PAN-AFRICAN CONFERENCE ON INEQUALITIES IN THE CONTEXT OF STRUCTURAL TRANSFORMATION

28TH - 30TH APRIL 2014, ACCRA GHANA

in partnership with:
1.0 Introduction

The conference is timely and appropriate. It is akin to periodic reviews expected of a properly managed programme. Lessons therefrom should enhance better management of future endeavors.

This paper attempts to provide useful inputs towards achieving this goal.
2.0 Structural Transformation: Concept and Manifestations

Concept

Structural transformation refers to change in the dominance of the traditional sector to a more active role for the modern sectors in the productive activities of the economy (Naiya 2013).

This involves the process of developing and relying more on the modern sector.
2.1 Structural Transformation: Concept and Manifestations

2.2 Attaining Structural Transformation

Achieving structural transformation requires careful planning, national discipline and visionary leadership, and genuine determination.

The strategic planning and implementation process must be inclusive to achieve accelerated transformation, broadened growth, and sustained improvement in human welfare.
2.3 Structural Transformation: Manifestation

Four important interrelated processes define the structural transformation process:

- Declining share of agriculture in gross domestic product (GDP) and employment;
- Evolution of a modern industrial and service economy;
- Rapid process of urbanization through rural urban migration; and
- Demographic transition from high to low birth and death rates.
3.0 Development Initiatives in Nigeria

Nigeria has been playing host to growth or development initiatives by successive governments or international community over the last three decades. Some of the initiatives include:
3.0 Development Initiatives in Nigeria

- Economic Stabilization Programme - 1982
- Structural Adjustment Programme - 1986
- Privatization Programme - 1988
- Guided deregulation/privatization Programme - 1993
- Vision 2010 - 1997
- Poverty Reduction Strategy Paper - 2002
- New Partnership for Africa’s Development (NEPAD) - 2004
- National Economic Empowerment and Development Strategy I (NEEDS I) - 2004
- NEEDS II - 2006
- 7-Point Agenda - 2007
- Vision 2020 - 2010
- Transformation Agenda - 2012
4.0 NIGERIA’S PERFORMANCE INDICATORS: A TREND ANALYSIS

4.1 Macroeconomic Performance

Nigeria has witnessed a perplexing coexistence of high real GDP growth rate and high unemployment rate over time. This, coupled with the double-digit inflation rate, portends negative impact on the welfare of the citizens.

Available statistics also revealed a general but persistent depreciation in the value of the Naira against other currencies. The unsatisfactory state of physical and infrastructure is also having its toll in manufacturing capacity utilization.
4.1 Macroeconomic Performance

- 60% Real GDP growth rate since 2006
- Rapidly increasing unemployment rate
- Double digit inflation rate
- Suggestive of non inclusive growth
- Impact of initiatives not sure
4.2 Sectoral Contribution to GDP

- Historically, agriculture has been the mainstay of the Nigerian economy, advent of oil since the early 1970s has whittled down the dominance expected for employment.
## Sectoral Contribution to GDP as at 2013

<table>
<thead>
<tr>
<th>S/No.</th>
<th>Item</th>
<th>Proportion to GDP (%)</th>
<th>Old</th>
<th>New (Rebased)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Agriculture</td>
<td>30.34</td>
<td>30.34</td>
<td>23.96</td>
</tr>
<tr>
<td>2.</td>
<td>Industry</td>
<td>46.08</td>
<td>46.08</td>
<td>25.81</td>
</tr>
<tr>
<td>3.</td>
<td>Services</td>
<td>23.58</td>
<td>23.58</td>
<td>50.22</td>
</tr>
</tbody>
</table>
4.3 Structural Transformation: Nigeria in Comparative Setting

a) **Structural Transformation in Nigeria**
   - There is no structural transformation in Nigeria
   - Plethora of initiatives not sufficiently transformational
Figure 4: Share of Agriculture in GDP for Nigeria, Malaysia and Indonesia
Fig: Share of Manufacturing in GDP for Nigeria, Malaysia and Indonesia
Fig: Share of Services in GDP for Nigeria, Malaysia and Indonesia
INDICATORS IN NIGERIA

Inequality in Nigeria spans various dimensions, ranging from economic to social, gender, geographic, social, as well as political.

a) Gini Coefficient
Inequality in Nigeria
The Gini Coefficient
Unemployment Inequality

**Unemployment** has always been an issue of concern to successive governments in Nigeria.

- In spite of the high growth rates unemployment rates increased from **11.9 percent in 2005 to 23.9 percent in 2011**.

- This reflects the non inclusiveness of the growth process in the nation.

- Achieving inclusiveness is thus a major challenge, being a necessary condition for addressing the growth-unemployment dilemma confronting the nation.
Sources of Employment (2010)

Sectoral dis-aggregation of the workforce reveals

- **Agricultural sector**: 57.9 percent - National Bureau of Statistics [NBS], 2010).
- **Education sector**: 19.3 percent
- **Public/ Social Administration**: 9.9 percent of the workforce
- **Manufacturing**: 1.5 percent
- **Others**: 2.9 percent
Inequality at Aggregate Level: Gini Coefficient

Health

Available evidence however indicates that a large majority of Nigerians still have limited access to modern medical facilities, coupled with inadequate ratio of skilled medical personnel to the population. Access to potable water is also at unacceptably low levels nationwide.
Fig: Child Mortality Rates Across Geopolitical Zones

<table>
<thead>
<tr>
<th>Region</th>
<th>Infant Mortality Rate (2012)</th>
<th>Under five mortality rate (2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>South West</td>
<td>28.2</td>
<td>37.4</td>
</tr>
<tr>
<td>South East</td>
<td>48.7</td>
<td>72.1</td>
</tr>
<tr>
<td>South South</td>
<td>49.3</td>
<td>73.1</td>
</tr>
<tr>
<td>North Central</td>
<td>52.2</td>
<td>78.2</td>
</tr>
<tr>
<td>North East</td>
<td>70.5</td>
<td>110.5</td>
</tr>
<tr>
<td>North West</td>
<td>81.6</td>
<td>130.3</td>
</tr>
</tbody>
</table>
Inequality at Aggregate Level:

Gender Inequality

Relevant evidence bearing on the Nigerian environment revealed that economic opportunities available to the female and their influence over household economic decisions are limited, as the traditional structure emphasizes male as breadwinner (Manser and Brown, 1980).
Inequality at Aggregate Level

• Generally reducing
• Such progress in education, health
• Positive trends on policies
• Cultural factors remain inhibitors
DIFFERENTIAL IMPACT OF MILLENNIUM DEVELOPMENT GOALS (MDGs)

• Nigeria also keyed in into the goals with commitment to achieving the set targets of the eight goals of the MDG. Aside the generous annual budgetary allocations at all tiers of government, the MDG was also later integrated into the successive national development initiatives, such as noted above.
DIFFERENTIAL IMPACT OF MILLENNIUM DEVELOPMENT GOALS (MDGs)

• The 2013 MDG report was a **mixed bag**. While it reported **substantial progress** towards achievement of MDGs 4 and 5, it was **slow progress** with respect to MDGs 1 and 7. While the country was adjudged to be on track with respect to gender parity, it was reported to have **mixed results** in respect of HIV/AIDS. Overall, there was no assurance that any of the targets would be achieved by 2015.
HUMAN DEVELOPMENT INDEX IN NIGERIA: Food for Thought

- Despite attempted efforts by successive governments at addressing the problems of inequality; and huge sums allocated to related programmes and projects in successive annual budgets, there is still a major missing link between these efforts and the welfare of the citizenry;
- Transformation efforts had been largely cosmetic and essentially contract-driven, often not driven by people-centred pre-determined targets and deliverables.
- Structural transformation by itself does not guarantee economic growth, reduced inequality and eradication of deprivation. This is more likely to be the case.
The growth-unemployment-poverty nexus in Nigeria is an aberration and will neither purposeful facilitate structural transformation nor the desired economic and social improvements.

Quality of fiscal operations continues to deteriorate, and this may continue to undermine the value-for-money in public expenditure nor the enhancement of the welfare of the Nigerian citizenry.
FISCAL OPERATIONS AND HUMAN WELFARE IN NIGERIA: The Paradox

• Flat government expenditure from 1970 witnessed an episodic but persistent increase since 2000. This reflected the corresponding trend in national (oil-driven) revenue as from the latter year.
• However, the gradually declining but undulating decline in ranking of HDI of the average Nigerian went on a sharp decline as from 1986.
• This inverse relationship earned Nigeria the stigma of a paradox of a rich nation, poor people.
• An update of the trend is desirable to see the effect of post-2005 policies and development initiatives, as well as the declining quality in fiscal operations of government.
FISCAL OPERATIONS AND HUMAN WELFARE IN NIGERIA: The Paradox

• Credible and legitimate public processes must begin and end with the people in focus

• Aspirations, policies and projects are translated into reality through fiscal operations of government.

• Relative to activities of other UN – Member countries
FISCAL OPERATIONS AND HUMAN WELFARE IN NIGERIA: The Paradox

• Nigeria’s experience presents a paradox
• More public spending worsens the HDI ranking for Nigeria
• Infers that fiscal operations in Nigeria tend to widen the welfare inequality gap of Nigerians
Fig: Nigeria: Paradox Rich Nation, Poor People
HUMAN DEVELOPMENT INDICATORS IN NIGERIA: Food for Thought

- Government’s fiscal operations are not genuinely people-centred.
- Enhanced robustness in national resources do not necessarily enhance development and/or human welfare in the absence of a structured properly conceived and implemented inclusive national planning and budgeting.
- Nigeria has a lot to learn from some extractive resource endowed countries that have used their oil resources to not only propel the growth of non-oil sectors, but also the welfare of their citizens.
- Unguided and people-centred structural transformation, which is expected to enhance national prosperity, may aggravate the problem of deprivation and/or inequality in Nigeria.
Way Forward
Really inclusive Process
Inclusivity of all in public decision-making and implementation process
Way forward

- Government’s fiscal operations must be people-centred
- Nigeria’s budgeting process must be people oriented to avert a mockery of our democratic process.
- Desist from budgeting without planning and embrace Inclusive planning approach which should serve as a guide to equally inclusive budgeting
Way forward

• Problems/under performance man-made
• No more tenable excuses
• Effective national resolve
Conclusion

Unless and until related issues highlighted above are addressed squarely......

attainment of inequality-reducing structural transformation in Nigeria will remain a mirage!
Thank You