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WHAT GOES WRONG WITH NIGERIA'S GOVERNMENT EXPENDITURE AS A TOOL FOR PROMOTING GROWTH AND DEVELOPMENT?

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ABSTRACT

Government expenditure has been identified as a powerful tool in pushing nations toward achieving economic growth. A growing public investment tends to engineer a country toward industrial advancement in all facets of economic activities. Thus, underdevelopment is mostly assumed especially among the pro-Keynesians to be centred on inadequate quality public investment. However, it becomes an economic paradox and a thing of concern that a country with abundance of human, material and natural resources like Nigeria still lags behind in turning its huge and growing public expenditure allocations to promote pro-poor and inclusive growth. This paper attempts to trace the government expenditure profile of Nigeria in order to understand and find the missing links as to why government expenditure has not yielded the theorized result through comparative analysis of some selected countries. The findings of this study indicate that the efficacy of government expenditure in Nigeria is deterred by budget delay, misplaced priority, corruption and mismanagement of resources. The study concludes that larger government expenditure cannot guarantee positive development unless if the expenditure is done in quality, cost effective and meaningful manner. Therefore, this study recommends a deliberate effort by the government to ensure efficient and effective investment of resources in infrastructure as well as the equitable distribution of benefits and maintenance of productivity of the natural assets in the country.

Keywords: Government expenditure, efficiency, corruption, budget delay, economic growth, development, Nigeria

JEL Codes: C32, H54, H50, O40

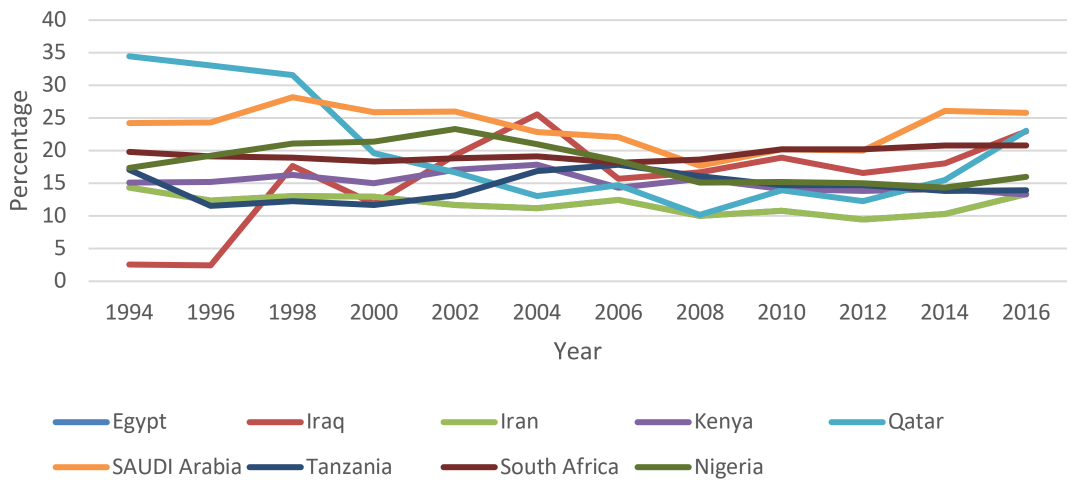
1.0 Introduction

Nigeria is a country in Africa and West Africa in particular, where festering challenges of economic growth and development has become an issue of concern not only to Nigerian government and its inhabitants but the world over. The country is blessed with abundance of human, material and natural resources but hitherto lagging far behind its comparators since years of political independence. The huge resources of the country have the capacity to transform the country and make it one of the leading economies in the world.

Underdevelopment is thought to be about lack of investment in a country. There is an evidence in the literature suggesting that government investment is critical to economic development (Barro, 1990) and there are studies which established a nexus between government expenditure and economic growth (Gebreyesus, 2022; Jibir & Aluthge, 2019a; Aluthge, *et al.,* 2019b). More so, the traditional stance in growth and development theories is that government investments have proven to be essential in creating decent infrastructure and overall growth and development. According to World Bank (2015), government spending in a country is a powerful force for poverty reduction and infrastructural development. This can be seen from the fact that investment in health and education increases human capital development thereby reducing poverty level. This trend of development through productive government spending has been witnessed in some European and Asian countries such as New Zealand, Poland, Turkey, Malaysia, Japan, Singapore, among others.

Unfortunately, Nigeria, due its dysfunctional economic structure continues to suffer some setbacks ranging from fluctuation in income, poverty, unemployment and general macroeconomic distortions despite its abundance of oil revenue. On the contrary, its natural comparators in the 1960s like India, Brazil, Malaysia, South Africa, Egypt, among others, whose level of economic strength was at the same level with Nigeria, have since taken the lead ahead of Nigeria.[1]

Figure 1: Share of Government expenditure to GDP of Nigeria and some Selected Countries

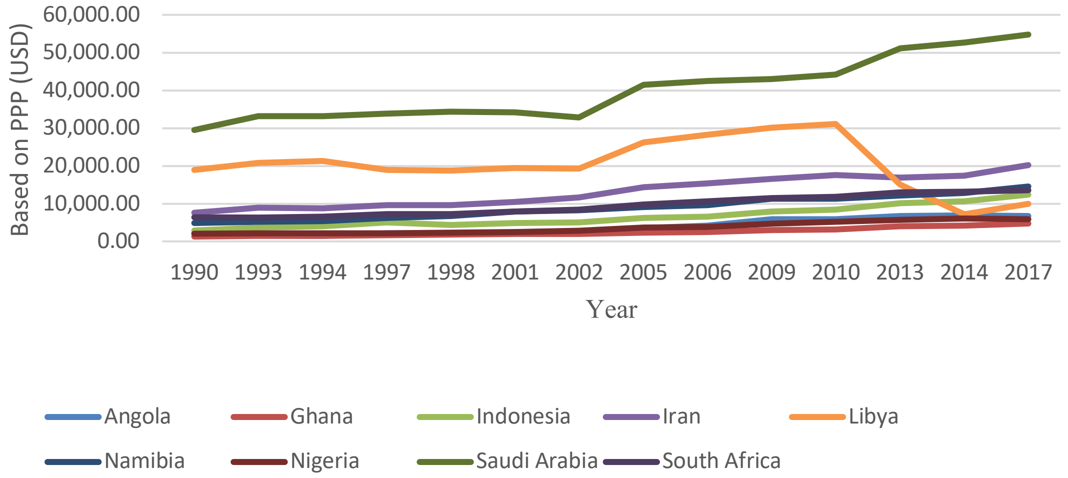


Notes: Periods shown on the horizontal axis are 3-year averages. The chart compares the share of government expenditure to GDP of Nigeria and some selected countries in Asia and Africa which help to reveal the size of government in Nigeria compared with the countries for the period 1994-2016.
Source: Data from World Bank's World Development Indicators (2017).

Figure 1 depicts the share of government expenditure to GDP of Nigeria and some selected countries that comprises of African and oil producing nations. It can be observed that Nigeria government expenditure as a percentage of GDP has relatively increased over the years and has been greater than that of some countries like Iran, Kenya and Egypt. But, these countries have witnessed an appreciable growth and development much more than Nigeria going by their GDP per capita as presented in Figure 2.

[1] While other countries are on course to achieve their developmental objectives, Nigeria has rather remained off course. With more public expenditure through yearly budget allocation, it is expected that investment and therefore economic growth alongside human welfare would be significantly improve. However, the economy has continued to be characterized by dismal developmental outcomes.

Figure 2: GNP Per Capita of Nigeria and some Selected Countries



Notes: Periods shown on the horizontal axis are 4-year averages. The chart compares the economic performance of Nigeria with some selected countries in Asia and Africa using GNP per capita based on PPP measured in USD ($) for the period 1990-2017.

Source: Data from World Bank's World Development Indicators (2017).

Besides that, the relative growth witnessed in Nigeria over the years seems not to be pro-poor growth as incidences of poverty and income inequality continue to widen to an appreciable point to a level that in 2018. The World Bank thus declares the country as the world headquarters of poverty. The question is, why is Nigeria's economy be different and remains underdeveloped especially in the area of infrastructural development despite huge public expenditure allocations over the years? As stated earlier, an attempt would be made to address this question by looking critically into the expenditure profile in order to trace the missing links – particularly why public expenditure has not led to pro-poor growth in Nigeria as it is the case of other oil producing countries.

Many blamed the Nigeria's poor performance on the long military rule that bedeviled the country's economy. But even after the country's return to democratic rule in 1999, where there are freedoms, participation, open system and above all reorientation both at local, state and federal levels, the situation seems to remain unchanged.[2] It becomes clear that there is no significant difference between the military and the democratic system in terms of efficacy of government expenditure to promote pro-poor and inclusive growth.

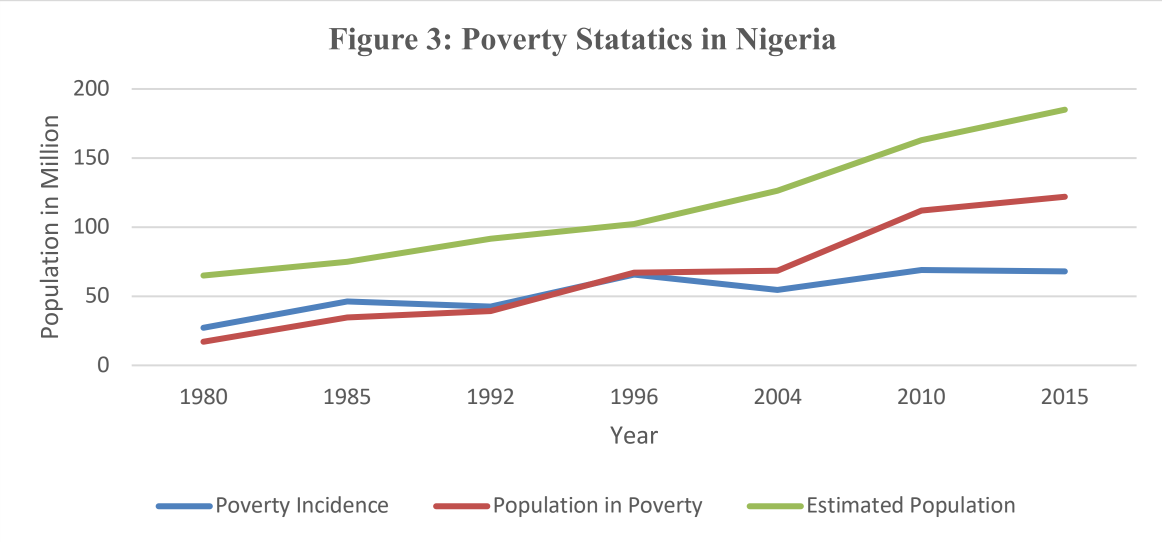
2.0 Poverty

Figure 3 presents poverty levels in Nigeria in relation to population. It can be seen that the number of people living below poverty line continued to increase as the country's population expand for the period studied. For instance, poverty incidence was only 27.2 percent in 1980 but rose to 68.0 percent in 2015.[3] In fact, it is disturbing to note that from 1996, the population

[2] The people at all levels have their representatives in the legislative house comprising both the lower and the upper houses.

[3] The population of people living in poverty has been increasing over the years in line with expansion of the country's population.

in poverty has grown faster than poverty incidence in the country. This is a clear indication of an increasing level of poverty in Nigeria.



Notes: Periods shown on the horizontal axis are 6-years averages.it provide some basic correlates between population and poverty in Nigeria for the period 1980-2015.

Source: National Bureau of Statistics, 2017.

It is unfortunate to know that government has spent huge money to curtail poverty incidence in Nigeria through its yearly expenditure. Some of the economic policies and programs put in place include River Basin Development Authority (RBDA), Agricultural Development Program (ADP), Better Life for Rural Women (BLRW), Green Revolution (GR), Operation Feed the Nation (OFN), National Directorate of Employment (NDE), Petroleum Special Trust Fund (PTF), National Poverty Eradication Program (NAPEP), NEEDS, among many others. But, the policies have not lived up to the expectation. Majority of these programmes focus on training, income generating activities, increased access to credit facilities for the poor and improve technical education. Although some of them recorded some successes but majority of them have not been properly sustained. This may be connected with lack of political will, policy overlapping, political instability and lack of continuity and most importantly inadequate involvement of the targeted population.

The huge expenditure spent by government through the aforementioned poverty programmes; one would expect that such well-articulated programmes would have created a certain level of increase in the welfare of people and also bring some considerable level of reduction in poverty in the people. Painfully, this is not the case, as poverty continues to increase unabated over the years. In fact, according to World Bank (2018), about 72 percent of Nigerians are living below 2 dollar per day – making the country to be the nation with the largest number of poor people overtaking India and Bangladesh. Poverty level will continue to be high in any county where income is concentrated in the hands of few individuals who are less than 10 percent of the population as in the case of Nigeria.

3.0 Human Development Index

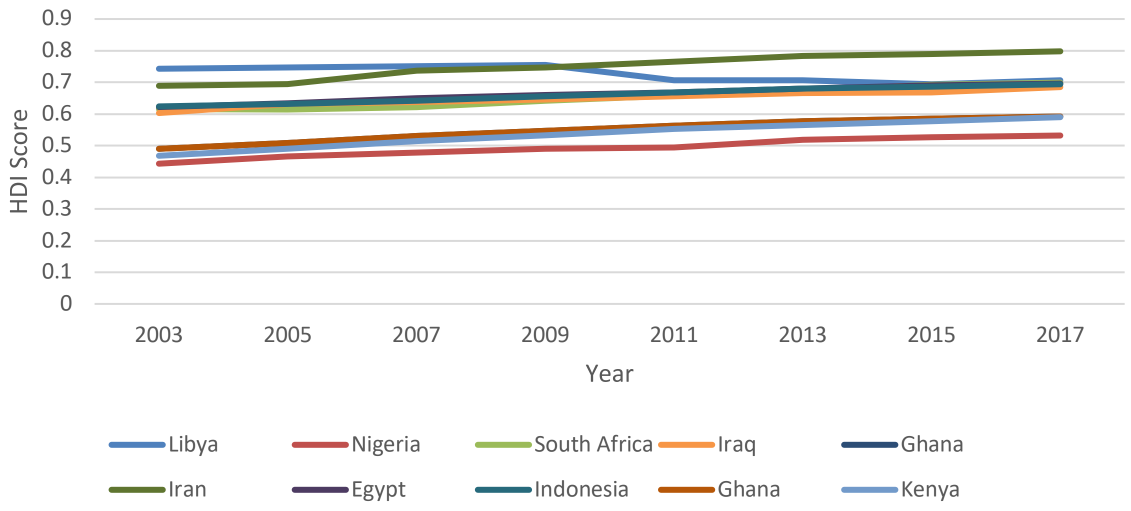
Furthermore, human development progress as measured by HDI[4] can be used to compare countries in terms of their human development. For example, Nigeria's 2017 HDI of 0.532 is above the average of 0.504 for countries in the low human development group and below the

[4] The HDI is a summary measure for assessing long-term progress in three major dimensions of human development; a long and healthy life access to knowledge and decent standard of living.

average of 0.537 for countries in Sub-Saharan Africa. Majority of the SSA countries are mostly ranked low in human development. But in recent times, there are some countries in the region that are classified under high human development partly because of their improvement in health and education. A good example is Botswana that used to be positioned under medium category but has now moved to higher HDI signifying the progress of the country especially in terms of health and education.[5]

Furthermore, Nigeria being oil-based economy when compared with other oil producing nations like Iran and Saudi Arabia – they have passed Nigeria in HDI score, life expectancy and GNI per capita income. Figure 4 shows HDI scores for Nigeria and some selected countries of Africa and oil producing nations.

Figure 4: HDI for Nigeria and Some Selected Countries (2003-2017)



Notes: Trends in human development index (HDI). The HDI is computed by the UNDP and comprises a simple average of per capita income, life expectancy and literacy rates. The higher the score of the index, the better the human welfare levels and by implication the lower the poverty levels. The years on horizontal axis are in 3 years average, from 2003 to 2005, and so forth.

More worrisome is that Nigeria's HDI remains relatively low even when compared with its counterpart in Africa, especially South-Africa and Egypt being the second and third largest economies in Africa. These countries have wonderfully done well in transforming their economies in the recent years which place them above Nigeria in the HDI ranking. They have succeeded in strengthening their institutions and maintain a relatively stable macroeconomic environment.6 The Nigerian HDI is a clear indication of low level of educational attainment, poor health outcomes resulting to lower life expectancy.

It can be seen that Figure 5 further reveals the low level of Nigeria's HDI compared to average HDI for oil producing countries and SSA. Nigeria's score is considerably lower than the average for SSA and Africa. The overall average score for the period between 2000 and 2017 for Nigeria stands at 0.43 while that for SSA is 0.48 and that for oil producing countries stand at 0.65. Hence, the level of human development in Nigeria is lower than that, on average, for

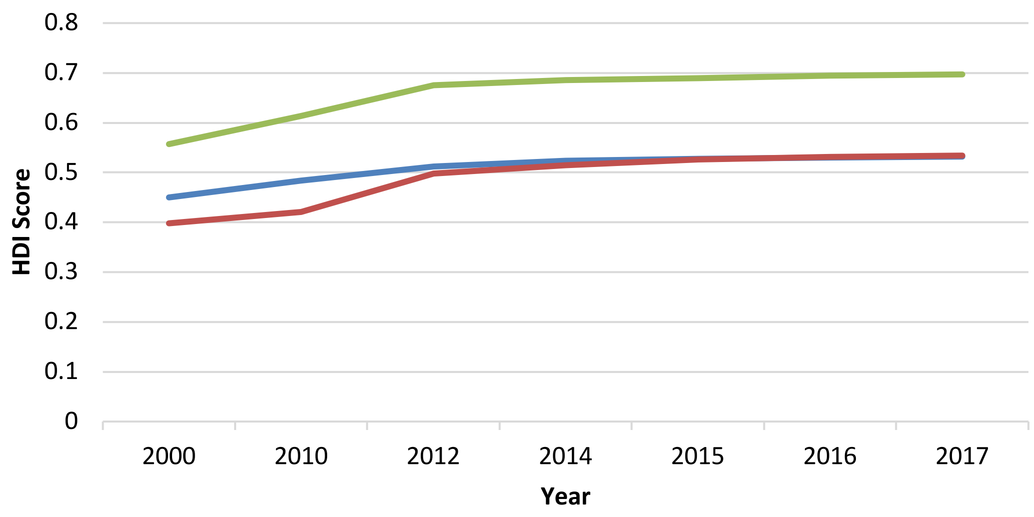
[5] Botswana is one of Africa's success stories – becoming a middle-income country in three decades through sound macroeconomic policies, good governance and careful investment of natural resource wealth in social development. Botswana citizens have almost universal access to education, health, water and sanitation.

[6] Although HDI itself constitute a rather debatable and often criticized result. The result therefore needs to be taken with some reserve, the follow up revision changes in ranking due to errors in data which are mostly discovered in the follow up revision clearly occur quite frequently. Thus, we can continue our analysis by going beyond these indices.

SSA and its oil producing counterpart. This is so even as SSA happens to be the region and continent with the most dismal welfare indices in the world. Similarly, trend-wise, the trend in human development for the country does not seems impressive; thus, being consistent with the weak performance in average levels.

Though not quite notable, yet the trend is not as weak as the level's performance show relative to the rest of Africa. To be precise, for the past 15 years since Nigeria was first included in the index, it has consistently been lagging behind the oil producing countries in the world.

Figure 5: Nigeria's HDI Compared with SSA and Oil Producing Countries



Notes: Trends in human development index (HDI). The HDI is computed by the UNDP and comprises a simple average of per capita income, life expectancy and literacy rates. The higher the score of the index, the better the human welfare levels and by implication the lower the poverty levels. With the exception of the first year (2000), the years on horizontal axis are in 2 years average, from 2010 to 2012, and so forth.

This makes the task of identifying the failure of government spending to transform Nigeria's economy very complex and difficult since the country has enjoyed oil rent in huge amount and have equally used the oil revenue in financing its expenditure. Nonetheless, economic progress still remains persistently an unsolved issue. This scenario has since been described as 'oil curse syndrome' which is seen in country otherwise why Nigeria would continue to remain poor amidst its abundant oil resources. One cannot easily trace the missing link here but as seen from the HDI scores, those countries have used their oil wealth to provide decent life and all necessary and relevant human needs that help to improve their economic performance. Thus, though relative to the rest of the world and even Africa, the country remains with damningly low HDI levels, but in terms of its improvement over time there has been some progress.

4.0 Budget Delay and Government Expenditure Performance

Perhaps, the first hypothesis that can be argued as to why government expenditure has not been effective in promoting growth can be traced from the way and manner the budgetary process is being handled. Efficient, sound and accountable budgetary process plays a crucial role in supporting proper resource allocation.[7] In the last decade, some African countries have

[7] Besides, it provides the foundation upon which to build effective, vibrant and responsive state by enabling government to fulfil its responsibility and deliver basic services for societal development. Therefore, when the process become inefficient

shown greater concern on the importance of sound budgetary process and have made notable progress. In particular, Rwanda, South Africa, Malawi, among others, have made the budget practice more transparent and effective – that involves strengthening their supervisory and regulatory framework towards internationally accepted standard of good fiscal practice.[8]

Nigeria has not shown strong effort to meet up with such internationally accepted practice in the budget process. During the military eras, they subjugated the budgetary process by combining both the executive and the legislative functions through making laws with decrees without fair hearing and public access. Therefore, allocation of funds for projects were made at the discretion of the highest military body known as the Supreme Military Council. Therefore, no one questions budgetary allocations freely during the military.[9] Regrettably, even after the country's return to democratic rule, wherein efficient and transparent budgetary process is still a mirage. The acrimony and intense political war between ruling party and opposition and, also between executive and legislature has created a budget delay syndrome with devastating effect on government expenditure role. The budget for a particular year were not passed in most cases until the middle of the year despite constitutional provision that Nigeria's fiscal year should commence by 1st January and ends on 31st December of each year. Despite that, budget delay has become a norm in Nigeria and has consistently affected budget as a tool for promoting societal welfare.

These delays have tended to undermine the transparency and accountability of the budgetary process. In order to accommodate funds that are untimely released, the budget year has in most cases been operationally extended from 12 to 15 months – a move which signal the collapse of the budgetary process with profuse effect on the efficacy of the budget as a tool for promoting growth and development.

Since 1999, it takes Nigeria an average of 4-5 months to pass the Appropriation Bill into law. In most cases, the budget is usually presented to the National Assembly within the last two months of proceeding the budget year. In fact, from 1999, only 3 budgets were presented in October. Therefore, majority of the situations, the budget is passed 4-6 months into the budget year – which cuts the time frame for project implementation.

This practice is in contrast with what is obtainable in many countries that have recorded development with their budgetary implementation. For example, in South Africa, the law mandates that the appropriation bill must be passed into law two months to the budget year. Further, in U.S., there is also a law that mandates the president to submit the budget to congresses before 8 months of the budget year. Similarly, Singapore also has a binding law that orders and insists that budget must be passed into law 3 months before the budget year. In the case of Nigeria, while the Fiscal Responsibility Act (FRA) directs government MDAs to submit their budget proposal before the end of June of each year ahead of the preparation of MTEF, sadly it does not stipulate when the budget is to be presented to the National Assembly.

It is in this manner that sometimes various ministries return unspent money to the treasury office. Regrettably, leaving funds unspent only translate into abandonment of projects or component of the projects which shows failure in terms of implementation of projects and programs of government which have negative consequences on the performance of the

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and bureaucratic, it undermines the ability of a country to achieve viable policies that can pave way for growth and development.

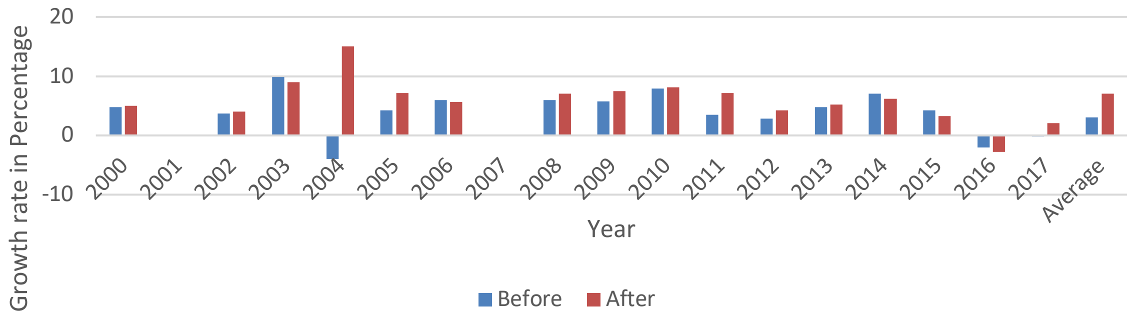
[8] The international standard for budget transparency requires that legislatures have sufficient time to the draft of the budget. Notably, the OECD best practice for budget transparency recommends the tabling of the budget at least three months to the start of the fiscal year and approval before the fiscal year commences.

[9] This has affected even development and equality in projects allocation during the military era in Nigeria.

economy. This new trend remains strange and disturbing for such funds to be returned unspent despite the poor state of infrastructural development in the country. For instance, in 2016, the Ministry of Works returned ₦187 billion to the treasury. This shows the gross display of bad governance for a country to borrow huge funds in the name of capital expenditure with high interest rate, only for the government to keep the money unspent while the country operate under the condition of parlous infrastructure.[10]

From the recurrent expenditure side, the delay has been causing untimely payment of wages and salaries and problems in running the affairs of government functionaries.[11] To provide an economic impact of budget delay, we compare economic growth in quarters – before and after the budget are passed. The justification is that if budget delay is costless, then growth rate of the economy in the two periods should not be significantly different. Figure 6 shows that there is significant differences in most cases between the quarterly growth rate of the economy before and after Appropriation Bill is signed into law.

Figure 6: Economic growth rate Indicating Before and After Budget Signing



Source: National Bureau of Statistics, 2018.

However, we cannot rely on budget delay in totality as a reason for Nigeria's poor economic performance over the years. This is because Nigeria is not the only country facing this problem among African countries and beyond. There are other African countries that are faced with the same problem yet they watch-over to transform their economies in various ways much better compared to Nigeria.[12] More again, since budget delay in recent time has made MDAs to be returning unspent money to the treasury that should have given government much needed extra revenue to prepare for the following year without recourse to deficit financing.[13]

It is also worthy to note that Nigerian masses have alienated themselves from this important process which guide and has enormous influence on their wellbeing. An average Nigeria does not see himself or herself constrained to be part of the budgetary process. This has made those in the position of authority to try and imagine what the people's need could be and also to try and allocate funds to those needs. This shows how the people's need assessment and the resultant public expenditure framework have been modelled along the top-bottom approach

[10] More again, it has made capital spending to have less capacity in reducing infrastructural deficit in the country.
[11] There are cases in recent years of government unable to pay wages and salaries sometimes for about two to three months partly because of delays in passing Appropriation Bill into law.
[12] A good example is Ghana. The country is also experiencing budget delay but still manage to improve its economy in a manner that seems better compared to Nigeria.
[13] The new trend of returning unspent money only emerged in recent past after the Muhammadu Buhari led administration canvass war against corruption in the country. Unfortunately, the war against corruption witnessed very little success given how deeply embedded corruption is, in the social and economic life of Nigerians.

rather than bottom-up approach that is obtainable in majority of democracies in Africa in assessing communities need's and allocation of funds for those needs.[14] Some of these countries include Botswana, South Africa, and Kenya among others, that have adopted a participatory budgetary process and this has yielded a satisfactory result going by their level of development compared to Nigeria. Considering Nigeria's population and human resource endowment, the country has more technocrats, educationists, lawyers, civil organizations, political parties and pressure groups than any other country in Africa and yet, this problem continue to mitigate it growth performance.

Furthermore, it can also be argued that looking beyond the issues raised above, the volatile macroeconomic environment of Nigeria – particularly the over-reliance on oil is a contributory factor in the inefficient budget practice since it is always difficult to plan ahead of time due to uncertainty in oil price which to a large extent determine the fiscal operation of Nigeria. In the same manner, we cannot see this problem in most oil producing nations partly because majority of them have succeeded in diversifying their economies.[15]

5.0 Misplacement of Priorities and Government Expenditure Performance

Going beyond the budget issue, another central puzzle in Nigeria's public spending is the misplacement of priority. Project prioritization is considered globally as a critical way for development especially for developing economies like Nigeria that is facing numerous developmental challenges. One will therefore expect the country to allocate substantial funds to the key sectors such as (health education, agriculture) that can help to improve the livelihood of its people. Dismally, the country has not made enormous effort in this area.

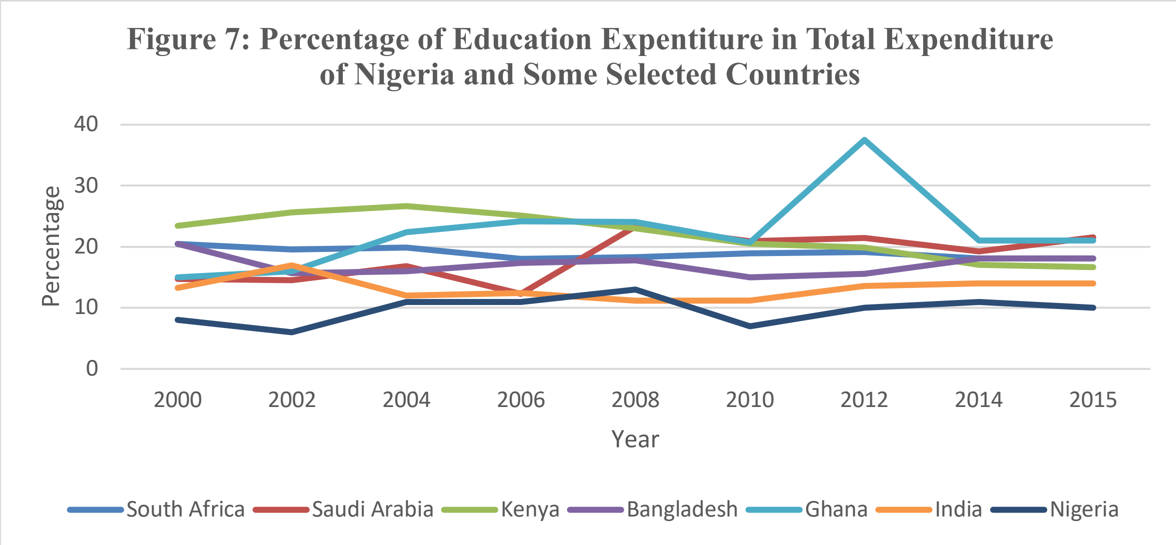
5.1 Education Sector and Government Spending

Given the importance of education in national development, the United Nations recommends that countries should allocate 26 percent of their resources to the educational sector.[16] This is expected to be done through the yearly budgetary allocation. Sadly, Nigeria's educational expenditure has consistently remained low over the years. Figure 7 shows Nigeria's share of educational expenditure in total government expenditure

[14] One will wonder why Nigerians are not concerned and worried to a certain extent in involving themselves in the budgetary process since there are laws that supported them to do so during the present democratic system.

[15] Recent developments in Nigeria has shown the level of dependence on the hydrocarbon industry and sales of crude oil has increased despite government's acclaimed efforts to diversify the economy. The oil revenue constitute over 80 percent of total government revenue and 95 percent of foreign earnings.

[16] Expenditure on education is seen as an important complement to other investment for structural transformation of a country as observed in some developed countries of the world.



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Notes: Periods shown on the horizontal axis are 3-year averages. The chart compares the share of education expenditure in total government expenditure of Nigeria and some selected countries in Asia and Africa which help to reveal government commitment through the level of public investment in the education sector in Nigeria compared with the countries for the period 2000-2015.

Source: Data from World Bank's World Development Indicators (2017).

A comparison of the proportion of educational expenditure in total expenditure by some countries in Asia and Africa between 2000 and 2015 reveals that Kenya, South Africa and Saudi Arabia have the highest share among the countries considered. While on the other, Nigeria consistently lagged behind all the countries followed by India. Majority of the countries are making progress by relatively improving their share of expenditure in education but the disturbing fact in the case of Nigeria is – the share keeps declining in recent years. While other African countries seem to have recognized the potency of education as a catalyst to development, a better economy, a safer society and a more prosperous population. Kenya's education sector has traditionally received the lion's share of the country's national budget to take care of teachers' salaries, and primary and secondary school subsidies. Ghana has also established herself as one of Africa's big spenders on education.

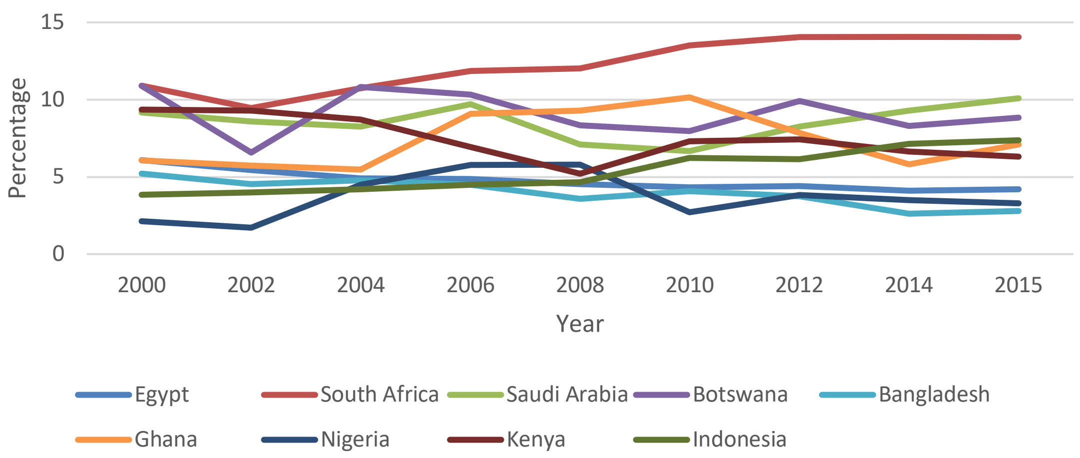
An assessment of the trend in Nigeria from 1999 shows that the lowest allocation, 4.46 percent to education was in 1999, and the highest, 11.44 percent, was in 2015. The average allocation in all 17 years of democratic rule is **9 percent**. Even during the military rule, the sector did not fare any better as a study has shown that the average allocation to education between the years of 1981 and 1998 was a meagre 4.18 percent. This has created the culture of academic tourism, has seen our economy shed weight to the benefit of such countries as the United States, the United Kingdom and even countries that Nigeria was far better than them during the past decades. The country's lacklustre attitude towards education equally reflects in the ranking of universities across the globe and in Africa.

This implies that available skills in Nigeria is likely to be predominantly basic numeracy and literacy from a primary level education rather than more advanced technical and scientific knowledge that is needed in promoting entrepreneurship skills and paving way for advanced higher education. In line with this, UNESCO (2016) posits that less than 50 percent of Nigeria's girls and boys of secondary age enrolled in school – with even lower completion rates. Another, consequence of a low-skilled population rising from poor funding of education is that new job searchers move more to subsistence activities and low productive sectors, such as services, that require low skills. More importantly, the low level of skills could act as a barrier to the diffusion of productivity enhancing technology across all sectors of a country – especially a developing country like Nigeria. There is ample evidence that poor health, knowledge and skills, along with high population growth, is a brake on the structural transformation which has manifested in Nigeria. Based on the experiences of emerging economies in Latin America and Asia, the level and quality of education needed to boost the workforce to more productive sectors requires investment of about 5 percent of gross national income and education model that emphasizes problem solving and cognitive development.

5.2 Health Sector and Government Spending

Unfortunately, not only that the country neglected the educational sector but also the health care sector. Investment in health care is considered necessary for the maintenance of healthy and productive population. The WHO recommends that 15 percent of the national budget to be allocated to the health care sector. In Nigeria, it is disturbing to know that the average

Figure 8: Percentage of Health Expentiture in Total Expenditure of Nigeria and Some Selected Countries



allocation to health sector between 2000 and 2017 is only 6 percent.[17] The manifestation of the above can be seen from the poor health care facilities across the country. Public investment in health needs to be more effective. Studies show that not enough funding reaches the health clinics which are the frontline service providers in Nigeria. Table 7.8 depicts that Nigerian government spends comparatively less on health than other African and Asian countries considered. Nigeria also falls short of the declaration by the African Union that member countries spend 15 percent of their budgets on health, with 4.2 percent of its budget dedicated to health sector on averaged between 2000 and 2015. However, government's health care spending per capita in Nigeria is higher than many other countries on the continent. The way a country finances its health care system is a key determinant of the health of its citizenry. Selection of an adequate and efficient method(s) of financing in addition to organizational delivery structure for health services is essential if a country is set to achieve its national health objective of providing health for all at affordable rate with high accessibility.

Notes: Periods shown on the horizontal axis are 3-year averages. The chart compares the share of health expenditure in total government expenditure of Nigeria and some selected countries in Asia and Africa which help

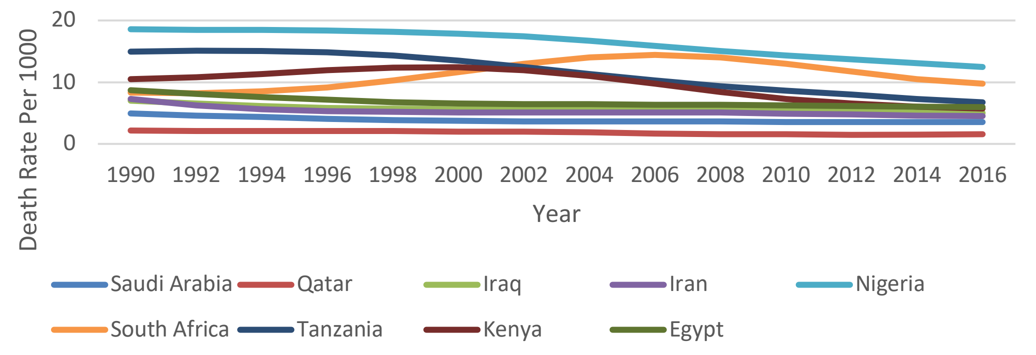
[17] This is just half of the WHO recommendation.

to reveal government commitment through the level of public investment in the health sector in Nigeria compared with the countries for the period 2000-2015.

Source: Data from World Bank's World Development Indicators (2017).

Treatable and controllable diseases like malaria, typhoid, cholera, among others, remain killer diseases in Nigeria. Furthermore, Nigeria is ranked among the top ten with high incidence of maternal and infant mortality rates in the world (World Bank, 2017). In the same vein, the life expectancy of 47 years (2017) remains one of the worst in the world.[18] Figure 9 shows the death rate of Nigeria and some selected African countries between 1990 and 2015. It can be clearly seen that Nigeria's death rate remain the highest throughout the period considered.

Figure 9: Showing Death Rate for Nigeria and Some Selected Countries



Notes: Periods shown on the horizontal axis are 3-year averages. The chart compares death rate per 1000 of Nigeria and some selected countries in Asia and Africa which help to reveal health outcomein Nigeria compared with the countries for the period 2000-2015.

Source: Data from World Bank's World Development Indicators (2017).

As stated earlier, all these unimpressive statistics may be hypothesized as the reflection of poor priority given to the health sector over the years which is seen from the low budgetary allocation to the sector.

5.3 Industrial Sector

Furthermore, Nigeria's experience with industrialization since independence is also a special case of misfortune which affected its overall performance. A telling indicator is the fact that manufacturing value added as a percentage of GDP was about 5 percent in 2000 (less than the 8 percent at independence) and now 6 percent in 2017 making Nigeria one of the least industrialized countries in the world (CBN, 2017). In 2017, manufacturing export was only 0.4 percent of the total export while import of manufactured goods stands at 20 percent in 2017. These poor outcomes are manifesting despite the country's commitment to revive the sector through numerous policies and programs initiated during the past decades. Notably among these policies are the Import Substitution Strategy (ISS), Export Promotion Strategy (EPS), Industrial Development Bank (IDB), Small and Medium Scale Development Strategy (SMSDT), among others.

[18] This situation is further worsened sometimes by the fact that the actual money releases are less than the actual money spent partly due to inefficiencies and corruption.

Although, it could be said that the initial industrial policy of Nigeria in the early independence; was to smoothen the supply of raw material to metropolitan industries. However, towards the end of the colonial period, there was an attempt in introducing some local industries. It was on the ground of this that ISS or resource-based strategy was adopted which was majorly made as an inward looking and focused on self-sufficiency of the economy. Under this policy, Nigeria chooses to promote domestic production of manufactured goods which are hitherto imported. This involve importing capital goods like machinery, tools, and spare parts, among others to enable assembly of those within the country and at the same time encouraging local production as these imported items were brought as duty free and the local industries were also protected by high tariff imposed by government.[19]

However, the policy has also not been successful in Nigeria. This can be attributed to the fact that the policy was more of creating assembly rather than building indigenous manufacturing industries that can produce '*made in Nigeria*' commodities. The policy also resulted to high import bills ad disruptive supply bottlenecks, thereby increasing the cost of production by local manufacturers and more disturbing, made them less competitive in the global industrial arena.[20] More so, the policy also gave rise to over-reliance on imported capital goods, bias for production of consumable goods, and over-concentration on secondary stage processing with very little internal linkage with other sectors. Conversely, one can argue that there is nothing wrong with the policy especially since it has recorded success in other countries, but that in the case of Nigeria, the strategy was never followed with a logical approach putting into consideration the state of affairs in the country especially power – which remains very vital in industrial development.

The failure of ISS led to the introduction of EPS. Unlike the former, EPS had an outward orientation and it sought to promote industrialization by working within, rather than in isolation with the global economic system. The strategy has also not been successful in Nigeria partly because there was no much financial commitment (Iwuagwu, 2009). It is worthy to note that EPS has been adopted in the 1960s and 70s by several developing countries especially the newly-industrialized nations of Asia – such as South Korea, Singapore, Malaysia, among others and has helped to developed their economies by transforming them to industrialized countries. Why then did Nigeria's situation remain different? The answer to this question lies on the fact that those countries gave substantial financial support to key firms and industries for the purpose of boosting their activities. They have also devalued their currencies which made their exports cheap and import costly. In less than three decades, this policy transformed the economies of the aforementioned countries into industrialized nations competing with the developed countries. In fact, it was the successes of the policy in those countries that made some countries like Nigeria to adopt it. Sadly, the policy failed to make any significant progress in Nigeria which reflects the fact that the government has not been specific as regard to its industrial policy since the country's independence in 1960.

More worrisome is that even among African states, there are also some countries like Mauritius, South Africa, Botswana, Egypt, Namibia and Tunisia who have adopted similar approach and made a giant and considerable success compared to Nigeria.[21] Nigeria's

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[19] The essence was to promote the development of local industries by laying a solid foundation which was considered as pre-requisite for industrial development of Nigeria. In an attempt to actualize the objected, the government allocated 13 percent of the public investment programs for trade and industry – especially development of integrated iron and steel industry, refinery and providing funds for direct participation.

[20] Although, import substitution is aimed at correcting the balance of payment disequilibrium by reducing the imports bills on consumable goods, but the reversed has been the case in Nigeria.

[21] A good example is Mauritius, the country moved from a poor sugar dependent economy to a diversified economy to the extent that manufacturing became its primary source of revenue and its GNP per capita increased to about $10,000 about two time that of Nigeria.

approaches and methods have been quite different in many respects. While those countries simultaneously encourage tax holiday, improvement in infrastructures and financing of industrial activities, in Nigeria such efforts were taken at different stages which caused lapses in the whole process. For instance, despite the establishment of Bank of Industry (BOI) that is saddled with responsibility of providing credit facilities for industrial activities in the country yet the issue of finance remains one of the major challenges of the sector. The bank's credit has not been given priority to small scale industries. Most of the small industries lack the necessary requirements to process the loan facilities. This makes the funds to be given mostly to large firm that invest in oil industries leaving majority of the local industries that have the capacity to create income and employment in a poor state.

As it were in the past, the government in recent time introduced industrial revolution package aimed at improving the industrial sector. But, given the past experiences, one cannot be convinced that this is a long-term solution to Nigeria's industrial development question. The issue is that the new policy may still suffer the fate of its predecessors unless immediate steps are taken to address the root problems like insufficient power and infrastructural facilities, inadequate long-term loanable funds, stable macroeconomic environment, among others, that made the previous policies unsuccessful.

Another issue worthy of note is the way and manner oil revenue deceive Nigeria and its leaders by the magnificent revenues accrued during the oil boom of 1970s and 90s. The result was the total negligence of small and medium scale enterprises (SMEs) and resorted to establishment of elephant projects across the country which were later abandoned. For instance, Page (2018) notes that of Nigeria's innumerable elephant projects, none is larger and hungrier like Ajakuta Steel Company. Since 1979, the central government has invested well in excess of $5 billion for the factory but has never produced up till now.[22] The government has also paid out the sum of over N30 billion ($83.3 million) as workers' salaries only since 2010 and expected to make additional investment of $1.2 billion to make the company function.[23]

5.4 Agricultural Sector

While the industrial sector has received considerable attention, the case of agricultural sector is about total neglect resulting from lack of commitment from government especially low funding of the sector.[24] This might also be blamed on the discovery of oil in 1970s since the sector has been the mainstay of the economy before the discovery of oil accounting for more than 70 percent of the Nigeria who engaged in various agricultural activities mostly living in rural areas. However, the productivity of the sector continues to decline over the years and remains far below compared to hosts of countries around the continent and beyond. This can be seen from the fact that over 90 percent of Nigeria's farmers rely on rainfall for their farming activities. Access to finance, improved seedling and infrastructural inputs remain one of the worsts in the world. The policies of government over the years have been more of lip services and paper strategies which affected the performance of the sector negatively. This is happening despite the potentialities of agriculture in the country – which can go a long way in providing productive employment and reducing poverty.[25]

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[22] See https://www.icirnigeria.org/investigation-the-real-reasons-itakpe-and-ajaokuta-steel-companies-are-lying-fallow/.

[23] See Henry Umoru, "Why We Can't Concession Ajaokuta Steel Plant—FG," *Vanguard*, January 31, 2018, 7.5.4https://www.vanguardngr.com/2018/01/cant-concession-ajaokuta-steel-plant-fg/.

[24] Nigerian economy is inherently dependent on agriculture as the sector contributes more than 50 percent of the country's GDP in the early 1960.

[25] Raising productivity in agriculture is vital to transformative growth, not just because it has the potential to expand markets by displacing imports, but also because agricultural growth is twice as effective in reducing poverty as growth in non-agricultural sectors.

More so, the manifestation of the problem can also be seen from the inability of the sector to provide sufficient food items that can meet the local demand. While the importation of food items as a percentage of total import have increased from 4 percent in 1962 to 52 percent in 2015 and export of agricultural produce decreased from 83 percent in 1962 to mere 3.5 percent in the same period (CBN, 2017).[26] Improved effort in agriculture in countries like Indonesia, Bangladesh, Brazil, among others, have transformed their agricultural sector by improving their export and reduced the importation of food items. Beside this, these countries have enjoyed a large local market that emanated from increasing population and urbanization but Nigeria has only created a market for foreign companies which are quite discouraging and such it serves as an impediment to the growth of the economy.

The potentiality of the sector to lift millions of people out of poverty not only in Nigeria but in the entire African continent has been acknowledged which led to call for increase in agricultural spending in 2010 called Malabo declaration. With over 120 million Nigerians that engaged in agricultural activities but the sector receives an average of only 2.1 percent between 2000 and 2015 (CBN, 2017). This shows that agricultural spending has been inconsistent with the sector's potentialities and contribution to the national economy.

The expenditure is expected to produce public goods such as research and development, modern inputs and improved seedlings but even as the sector receives meager amount yet, the spending is skewed towards areas that are less effective in building the sector. For instance, in 2017, out of the total expenditure allocated to agriculture, fertilizer subsidy takes 42 percent, food security accounts for 22 percent, storage and reserves also account for 22 percent while only 16 percent is allocated for research and development. This involves providing improve seedlings and modern inputs.[27] In fact, the subsidized farming inputs are not likely to reach the hands of small peasant farmers living in rural areas, who lack adequate information in most cases about the existence of such inputs due to illiteracy and activities of middlemen. This in most cases only help in strengthening the emergence of local elite who have access to those subsidized inputs and engaged mostly in export crop production.

This indicates that the problem goes beyond increasing the budgetary allocation as assumed by many but given priority to the allocated funds to much needed areas within the sector. Some countries like Ethiopia, Malawi and Kenya have recorded significant progress as a result of their ability to prioritize agricultural policies and spending while others like Brazil, Indonesia and Botswana have transformed their economies through agricultural sector by kick-starting the process with the development of their rural economies. This simplifies further why Nigeria continued to be lagging behind since the country has failed to identify the clear starting point for the development of the sector.

As seen above, all the important sectors of the Nigeria economy are underfunded going by relevant recommendations by international bodies. Similarly, the country is also lagging behind in terms of funding and commitments from government when compared with other countries of the world.

[26] It reflects the decline in international competitiveness of agricultural export in Nigeria brought about by neglect of agriculture as a result of dramatic increase in oil revenue.

[27] Despite low investment in the sector, there are evidences of Corruption draining the development of the sector. For example, between 2000 and 2017, government has lost the sum of ₦134 billion meant for agricultural subsidy (EFCC, 2017). Government efforts to provide cheap fertilizer and other agricultural implements for small holder farmers has been rendered ineffective by corrupt government officials.

At this point, the fundamental question to ask is where the expenditure of Nigeria has gone to? The question may appear simple considering the fact that it is known that recurrent expenditure has dominated the spending pattern of Nigeria over the years. But also, to know that recurrent spending is needed for steering the affairs of government. It also helps to ensure smooth and effective functioning of government which remains essential in achieving government's objectives.

Although, it all depends on the composition of the recurrent expenditure; if it is plan in order to maintain strong institutions and human resource development – where the benefits may take long time to show as it is done in some countries, then the contention may look different again. However, if the reverse remains the case, then one can contend that something is wrong. The former is likely to be the case in Nigeria. Recurrent expenditure has almost tripled capital expenditure during the past two decades. Had it been the monies were spent on human capital, strengthening institutions and improvement in government functionaries, 20 years is sufficient to have seen the outcomes. Therefore, one can see that there is a missing link that requires careful scrutiny to comprehend the situation and understand where Nigeria gets it wrong with her expenditure.

6.0 Corruption and Mismanagement of Resources

There are numerous cases of financial embezzlement, manipulations by government officials, multiplication of offices and responsibilities and above all high cost of running the government especially salaries and allowances of politicians. One may suggests that those wasteful and stolen resources could have been used to improve sectorial allocation and expect positive outcomes. For instance, in a report by NBS (2017), the central government has over 800 Agencies mostly with duplicative responsibilities. These agencies consume billions of naira in terms of running their affairs and salaries of their workers. The politicians keep employing their relatives to occupy various unavailable positions causing expansion in the scope of government. An audit in December 2016 shows that there are over 150,000 *ghost workers* on the central government payroll costing government $634 million each year.[28] The country already have a yearly recurrent expenditure that has always drained the nation's financial resources of *maintaining the government*, such a needless waste will be suicidal to any country in the world. Disturbingly, this trend has been in place for many years. The report further states that there is a particular Federal Ministry in Nigeria that has only five functioning vehicles but with 82 drivers on the payroll. One can see that the government has to be paying these drivers every month. This example of corrupt act in federal ministries in Nigeria is one out of many in the country.

Similarly, the National Biotechnology Development Agency operates twenty-six centers nationwide, yet delivers no discernible public goods or economic return on its significant budget. Likewise, Nigeria budgeted ₦4.8 billion ($13.3 million) and ₦7.4 billion ($20.5 million) for its Atomic Energy Commission and Nuclear Regulatory Authority respectively in 2017, despite the country's lack of nuclear facilities.[29] Given these agencies do not serve a purpose commensurate with their size and budget; it is likely their primary function is to serve as conduits for bureaucratic corruption otherwise those resources could have been equally used to improve the poor state of social services in the country (Page, 2018).

Another prime example is Nigeria's three space agencies—the National Space Research and Development Agency, the Defence Space Administration, and Nigerian Communications

[28] See EFCC Corruption Report, 2017.

[29] 2018 Budget Proposal," Budget Office of the Federal Republic of Nigeria, last updated August 11, 2017, accessed September 6, 2018, http://www.budgetoffice.gov.ng/index.php/2018-budget-proposal.

Satellite Limited - which cost Nigerians a combined ₦11.76 billion ($32.7 million) in 2018.[30] Majority of these agencies are established during the present democratic dispensation (1999-date). The monies spent could have been used to improve the power sector since it is observed majority of these agencies cannot provide any tangible service to the poor man living in rural area. All he needs is water, school, road and decent health care system (Page, 2018).

More so, though legally, Nigerian federal legislators' excessive salaries, allowances and other uncalled benefits – amounting to $189, 500 per law maker which ranks them as the highest paid lawmakers in the world. This is 166 times the country's GDP per capita estimated at $1,600. Accordingly, the British Prime Minister receives only 2.7 times the country's GDP per capita. This situation is also applicable to the executive arm which comprises – of President, Vice President, Ministers and thousands of political appointees. They enjoyed these privileges at a time when the minimum wage in the country remains N18, 000 ($50). Notwithstanding, those uncalled salaries and allowances are assumed to be given to them in order to prevent them from being financially influenced in the discharge of their constitutional responsibilities. Disturbingly, their legislative output is not commensurate to the amount of salaries and allowances they are receiving as the country continued to suffer from legislative inefficiencies emanating from delays in passing budget, budget padding and other fiscal and financial manipulations that have devastating effect on the general performance of the economy. Table 7.1 shows the annual basic salaries of a Nigerian law maker and their foreign counterparts in developed societies.

Table 7.1: Annual Salaries of Law Makers of Nigeria and Some Selected Countries

Countries	Basic Salary (USD$)
Nigeria	189,500
United States	174,000
Canada	154,000
Japan	149,700
Germany	115,500

Source: World Bank, 2015.

The irony of this is that Nigeria with a very low standard of living; the law makers earned more than their counterparts in countries with higher standard of living. This further explains the reason for the extravagant lifestyle display by majority of Nigerian politicians even when the masses are dying of poverty and curable diseases.

Perhaps, it is an invaluable hypothesis also to argue that proposing white elephant projects that in most cases are abandoned or left uncompleted after consuming huge resource has characterized Nigeria. And they have been paving way for wastage of public funds – limiting the power of government expenditure to create pro-poor growth. Nigeria is known long before now in proposing white elephant projects that have no direct bearing on the masses especially those leaving in rural areas. In fact, many resource consuming white elephant projects in town and cities across the country is frustrating in view of the huge amount of money the government continue to waste and the trend persists especially during the present democratic dispensation.[31] While some of these projects are completed like Airports, International Conference Centres (ICCs), hotels, among others. Albeit, some are still unutilized or in some cases grossly underutilized, many others initiated several years ago are up till now under construction or totally abandoned. Sadly, most of these projects were financed from debt, in which the country continues to settle the debt interest yearly. For instance, the TINAPA shopping mall that costs government $450 million to build has been left

[30] 2018 Budget Proposal.

[31] 1999-date.

abandoned for years. There are many of these cases across Nigeria involving not only the central government but also the states as well.

In most cases, these white elephant projects can be politically attractive because they affect voting behaviour in any region that they are cited. There is then a trade-off between efficient project that promote societal welfare and inefficient projects that are politically pressing. This makes inefficient projects to be more pronounced because of high value for power and high level of regional divides based on religion, tribe and ethnicity.[32] The political nature of the creation and location of projects means that when there is change in government old projects are mostly abandoned and new ones will be processed for political reasons. This is very common in Nigeria and is no longer seen as abnormal – which continue to mitigate the general performance of the economy.

It can be advanced that another way to provide answer to failure of Nigeria's government expenditure to create pro-poor growth lies on the country's religious, tribal and regional differences which in most cases create inefficiencies in government programs. It is important to know that since the country got her independence in 1960, project and resource allocation have tended to be defined in terms of regional, ethnic and religious affiliations.[33] Notwithstanding, there are efforts by governments to develop a framework on public expenditure and revenue allocation between regions and reduce the intense rivalry that seems not to be productive but there has not gotten reasonable success partly because of the politicization of the whole process.

More again, this may not be sufficient to rely upon since there are many countries that have similar problem of ethno-religious differences like India, Kenya and Botswana. Yet, they have handled those differences and achieve certain development goals far beyond Nigeria. Where then those problem lies? Could it be corruption as the country is widely known for corruption the world over? Nigeria languishes on the bottom of Corruption Perception Index (CPI) as 1st, 2nd and 3rd most corrupt country in the world for almost a decade. In most cases, the financial resources meant for executing public projects are siphoned through over-invoicing, inflation of contracts and sometimes poorly projects are been executed for the personal gain of government officials and contractors.[34] In such cases, while it will appear that government has spent huge amount of money on paper but in reality, is only some part of the money that is spent.[35] For instance, over the years, central government of Nigeria has spent billions on roads, ports, railways lines, power, schools and other economic infrastructures, but only few gains are realize partly due to corruption. As observed earlier, this is because of contract inflation, requesting kickback, budget mismanagement and poor project execution.[36]

However, this may not necessary be the missing link between expenditure and growth nexus since there are countries in both Asia and Africa where corruption and economic growth goes hand in hand.

Table 2: Corruption Perception Index for Nigeria and Some Selected Countries

[32] It is paramount to know that Nigeria has 3 religions (Islam, Christianity and traditional) and over 300 ethnic group with intense competition between them in terms of resource allocation. This has caused so much inefficiencies especially in projects allocation.

[33] This has led to continue search for a better paradigm that can accommodate the aforementioned factors and hold the country together.

[34] The contractors in most cases are relatives and associates of the politicians.

[35] This scenery has made Nigeria to have so many uncompleted projects, abandoned and poorly executed projects cutting across all the regions of the country.

[36] According to EFCC (2017), the derailed and abandoned road projects in Nigeria have costs the central government USD 4.5 billion.

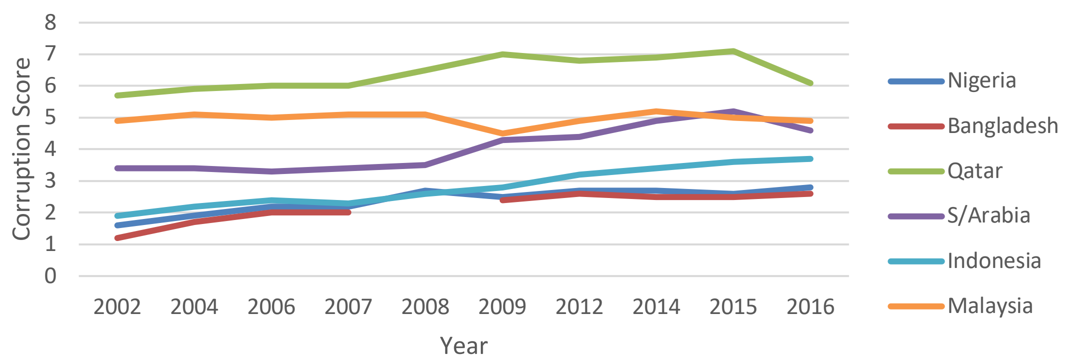
Year/ Country	2002	2004	2006	2007	2008	2009	2012	2014	2015	2016
Nigeria	1.6 (101st)	1.9 (144th)	2.2 (142nd)	2.2 (147th)	2.7 (121st)	2.5 (130th)	2.7 (139th)	2.7 (136th)	2.6 (136th)	2.8 (136th)
Bangladesh	1.2 (102n)	1.7 (145th)	2.0 (156th)	2.0 (162nd)	2.1 (147th)	2.4 (139th)	2.6 (144th)	2.5 (145th)	2.5 (139th)	2.6 (145th)
Qatar	5.7 (28th)	5.9 (38th)	6.0 (32nd)	6.0 (32nd)	6.5 (28th)	7.0 (22nd)	6.8 (27th)	6.9 (27th)	7.1 (22nd)	6.1 (31st)
S/Arabia	3.4 (62nd)	3.4 (71st)	3.3 (70th)	3.4 (79th)	3.5 (80th)	4.3 (63rd)	4.4 (66th)	4.9 (55th)	5.2 (48th)	4.6 (62nd)
Indonesia	1.9 (96th)	2.2 (133rd)	2.4 (130th)	2.3 (143rd)	2.6 (126th)	2.8 (111th)	3.2 (118th)	3.4 (107th)	3.6 (88th)	3.7 (90th)
Malaysia	4.9 (33rd)	5.1 (39th)	5.0 (44th)	5.1 (43rd)	5.1 (47th)	4.5 (56th)	4.9 (54th)	5.2 (51st)	5 (54th)	4.9 (55th)
Number of countries	102	146	163	179	180	180	174	174	167	176

Source: Transparency International for various years.

To be clearer, we compare Nigeria with some Asian and African countries using corruption Perception Index data from the Transparency International.[37]

From Figure 10 and Table 3, it can be observed that there is slightly significant difference in the level of corruption between the countries considered. Qatar, Malaysia and Saudi Arabia have recorded significant progress in their war against corruption. However, Nigeria, Indonesia and Bangladesh have been consistently ranked in the bottom of corruption perception index for many years. Despite the level of corruption in Indonesia and Bangladesh, they have managed over the years to reform their economies through improvement in growth rate and general standard of living of their people. Why Nigerian situation has then remained significantly different? One can argue that the sphere and nature of corruption differs between these countries and the CPI data fail to provide robust information that can capture such differences.

Figure 7.10: Corruption Perception Index for Nigeria and Some Selected Countries



Notes: (a) The Corruption Perceptions Index ranks countries/territories based on how corrupt their public sector is perceived to be. A country/territory's score indicates the perceived level of public sector corruption on a scale of 0 - 10, where 0 means that a country is perceived as highly corrupt and 10 means that a country is perceived as very clean. A country's rank indicates its position relative to the other countries/territories included in the index.

[37] Transparency International is a global civil society organization leading the fight against corruption. They provide data for corruption which rank countries/territories in terms of the degree to which corruption is perceived to exist among public officials and politicians. It captures information about the administrative and political aspects of corruption.

For instance, in countries like Indonesia and Bangladesh, corruption is institutionalized to the extent that it is seen as a surcharge fee. It is clear to everyone how to pay to accomplish a deal. This kind of corruption has proven to have less effect compared to the type of corruption in Nigeria that in most cases goes beyond this arrangement but by far involves stealing monies meant for provision of public utilities. This shows that even though corruption has significant negative effect on development, but not all forms of corruption produce the same effect as witnessed in some Asian countries like Indonesia and Bangladesh.

Furthermore, Indonesia turned their oil revenue in productive investment in many sectors of the economy which helps to make the economy diversified and prosperous in the recent years while in Nigeria, oil income is either stolen or used for unproductive projects. One can arguably say that there is no significant difference between public and private sectors where exploitation of state's assets has become a norm. And the government has been less concerned about work for the citizen's best interest but siphoned public funds and establish private institutions which are seen in all the parts of the country.

Corruption has been far more damaging to Nigeria than all the countries analyzed.[38] While Indonesia and Bangladesh experienced centralized and organized form of corruption and did not witnessed massive transfer of stolen funds to abroad, the reverse has been the case in Nigeria. In other words, the disorganized and decentralized nature of corruption in Nigeria and the high tendency of transferring corruption proceeds to foreign countries due to unstable macroeconomic environment has indeed made corruption and development in Nigeria incompatible.[39]

Furthermore, we have also attempt to compare Nigeria with some African countries who are also Nigeria's comparators after their political independence. Table 3 and Figure 11 depict CPI scores of Nigeria and some selected countries in Africa.

Table: 3: CPI for Nigeria and Some Selected Countries

Year/ Country	2002	2004	2006	2007	2008	2009	2012	2014	2015	2016
Nigeria	1.6 (101st)	1.9 (144th)	2.2 (142nd)	2.2 (147th)	2.7 (121st)	2.5 (130th)	2.7 (136th)	2.7 (136th)	2.6 (136th)	2.8 (136th)
South Africa	4.8 (36th)	4.5 (44th)	4.6 (41st)	5.1 (43rd)	4.9 (54th)	4.7 (55th)	4.3 (69th)	4.4 (55th)	4.4 (61st)	4.5 (64th)
Botswana	6.4 (24th)	5.9 (34th)	5.6 (31st)	5.4 (38th)	5.8 (36th)	5.6 (37th)	6.8 (30th)	6.3 (31st)	6.3 (29th)	6 (35th)
Angola	1.7 (98th)	2.0 (133rd)	2.2 (133rd)	2.2 (147th)	1.9 (158th)	1.9 (162nd)	2.2 (157th)	1.8 (161st)	1.8 (136th)	1.2 (164th)

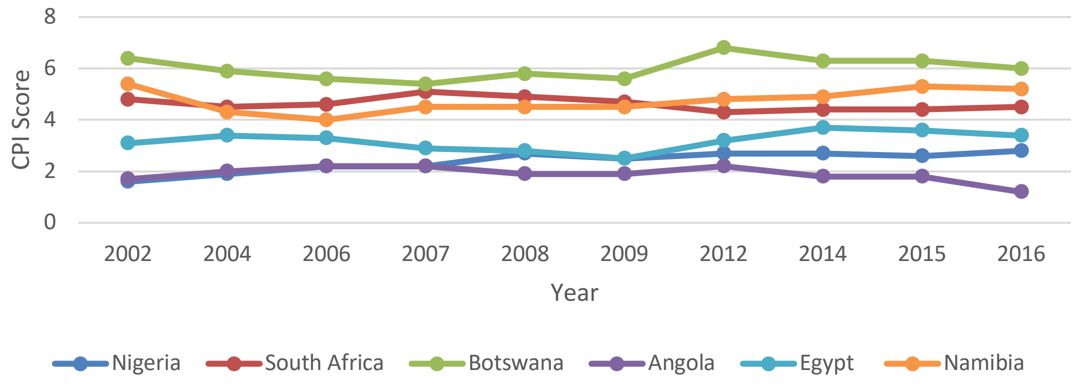
[38] In a similar manner, Page (2018) stresses that poor project execution in Nigeria has caused damages and collapsed of buildings, roads and bridges that claimed lives of so many Nigerians each year. This is because in most cases the project inspection team are bribed to accept substandard work that have short life span despite huge money paid by government. Furthermore more, Nigeria continue to suffer from electricity shortage for both domestic and industrial needs for years despite huge amounts of money invested in the power sector. A recent study reveals that Nigeria has lost N11 trillion (USD64.7 billion) to corruption in the power sector between 1999 and 2017. The amount if properly spent, should have long solve the power crisis in Nigeria. Indeed, the more money the government invests in the sector, the less power the country has: Nigeria (with a population near 200 million) currently generates roughly the same amount of power (4,500 megawatts) as Oman with a population of about 4.5 million (Page, 2018).

[39] As noted earlier, despite the relative economic growth witnessed in Nigeria, but the growth seen in Nigeria has not been accompanied by meaningful reduction in poverty level unlike the situation in the aforementioned countries.

Egypt	3.1 (62nd)	3.4 (77th)	3.3 (77th)	2.9 (105th)	2.8 (115th)	2.5 (111th)	3.2 (118th)	3.7 (94th)	3.6 (88th)	3.4 (108th)
Namibia	5.4 (28th)	4.3 (54th)	4.0 (54th)	4.5 (57th)	4.5 (61st)	4.5 (56th)	4.8 (58th)	4.9 (55th)	5.3 (45th)	5.2 (53th)
Number of countries	102	146	163	179	180	180	174	174	167	176

Source: Transparency International for various years.

Figure 7.11: Corruption Perception Index for nigeria and some selected African Countries



Notes: (a) The Corruption Perceptions Index ranks countries/territories based on how corrupt their public sector is perceived to be. A country/territory's score indicates the perceived level of public sector corruption on a scale of 0 - 10, where 0 means that a country is perceived as highly corrupt and 10 means that a country is perceived as very clean. A country's rank indicates its position relative to the other countries/territories included in the index.

(b) The corruption perceptions index (CPI) ranks countries/territories in terms of the degree to which corruption is perceived to exist among public officials and politicians. It captures information about the administrative and political aspects of corruption. Broadly speaking, the surveys and assessments used to compile the index include questions relating to bribery of public officials, kickbacks in public procurement, embezzlement of public funds, and questions that probe the strength and effectiveness of public sector anti-corruption efforts (see IT, 2017).

Source: Transparency International for various years.

Table 3 and Figure 11 suggest that with the exception of Botswana and Namibia, all the other countries considered are languishing on the bottom of corruption perception index. The case of Egypt is essentially important in our analysis. This is because Egypt being the 3rd largest economy in Africa has been growing at faster rate in recent time despite the prevalence of corruption just like the case of Indonesia ad Bangladesh. However, this suggest that despite the value of our finding on the effect of corruption on public spending and Nigeria's economic performance, our hypothesis does not in any way suggest that there were no other factors that contributed to Nigeria' poor economic performance over the years.

7.0 Concluding Remarks

From the discussions, it is very clear that the reasons that can be advanced for Nigeria's government expenditure failure to create responsive infrastructural facilities and improvement in general standard of living are many and complex. The comparison of countries done in the study suggest that larger government expenditure cannot guarantee positive development unless if the expenditure whether large capital investment, consumption, transfer or subsidies are done in quality, cost effective and meaningful manner. Even in instances where the small portion of budget is allocated for social and economic investment, the low quality of spending and high prevalence of corruption has led to a divergence between the level of public spending and access and quality of services provided especially during the present democratic dispensation where corruption has become a norm in the country. This requires effort to assure efficient and effective investment of resources in infrastructure as well as the equitable distribution of benefits and maintaining the productivity of the natural assets especially in oil producing state like Nigeria.[40] Creating a more productive agriculture sector would deliver multiple benefits to drive the needed transformation which can be done by improving the sector's financing. The low levels of public investment in agriculture, education and health and other key sectors have long term implications, as it takes longer time to develop the human and infrastructural facilities needed for accelerated growth and development. Efforts to improve political and economic governance in the use of national resources should concentrate on boosting access to and equity in social services.

Lessons from some African and Asian countries indicate that structural transformation can be accelerated through an integrated approach of improving agricultural productivity, rural industrialization, market expansion and reducing dependency ratios. This requires policies and investment in raising agricultural productivity, increasing farm incomes by expanding markets and increasing non-farm employment through rural industrialization and greater use of new technology. By and large, we can conclude that majority of the problem lies on too much wastage from the side of government resulting from inefficiencies and corruption, lack of definite role and priority in public spending programs and policies and other inefficiencies emanating from administrative bureaucracy, poor handling of budgetary process and public spending.

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[40] Mauritius is a good example that has successfully invested rents from exports into human capital development with an education policy that grants free education through university for all citizens and free health. This has resulted in higher levels of social cohesion, welfare and economic growth – and to a lower level of inequality.

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