

NIGERIA'S ECONOMIC SIZE AND ECONOMIC PERFORMANCE: A SEARCH FOR EXPLANATION

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Abstract

Nigeria's economy has grown in size as measured by GDP even surpassing that of South Africa. This growth has been comprised of three major components of Agriculture, Industry and Services. How is this increase in economic size driven by developmental variables? Using the Ordinary Least Square (OLS) and Error Correction Method (ECM), some key developmental variables of unemployment, human development, infrastructure, insecurity and capacity utilization were regressed on GDP. The result suggests that Nigeria's economic size was not driven by developmental variables in spite of the fact that the model used was robust. With a Durbin Watson (DW) statistic of 2.65 and R^2 of 0.72, only infrastructure was significant at 0.10 level. All the variables, however, showed strong coefficients indicating that they are good regressors of economic size GDP. Unemployment led in the coefficient followed by infrastructure, human capital development and capacity utilization. Security came last. The anomalies of high GDP alongside insignificant determining variables were attributed to leakages and lack of transparency in the system. Amongst the recommendations were for the Nigerian government to show more political will in tackling corruption and insecurity, and to diversify the economy away from petroleum.

Keywords: Nigeria, Economic Size, Economic Development, Developmental Variables

INTRODUCTION

Nigeria's economy as measured by GDP has three (3) major components, Agriculture, Industry and Services. Nigeria's GDP has grown steadily as a whole since 1989, with these three GDP components varying in their contributions. As at 2010 the three components contributed almost equally to Nigeria's GDP, Agriculture contributed 30%, services 38% while industry contributed 32% to GDP. (UNIDO, 2011).

In spite of Nigeria's high level of GDP, the country still lags behind in major development indices such as poverty, global competitiveness, employment, industrial performance and environmental performance. Contrary to being Africa's largest oil exporter and the world's 11th exporter of oil, Nigeria ranked 127 out of 133 countries in Global competitiveness index (GCI), 103 out of 118 countries in 2009 UNIDO competitive industrial performance index, had 21% unemployment in 2010 (NBS, 2012), and ranked 119 out of 132 countries for 2010 environmental performance index (UNIDO, 2011)

With a high level of GDP, now the highest in Africa, above even South Africa, Nigeria gives a semblance of a strong economy. Strong economies are expected to do well in the areas of human capital development, infrastructural development, security and employment generation. What is the situation with Nigeria going by these development variables? This study attempts to answer this critical question.

REVIEW OF LITERATURE

Several studies have been carried out on the determinants of economic growth in Nigeria but none was found to link economic growth to environmental factors like security and infrastructures. Umaru, Donga and Hayatudeen (2013) tried to explain economic growth from the standpoint of openness of the economy. They found economy openness to be insignificantly related to economic growth. Ogunrinola (2013) also looked at economic growth from the view point of trade openness and found FDI not significantly related to economic growth though positive. He however found government expenditure and exchange rate to significantly explain economic growth. These two variables, however, are environmental factors. Tersoo and Agburu, (2011) explained economic growth by looking at interest rate and financial deepening. The two variables relate to both policy and market forces. Issues that are substantially government determined affecting the environment of economic activities like security and infrastructure are all left out. Other researchers have variously looked at economic growth from the angle of globalization (Agba, 2008; Bulus, 2008; and Nmadu, 2007). Globalization is a relevant factor affecting the economic growth of nations, the impact depending on each country's preparedness. This is why while some are benefiting, others are being hurt. The immediate

environment of the country in question is what determines the nature of the impact. This paper looks at the country environment in the form security, infrastructure, employment and human capital development.

Structurally it has been shown that Agriculture, Industry and Service form the major components of Nigeria's economy (Anyanwu et al, 2013). However, little work has been done to show what drives development in these major components. This study tries to do this by regressing variables such as security, employment and infrastructural on economic growth (RGDP).

Nigeria is often referred to as "the giant of Africa" never mentioning whether the giant is sleeping or gone comatose, the biggest black nation in the world, not knowing whether it is mere size or accompanied with strength. No doubt the country has great endowment of both physical and human resources that portend great potentials for greatness. In terms of competitiveness ranking among five ECOWAS countries with Ghana, Mali, Gambia and Benin Republic, Nigeria was only higher than Ghana in growth as at 2005 with 88 as against Ghana with 59. Benin had a growth index of 114, Gambia 94 and Mali 90 (UNCTAD, 2010). The country also came fourth in Technology Index.

The other variable in our construct is human capital development. The Nigerian Government recognizes the place of human capital. This is shown by the inclusion of skill development among the key pillars of the Nigerian Industrial Revolution Plan (NIRP) of the Jonathan administration. The other two pillars are industry and innovation (Ortom, 2014).

In human capital development using 2002/2003, Nigeria did not show that she was a giant of 'Africa'. Among seven comparator countries of Egypt, Ghana, South Africa, Brazil, China, India and Indonesia, Nigeria had 36% percentage of secondary school enrolment which was the least (UNESCO, 2003).

Table 1 Percentage of Secondary School Enrolment

	Percentage Enrolment	Pupil teacher ratio
Nigeria	36	42
Egypt	85	29
Ghana	39	31
South Africa	89	34
Brazil	110	24
China	70	21
India	53	41
Indonesia	61	20

Source: Extract from United Nations Educational Scientific and Cultural Organisation (UNESCO) database, 2002/2003

With regards to pupil teacher ratio, while Nigeria had an average of 42 pupils to a teacher all the other countries had less than that. Ghana had 31 while Indonesia had just 20. The two indicators of percentage of enrolment and pupil/teacher ratio show that while a lower ratio of Nigeria's school population are enrolled, teachers have relatively more pupils to teach than in other comparator countries implying less concentration of attention on a lower percentage of pupil population. When the issue of strikes is incorporated, the picture becomes even worse.

Nigeria had second to the largest in number of days lost due to strikes and lockouts. Only South Africa surpassed Nigeria and this was not even in the same year and most of these days were in the mining sector as South Africa's prominent labour crisis were in the mining sector. The entire Nigerian University system was shut down for six months due to strike by the University lecturers on account of poor facilities and general conditions of work lasting from 1st June to December 22nd 2013.

Table 2: Lost days due to strikes and Lockouts

Country	Days Lost
Algeria	628,838 (2004)
Egypt	19,969 (2003)
Kenya	217,012 (1997)
Morocco	14, 083 (2002)
Nigeria	2,737,399
South Africa	4,152,565 (2006)

Source: ILO, LABORSTA DATA base 2006.

While Keizner (1973) and Keynes (1936) see employment as the level of labour engagement that is commensurate to the meeting point between demand and supply, Schumpeter (1911) believes entrepreneurs do increase this level of engagement by constructively distorting the equilibrium leading to higher economic activities.

Aggregating the two views, the effective employment of an economy is the total engagement of labour from both equilibrium activities and equilibrium distorting activities of ages 15 – 59 years (Ilo). On the Corollary unemployment is the non – engagement of labour resulting from inability to attain equilibrium and also the failure to disturb the equilibrium and engage more hands by entrepreneurs. The inability to engage labour, land, capital and the entrepreneur due to in-equilibrium and lack of equilibrium disturbance leads to unemployment. It is usually measured by the number of employable hands that cannot be engaged (Todaro, 1982). Amongst the economic implications of unemployment is the increase in dependence leading to lower per capita income, in addition to the idling of resources (Ekpo and Akpan, 2006).

Unemployment also has social implications as idle hands become targets of social vices like robbery, assassination, ritual killings, prostitution, and thuggery amongst other vices which all fuel insecurity.

Even the current wanton destruction of lives and properties by the Boko Haram sect in Nigeria using very sophisticated weapons have been attributed to rising unemployment among youths. This may appear spurious or malicious as the resources used to acquire these sophisticated weaponry can go a long way in creating employment if invested in creative ventures.

The level of infrastructural development has impact on the level of economic activities covering the three (3) major contributors of Nigeria's GDP. Development in transportation, communication and power supply impact on the service sector, the Agricultural division and the industrial sector. Many researchers have shown that power supply is more critical to the performance of the Nigerian economy. Examples of such researchers include Obadan (1998), Adenikinju (2008), Iarossi and Clarke (2011) Adelegan (2011), UNIDO and Gherzi (2009), and Gado and Nmadu (2011).

Obadan (1998) showed that Nigerian companies have had to build their own infrastructure to survive with 70% percent of the power need being generated by the companies themselves between 2006 and 2008 (UNIDO and Gherzi, 2009) which was corroborated by the findings of the Presidential Committee on textile revival to the effect that poor energy supply by the Nigerian Government has resulted in power constituting between 30% and 50% of production cost. Gado and Nmadu (2012) showed a strong positive correlation between electricity supply to the textile companies and their capacity utilization over a period of 14 years. Nigeria had the worst power supply challenge amongst 33 African countries in a World Bank survey with 88% of sampled managers of manufacturing companies indicating poor power supply as their biggest problem (Iarossi and Clarke, 2011). Instead of investing in their mainstream businesses, Nigerian companies were found to invest more in 'complementary activities' of power generation to support their primary investment. In view of the fact that it costs 5 times more to run a power generating plant than buying power from the power company Adelegan (2011), the effect of power inadequacy on the economy is bound to be negative.

In terms of other critical infrastructure like communication and transportation, Nigeria still lags behind other comparator African countries like Egypt and South Africa. While Egypt and South Africa have 1km and 0.7km of paved road per 1000 people respectively, Nigeria has only 0.4km per 1000 people (UNCTAD, 2011). This explains why only 24 of the world's largest Transnational Corporations (TNCs) are in Nigeria as against 45 in South Africa and 26 in even

Egypt even with her political upheaval. Also a total of 41 TNCs present in other African countries are absent in Nigeria (UNCTAD, 2011).

Paradoxically, there has been a tremendous growth in tele-communication from 2002 when the tele-communication sector was deregulated. The total number of telephone subscribers increased from 866,782 in 2001 to 2,271,050 in 2002 and then to 11,043,925 in 2005 with mobile telephone subscribers accounting for 90% of this increase. This corresponded with an increase in tele-density from 0.72 in 2001 to 9.2 in 2005 (Nigerian Communication Commission, 2005).

The increase in terrorism in Nigeria between 2011 and 2014 has resulted in huge loss of lives and properties. Combined with kidnapping, armed robbery, assassinations and ritual killings, the result has been general insecurity which is inimical to productive endeavours. Agriculture has been affected with attacks on rural populace both in their houses and when they go to the farm to work. The cities that house the industries and commerce are not spared as there have been suicide bombings resulting in the killing of people commuting to work in hundreds. Telecommunication companies have also been affected especially in the North East where their facilities are destroyed.

Before the ascent of terrorism in 2011 and even in spite of terrorism, armed robbery has played and is still playing a major role in insecurity in Nigeria militating against a conducive climate for investment without which employment cannot be guaranteed. Robbery incidences are prevalent in all the states in Nigeria though with some variation (Nigerian Police, 2008). The religious Islamic Sect Boko-Haram, meaning Western education is forbidden or evil, has spear-headed this violence using sophisticated weapons and explosives. It is safe to say that religious conflict in Northern Nigeria started in 1978 when Muslim youths went through the streets of Zaria destroying and killing on their path anything and anybody that they perceived did not represent Islam. They wrote on walls the words "Islam only". The intensity and frequency of these conflicts increased from 1987 and peaked in 2012 to 2015 with Boko-Haram's targeted Bombings and killings. Since 1987, violent conflict with religious and political coloration has been on the increase in Nigeria.

Nwaomah (2011) views conflict both as a strategy and an attempt to compel power especially when due process and normal reason has failed to give a certain group their desire. Nigeria 's inability to achieve national integration 64 years after independence has been attributable to unresolved conflicts (Onabanjo, 2011). Coleman (1996) Sees differences in socio – economic development amongst regions as the cause of conflict both intra ethnic and inter ethnic. To Saro-Wiwa (1985), inequality in revenue distribution is the cause of conflict especially the type witnessed in the Niger Delta.

The view expressed by Coleman (1996) and Saro-Wiwa (1985) is anchored on the deprivation theory which states that when a people sensed that they are being deprived of their rights, it engenders restiveness which in turn leads to conflict . Whether at ethnic nationality, religious or individual level, the sense of deprivation and unequal distribution of national benefits or the suppression of perceived rightful expression leads to deviant behaviours. When combined with faulty upbringing and education or indoctrination such behaviours might be violent thereby affecting security.

The remediation of conflict has been shown in education with curriculum that emphasizes character development with virtues such as forgiveness, harmony and peaceful coexistence, respect for elders and mutual understanding (Iwok, 2011). Competition for selfish interest (Onah, 1999) such as happens with Nigerian politicians can result in violent conflict like that of April 2011 following the declaration of the PDP presidential winner president Goodluck Ebele Jonathan.

RESEARCH METHODOLOGY

The interjection of Nigeria's economy as measured by her GDP and developmental variables that characterize good economies is explored. The gaps if any, in these interconnectivities are identified and the reasons for such gaps adduced. The rate of GDP growth is regressed with the developmental variables of Human Capital development, infrastructural development, security, and employment to find out the strength, or otherwise, of the connection. This shows the level of transmission of the economy into development for the citizenry. We employ the ordinary least square (OLS) method to determine which of these developmental variables causes or are caused by the rate of growth of GDP (RGDP) while watching out for autocorrelation between the variables.

Research Design

The study used ex-post factor research design, covering 2000 – 2012. The data involving a sample of 13 years was collected from secondary sources such as *CBN Annual Reports and statement of accounts*, *CBN statistical bulletin*, Central Bank Bullion, Economic and Financial Reviews, National Bureau of Statistics (NBS), Federal Ministry of Finance and World Bank. This period was deliberately chosen to coincide with the Obasanjo, Yar'adua and Jonathan regimes and also capture all available data at the time of the study.

The Structural Model/ Model Specification

The model specification process is preoccupied with the formulation of an appropriate model, which theoretically establishes the relationships between our variables, namely: RGDP, Unemployment UEMP, HCD, INFRA, SEC, and CAPUT.

For this purpose, equation 1 was formulated and simultaneously analysed.

$$RGDP_t = f(UEMP, HCD, INFRA, SEC, CAPUT) \dots \dots \dots 1$$

Specifying equation (1) in exponential regression model, we have;

$$RGDP_t = \beta_0 UEMP^{\beta_1} HCD^{\beta_2} INFRA^{\beta_3} SEC^{\beta_4} CAPUT^{\beta_5} e^{\mu} \dots \dots \dots 2$$

In this form, the coefficients $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ can be directly estimated by applying log-linear regression techniques via logarithmic transformation; and these coefficients will be the elasticity.

Taking natural logs of both sides of the equation, we have:

$$\log RGDP_t = \log \beta_0 + \beta_1 \log UEMP_t + \beta_2 \log HCD + \beta_3 \log INFRA + \beta_4 \log SEC + \beta_5 \log CAPUT + \mu_t \dots \dots \dots 3$$

Where:

RGDP= Real gross domestic product (GDP),

UEMP= unemployment rates in Nigeria

HCD= Human capital development

INFRA= level of infrastructure

SEC= expenditures on security

CAPUT= capacity utilization

μ_t Is the white noise error term

These multiple linear (in the coefficient) models enable us to fit to empirical observations of the variables. The multiple regression analysis is a powerful statistical tool that expresses the relationship between two or more variables so that one variable can be predicted from the other.

ANALYSIS AND DISCUSSION

Regressing the independent variables of the intercept, human capital development, infrastructural development, security, and employment as represented in Table 3, including an error term, on the dependent variable of economic growth (GDP growth rate) using e-view version 7 gave the statistics in table 4.

Table 3: Regression Data 2000 to 2012

Year	Expenditure on Security in Millions Naira	Expenditure on Education in Million Naira	Unemployment in Percentages	Expenditure on Electricity in Million Naira	Manufacturing Capacity utilization in Percentages	Real GDP in Million Naira
2000	68556.99	57956.64	13.10	972.2	36.1	4727523
2001	85922.29	39882.60	13.6	11684.9	42.7	5374335
2002	132369.9	80530.88	12.60	13318.1	54.9	6232244
2003	119444	64782.15	14.8	155918.8	56.5	6061700
2004	174117.5	76524.65	13.4	18252.5	55.7	11411067
2005	153618.1	82795.06	11.9	19459.9	54.8	15610882
2006	202200	119000	12.3	20344.4	53.3	18564595
2007	253400	150800	12.7	21301	53.38	20657317
2008	164500	164000	14.9	22035.9	53.84	24296329
2009	276490	137116	19.7	22706.3	53.84	24794238
2010	422900	170800	21.10	23353.71	55.82	29205782
2011	563200	335800	23.90	24020.18	56.9	33994612
2012	659300	348400	35.6	24778.08	57.16	35962616

Source: Central Bank of Nigeria Statistical Bulletin 2012, National Bureau of Statistics and Federal Government Gazettes

Model Estimation

After the iteration process was conducted, a preferred first difference regression model was obtained as shown in table 4. The F-statistics is used to examine the overall significance of the regression model. Therefore, by examining the overall fit and significance of the model, it can be observed that the model overall is statistically fairly significant as indicated by a very low value of the *F*-statistic of 3.12 but it is not significant at the 5.0 per cent level. That is, the *F*-statistic probability value of 0.09 is greater than 0.05. It is only significant at 0.10 level.

The R^2 (R-square) value of 0.72 shows that the model has a good fit. It shows that proper variables capturing the activities of the Nigerian economy were utilized. It indicates that about 72 per cent of the variation in RGDP is explained by UEMP, HCD, INFRAS, SEC, and CAPUT, while the remaining 28 percent is captured by the error term.

Durbin Watson statistics is used to test for the presence of autocorrelation. The model thus indicates that there is no autocorrelation among the variables as indicated by Durbin Watson (DW) statistic of 2.65. The statistic was higher than the R^2 and also higher than 2 suggesting that the model was not spurious and also shows that the estimates are unbiased and can be relied upon for policy decisions.

Table 4: Regression Model Output by Eview-7

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Dependent Variable: D(RGDP)				
Method: Least Squares				
Date: 08/08/14 Time: 15:53				
Sample (adjusted): 2001 2012				
Included observations: 12 after adjustments				
C	26.63718	64.51774	4.128661	0.0062
D(UEMP)	-27.36902	15.31786	-1.786738	0.1242
D(HCD)	19.08556	10.74314	1.776535	0.1260
D(INFRAS)	-21.65491	8.654393	-2.502187	0.0464
D(SEC)	6.687812	8.535859	0.783496	0.4631
D(CAPUT)	-16.06389	12.70262	-1.264612	0.2529
R-squared	0.722728	Mean dependent var	2984715.	
Adjusted R-squared	0.491668	S.D. dependent var	2182992.	
S.E. of regression	1556417.	Akaike info criterion	31.66052	
Sum squared resid	1.45E+13	Schwarz criterion	31.90298	
Log likelihood	-183.9631	Hannan-Quinn criter.	31.57076	
F-statistic	3.127880	Durbin-Watson stat	2.654628	
Prob(F-statistic)	0.098777			

$$d(GDP) = 26.63 - 27.36d(UEMP) + 19.08d(HCD) - 21.65d(INFRAS) + 6.68d(SEC) - 16.06d(CAPUT) - -4$$

$SEE =$	64.51	15.31	10.74	8.65	8.53	12.70
$t^* =$	(4.12)	(-1.78)	(-1.77)	(-2.50)	(0.78)	(-1.26)

$$F^* = 3.12; \text{Prob (F-statistic)} = 0.09$$

$$R^2 = 0.72; \text{Adj.}R^2 = 0.49$$

$$DW = 2.65$$

From the regression model, it could be observed that unemployment rates are found to contribute negatively to economic growth in Nigeria and were also found to be statistically insignificant. This means that the growth rate in Nigeria is not related to reduction in unemployment rate as obtained in most advanced nations. Hence the GDP growth in Nigeria is a JOBLESS growth as postulated by Okun's (1962) and Aremu (2005). This exposes "godfathers syndrome" i.e. situation where lower quality or relatively unskillful workers (probably people introduced by political allies, friends and relatives) are preferred and employed, sacrificing the skillful workers who may be politically detached. This is in line with the findings of Obiora (2012) who noted that Nigeria operates a 'mediocre economy syndrome' where high quality in this case 'labour force' is sacrificed for political interests thus compounding the unemployment crisis in the country. This also agrees with the labeling of Nigeria as a country of many paradoxes with usually large unexplained residuals in regression equations (Soludo, 2009).

The function thus showed that a 1 percent change in UEMP holding other variable constant reduces Nigeria's economic growth by 27.36 percent. The HCD variable was found to contribute positively to economic growth in Nigeria, but was also found to be statistically insignificant. The insignificance could be as a result of failed government policies aimed at reducing poverty and unemployment in the country. Inconsistency in government policies has equally hampered economic growth in the country.

One other possible explanation to most of the variables not being significant is the fact that Nigeria's economy is not broad based leading to very few sectors accounting for the growth in GDP. This is supported by the fact that the RGDP is accounted for by three sectors of Agriculture, Industry, and Services (UNCTAD, 2011). Even within any of these sectors it could be found that very few activities are responsible for the growth of each sector. Taking agriculture, rural subsistent farmers account for the bulk of the contribution with commercial agriculture contributing very little (Ogunrinola, 2013). For the industrial contribution, most of it is

from petroleum with manufacturing contributing less than 10% (Ogiji and Eze, 2013). The service sector is also dominated by the communicating sub-sector.

A third possible explanation of four (4) of the independent variables not being significant could be the fact that expenditures on these variables experience serious leakages due to lack of transparency and corruption. Although Nigeria has shown marginal improvement in her transparency rating from being the second most corrupt country, she is still perceived as the 8th most corrupt country out of 177 countries surveyed (Transparency Int'l, 2013). Nigeria measures poorly in transparency and rank very high in corruption index. These anomalies of high expenditures with little impact and high level of GDP with little or even negative development has led some researchers to describe Nigeria as a paradox nation (Soludo, 2009) and as a country experiencing jobless growth (Aremu, 2005).

The function showed that a 1 percent change in Human capital development increases Nigeria's GDP by 19.08%. HCD was insignificant in determining RGDP indicating that expenditure in education though has succeeded in producing manpower, unemployment has not allowed this developed manpower to translate into productive resource. This is compounded by a weak manufacturing sector that is unable to absorb the developed human capital. This has resulted in unemployment reaching 32% in 2012.

A close observation of the level of infrastructure in the model was found to be statistically significant, but contributes negatively to economic growth in the country. Amakom and Nwogwugwu (2012) observed that one of the most important infrastructural facilities in the country which drives huge economic growth is the power (electricity) production capacity. Due to erratic power supply or fluctuations in electricity production and supply, the level of infrastructural contribution to GDP has been on the decline. Frequent power failures and inability of government to execute independent power projects had all negatively influenced economic growth rates in Nigeria.

Despite the security challenges the country is facing in recent times, the Nigerian government had been able to put in some measures which ensures that foreign direct investment opportunities in Nigeria is sustained. This could be deduced from the positive relationship that exists between government expenditures on security and economic growth as captured in the estimated regression model. However, its statistical insignificance points to the fact that more has to be done to move the economy forward, and sustain the growth of the economy. Security ranks lowest with an error probability 46% in determining RGDP suggesting that in spite of increased expenditure in security, insecurity has tremendously been on the increase with the Islamic militant Sect Boko-Haram almost overpowering the Nigerian Security forces and taking control of villages such as Danboa and Gwoza bounding the Sambisa forest in

Borno State (Nigeria News Desk, 2014). The function thus shows that a 1% change in government security expenditures holding other variables fixed, increases the RGDP by 6.68%. Finally, capacity utilization variable was also found to contribute negatively to RGDP and insignificant which corroborates with the outcomes of unemployment and infrastructural variables. Nigeria's manufacturing sector had been found to be operating below an optimal capacity due to poor infrastructural facilities resulting from inconsistency in the power sector reforms and huge cost of overheads. This relationship as revealed in this equation indicates that it is imperative that the federal government of Nigeria adequately ensures that basic facilities that drives production capacity in the manufacturing sector are provided so as to create employment opportunities for the unemployed in that sector.

CONCLUSION AND POLICY IMPLICATION

The model used in this research showed the presence of unexplained residuals indicating the paradox situation of the Nigerian economy. These residuals can be accounted for by the presence of leakages in the system and God fatherism leading to uneconomic criteria for the allocation and non-allocation of factors of production. The high level of increasing insecurity and abysmal level of power supply have resulted in the underperformance of many sectors of the economy resulting in few sectors accounting for the bulk of the economic growth. The overconcentration of economic fortunes from these few sectors in the hands of very few Nigerians has resulted in economic underdevelopment existing side by side economic growth. This resulted in most of the developmental variables used in this study being insignificant in determining Nigeria's economic growth making it a 'jobless growth'.

The implications of this study include the fact that Government needs to urgently diversify the economy away from natural resources to productive resources. To do this the power sector needs to be fixed. It appears to be taking too long for this to be done. The privatisation of the power sector needs to be supported with a strong regulatory and monitoring framework to ensure performance of the private companies. Having implemented commercial pricing of power, the power companies should be in a good position to deliver.

Another critical requirement for performance is in the area of security. The issue of Boko-Haram insurgency needs to be tackled. To do this all political undertones should be removed and the sponsors brought to book irrespective of their political or economic weight.

One serious monster that negates development leaving Nigeria with only figures of high GDP is corruption. This endemic cancer needs to be excised from the Nigerian economic body as it has led to increased poverty and decay of vital sectors of the economy such as the petroleum sector, the power sector, the agricultural sector and even the educational sector. The

response to this monster by the average Nigerian worker has been resort to strikes. Even the health sector has not been left out in the strike response to failures of doing the right thing all on account of corruption. The Nigerian Government, beginning by the President needs to show more political will beyond rhetorics in tackling corruption. Like an American President once told a Nigerian President, we need to concentrate in baking a bigger cake instead of sharing an already baked cake otherwise there will be no cake for our children to share tomorrow.

SCOPE FOR FURTHER RESEARCH

This study examines the size of the entire Nigerian economy as measured by the GDP in conjunction with some developmental variables. Areas left out include the integration of the same or other developmental variables with one of the three major components of the GDP comprising of Agriculture, Industry, and Services. This could reveal whether there are any differences compared to the entire GDP. In other words the regressors used in this study could be applied to any of the three sector's contribution to the overall GDP.

The infusion of the developmental variables into one of the major components could also be compared with another. This could suggest to the Nigerian Government and to researchers which of the sectors drives development most. It will further assist the Nigerian Government to approach economic development systematically instead of the current approach of trying to drive every sector at the same time and at the same level and ending up spreading thin on all without achieving the desired impact on anyone.

The issue of transparency and how it relates to development can also be examined. How does corruption affect poverty level in Nigeria? These are some of the areas not covered by this research that can be looked into.

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