of economic growth and development, the following policies are recommended:

- **Economic Diversification:** To minimize the adverse impact of recession the country needs to build resilience by diversifying the economy to create shock absorbers;
- **Restructuring and re-engineering of State and Local governments** to make them engines for innovation and growth will contribute to economic and social resilience;

- **Strong Policy Institutions:** Independent policy institutions such as the CBN, BPE, Nigerian Police, EFCC, and the Judiciary must be allowed to carry out the work they were set up to do. They should not be seen to be operating under shadows;
- **Forecasting/Time Series Data:** Business cycles and recessions are associated with market economies and there should be preparations ahead of their occurrence, which can be forecast using time series data;
- **Inclusive Government:** There is need for citizen activism that would require elected governments to fulfil their election promises and implement election manifestos. Also guaranteeing citizens the right to hold the government to account through protests is the way to go as this will allow everyone a voice and make governance inclusive;
- **Constitutional Changes:** It has been observed that the present Nigerian constitution was designed for the consumption of oil revenues. Therefore, it cannot drive production and growth without restructuring;
- **To aid increase in agricultural production,** provision should be made in the budget for ending herdsmen/farmer conflicts which have been affecting agricultural output negatively;
- **The measurement of GDP at the state level** should be introduced to help assess the economic sustainability of each state in the country;
- **The power reform road map** must be sustained for continuous improvement in the performance of the sector and to support the growth of manufacturing and industrialisation;
- **Adjustment of Educational Curriculum:** Civics and History education must be brought back to schools to teach the duties of government and good citizenship, and to equip the population for a united and meaningful engagement with government; and
- **Protection of Citizens:** The state must protect people who want to express their views and in places where peaceful demonstrators are killed and maimed by security forces, coroner's inquests on the incidents should be set up and those found liable should be prosecuted.

