

# **Economic Reforms and Development in Nigeria: A Critical Analysis of National Economic Empowerment and Development Strategy (NEEDS) A Reference of 1999-2015**

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## **Abstract**

The study examines economic reforms and development in Nigeria the case of national economic empowerment and development strategy(NEEDS) between 1999 to 2007 Findings revealed that NEEDS is a reform agenda by Nigerian government modeled on the IMF's poverty reduction and growth facility to achieve some macroeconomic goals of stability, poverty alleviation, wealth creation and employment generation. Further findings revealed that the implementation of NEEDS program has neither reduced the number of people living below poverty line in Nigeria within the period under investigation. The study relied on secondary sources of data as veritable tools for its analysis. It was framed on the Theory of Dualism. The study concludes that NEEDS has not made significant impact on Nigeria infrastructures and standard of living of many citizen as poverty level continues to increase years after its implementation. It concludes also that the failure of NEEDS to significantly generate employment and reduce poverty has been attributed largely to weak institutional framework and lack of political will of the Nigerian state. The study recommends that to achieve poverty reduction and economic progress in Nigeria, there should be access to quality education by all Nigerians and the leadership must be truly committed to the economic reform agenda by encouraging development of stronger state institutions and creating enabling environment for investment to thrive.

## Introduction

Nigeria is the most populous country in Africa and the eighth most populous country in the world. She is a member of the United Nations and Commonwealth countries and a very influential member of African Union (AU) and Economic Community of West African States (ECOWAS) among other international and regional organizations. Nigerian economy has been described as one of the fastest growing in the world and she is the largest exporter of petroleum in Africa. At her political independence in 1960, agriculture was the main stay of economy accruing for about 70% of the GDP and about 90% of foreign exchange earnings. Manufacturing which contributed 3.9% in 1960-1961, reached a peak of about 10% in 1981 and thereafter started to decline progressively to the lowest level of 2.57% in 2006. Crude oil became dominant in the Nigerian economy starting from 1970s and presently accounts for about 40% of GDP and over 95% of foreign exchange earnings and over 70% of federal government revenue source (Kwanashie, 2005)

Since her independence in 1960, Nigerian economy has been a mono-cultural one moving from over-dependence on agriculture to over-dependence on oil and this made her economy become volatile and susceptible to vulnerabilities in the global market hence NEEDS as an economic reform 13 years after military rule came with the objective of restructuring the economy through value reorientation, privatization and deregulation. Unfortunately, despite the country's vast oil wealth and abundant human resources, endemic corruption and mismanagement of the nation's resources as a result of poor leadership, have continued to undermine the country's economic development and social integration and this has plunged the country into greater poverty and dependency with all its attendant consequences (Okonjo-Iweala, 2007)

World Bank (2010) posits that 70% of Nigerian populations live in poverty and out of this 34% live below poverty line. That Nigeria has low per capita income and this sustained for more than two decades, for instance, the per capita GND in Nigeria was estimated at US\$1,000 in 1977, dropped to US\$800 in 1982, it fell to US\$359 in 1986 and further fell to US\$90 in 2000 (World Bank, 1995)

After a successful transition to civil rule on May 29, 1999, the then President Olusegun Obasanjo saw the need for reform because of the myriad of socio – economic problems that engulfed the country. According to the government, the economy was overburdened with problems such as energy crisis manifested in wide spread scarcity of petroleum products and erratic power supply, high fiscal deficits

which threw macroeconomic fundamentals out of order and collapsing infrastructure and services, and an economy that was experiencing low industrial outputs, high unemployment and crushing debt burden (Obasanjo, 1999) The President therefore launched series of economic reforms in March 2004 mainly to address the structural and industrial weaknesses of the Nigeria economy. The economic reform package included, accelerated privatization, deregulation and liberalization of key sectors of the economy, monetary and fiscal reform, infrastructural development, enhanced transparency and accountability and institutionalization of anticorruption machineries as key factors of good governance. These reform programs were condensed into what was called an all – embracing home – grown economic program popularly known as National Economic Empowerment and Development Strategy (NEEDS). NEEDS program which was modeled from the IMF Poverty Reduction and Growth Facility was specially designed to lay a solid foundation for sustainable poverty reduction, employment generation, wealth creation and value – orientated economy (Obasanjo, 1999)

There was high expectation that the new economic reform would fix the socio – economic problems that bedeviled Nigeria for a long period of time considering its scope, comprehensiveness and re – orientation potentials it portrayed. From its manifesto it could easily be deduced that NEEDS differs significantly from the past economic policy Nigeria had in the mid 1980 called Structural Adjustment Program (SAP) as it was thought to be more comprehensive, realistic and better coordinated and tends to reflect the input of the country's shareholders (NEES, 2005)

A glance at Nigerian economy reveals continues exacerbation of macroeconomic contradictions manifesting in huge debt overhang, low productivity, unemployment, un-competiveness of private sector and infrastructural inadequacy and decay leading to varying degree of reforms in the 1970s in an attempt to curtail these problems by successive governments with the sole aim of reducing poverty and hunger in the land. For instance, General Yakubu Gowon introduced National Accelerated Food Production Program (NAFPP) in 1973 Gen. Murtala Mohammed introduced Agricultural Development Project (ADP) in 1975, Gen. Olusegun Obasanjo introduction Operation Feed the Nation (OFN) in 1976, He also introduced Land Use Decree (LUD) in 1978, President Shehu Shagari introduced Green Revolution Program (GRP) in 1979, Gen. Buhari introduced School Land Program in 1984, Gen. Babangida introduced Directorate for Feed, Roads and

Rural Infrastructure (DFRRI) in 1985, same Babangida administration introduced, Structural Adjustment Program (SAP) in 1986 and the same administration introduced National Land Development Authority (NALDA) in 1992. Other Programs included, National Directorate of Employment (NDE), Peoples Bank of Nigeria (PBON), Community Bank (CB), Better Life Program (BLP), Guinea Worm Eradication Task Force (GWETF), Family Support Program (FSP), Primary Health Care (PHC), Family Economic Advancement Program (FEAP), Federal Assisted Mass Transit Program (FAMTP), Oil and Mineral Producing Area Development Commission (OMPADC), Petroleum Trust Fund (PTF), Education Trust Fund (ETF), Roll Back Malaria, National Housing Fund Scheme (NHFS), Poverty Alleviation Program (PAP), National Poverty Eradication Program (NAPEP) and the National Economic Empowerment and Development Strategy (NEEDS) aimed at reducing poverty, creating wealth, generating employment, eliminating corruption and reorienting Nigerian value (Ozughalu, 2016), Onuoha (2011) Observes NEEDS program is a new wine in an old wine skin. Aniche (2012) also posits that the implementation of this economic reform program is simply World Bank agenda. Ayo (2013) submits that NEEDS was fundamentally influenced by the analysis of Nigeria as a rent – based state which status is a major stumbling block to development. Alao (2014) opines that NEEDS document was lacking in data, it was timeless in its implementation milestone and deliverable. He therefore concludes that economic reforms and poverty eradication in Nigeria are neither corrective nor redemptive; they neither reduce poverty nor bring about needed development that will ensure better standard of living of Nigerian citizenry.

### **Objectives of the Study**

The study is predicated on the following research objectives;

1. Examines national economic empowerment and development Strategy as an economic reform and development policy in Nigeria between 1999-2007
2. Ascertain whether the implementation of NEEDS program reduced the number of people living below poverty line in Nigeria within the period under investigation.
3. Determine whether poverty level continues to rise after years of NEEDS implementation in Nigeria.

### **Methodology**

The study made use of secondary sources of data as veritable tools to analyze the concept of economic reforms and development in Nigeria the case of national economic empowerment and development strategy (NEEDS) the reference of 1999-2007. The choice of this methodology was informed by its outstanding qualities and expert submission that enhance efforts of findings and obtaining people's opinions and beliefs about the importance of economic reforms to development all over the world. This methodology helps us to understand in the broadest possible form, not just the product of scientific inquiry but the process itself because it outlines the step-by-step details of the procedures followed in carrying out the study. It also avail readers the opportunity of assessing the views of authorities cited in the literature review. Data for this study were sourced from magazines, periodicals, newspapers, textbooks, internet, published articles, journals, seminar papers; dictionaries encyclopedias quoted speeches and official documents.

### **Theoretical Framework**

The framework of analysis upon which the study is anchored is the Theory of Dualism. This theory argues that economic laws that are valid in advanced capitalist nations may not work in underdeveloped countries. According to this theory, economic reforms in advanced capitalist countries facilitate development in stable environments with appropriate institutions and value system. This theory developed by Professor J.H. Booke of Netherlands in 18<sup>th</sup> century when the Western style of agricultural plantation was introduced by the Dutch in the territory of Indonesia and it was discovered that it failed woefully after some years of practice (sergeant, 1972) It was also discovered that western strategy of socio-economic development introduced in third world countries are characterized by:

- I. Enthusiasm and high expectations
- ii. Resources are heavily mobilized for its success.
- iii. Government justifies her action through massive propaganda network.
- iv. Little success is archived in implementation process.
- v. The economic condition of the people desecrates.
- vi. Government becomes more authoritarian to survive for instance, the marshal plan for the reconstruction of Western Europe after the World War II and the strategy adopted for the development of post – colonial African stat did not succeed. Development strategies like the United Nations development Decade, the New



International Economic Order and the Brandt Report did not achieve their goals in Africa. The structural and attitudinal factors that negate the development process were based on western strategy. These factors include; lack of basic institutions, appropriate and relevant manpower, prevalence of corruption, poor value system amongst others. (Whitaker 1970 and Riggs 1975)

### **Rational for the Adoption of the Theoretical Perspective**

The adoption of the Theory of Dualism as theoretical basis for economic reforms and development in Nigeria is underpinned by a number of factors one, the policies were based on western development strategy, two, massive resources were deployed for its success, three, the policy makes few Nigerians rich and majority poor, four, there was a rise in the general level of poverty in Nigeria between 1999 and 2007. five, Many industries closed down and this increased unemployment, six, social services like power, water and roads deteriorated. Seven, there was steady rise in anti-social activities, eight, there was a big wave in armed robbery, kidnapping for rand some and corruption was on the increase as well as weak institutions with all their attendant consequences. Economic reform policies like the structural adjustment program (SAP) deregulation, privatization, monetization amongst others, packaged in the form of IMF/World Bank Loan their repayment conditionality only ended up adding to the development challenges in Nigeria today and so many factors ought to be considered before the adoption of socio-economic policies and reforms that are alien to Nigerians. (Daily Trust, May 2, 2013)

### **Conceptual Clarifications**

The concept of NEEDS, this is an acronym for National Economic Empowerment and Development Strategy which was launched on the 15<sup>th</sup> March, 2004 by the Federal Government of Nigeria as a development strategy aimed at reducing poverty, creating wealth, generating employment, eliminating corruption and reorienting cherished values in Nigerian.

Economic reform: Reform connotes change or improvement in a given condition or state of affairs towards better condition, it is synonymous with progress. It aims to bring ideas, plans, and programs into reality. (Olewe, 2014) describes economic reform as a widely participatory process of directed social and economic change in a society that aims to bring about social change and material advancement like equality, freedom and other cherished qualities for

the majority of people through gaining greater control over their environment.

**Poverty:** the state or condition of having little or no money, goods or means of support for a good living. Poverty reduction (eradication) is any process which seeks to lessen the level of poverty or powerlessness in a community or among groups of people or countries. (Encyclopedia of Social Sciences, Vol. 3)  
**Policy:** the declared objectives that a government or party seeks to achieve and preserve in the interest of national community

### **Review of Related Literature**

**Concept of Economic Reform:** Reform generally connotes change or improvement in a given condition or state of affairs, it is synonyms with progress. Olewe (1995) argues that reform is to bring ideas, plans and programs into reality or national transformation that aid to produce positive change. Everett (1996) states that, reform is a widely participatory process of divided social and economic changes in society intended to bring about social change and material advancement like equality, freedom as well as other cherished values to the majority of people through their gaining greater control over their environment. Thus, a good economic reform should bring about national revival and transformation through systematic and faithful implementation in the polity. It should seek to change the status quo if desired ends are to be attained. World Bank (1996) Posits that economic reform is planned process of bringing about improvement in a polity. It refers to a comprehensive program of government in any polity geared towards transforming the structures and systems of public service for improved service delivery. Ariyo (2014) defines economic reform as any form of policy and or institutional intervention that seeks to change the process of economic design and implementation with a view to ensuring a better and more purposeful management of the economy thereby enhancing sustained improvement in the welfare of citizenry.

In the Nigerian experience, the reform process was actually directed towards restructuring and revamping her economy and making it more stable and amenable to growth and development. Most of the Nigerian reform programs were imposed on the country by the West and Western controlled international financial institutions such as the World Bank and the IMF. Consequently, these reforms have been largely volatile and contradictory because they respond to the principle of free market economy and liberalization as expounded by these international financial hawks as such the reforms

have been largely externally driven without consideration for socio-economic and political effects on the recipient countries. Given the above condition, the shift and transfer in policy decision from national to transnational and multilateral actor have led to the imposition of foreign policies and programs on developing countries which in the long-run place heavy burden on them in exporting their resources to developed countries in the name of privatization and fuel subsidy since these reforms are in the era of globalization wherein wealth is exported and poverty, hunger and misery are imposed on the vulnerable group in developing countries like Nigeria (Umezurike 2013)

Sanusi (2005) observes that most of these structural and institutional reforms in developing countries are inspired by IMF or the world Bank as such most of economic reforms in developing countries especially the IMF structural Adjustment Program (SAP) of the late twentieth century was an extension of Trans-Atlantic slave trade, nineteenth century colonialism and neo-colonialism, He noted further that SAP was aimed at cheapening into domestic assets of less developed nations, removing administrative constraints that hinder free movement of goods and capital as well as capital exploitation and repatriation for the benefit of the developed world. Thus, while SAP was directed towards de-industrialization of third world nations and impoverishment of their people, it equally aimed at providing ready market and raw materials for creditor nations.

Kwanashie (2005) also noted that no country's economy will be successful by neglecting and deepening its majority populace into miserable poverty. The design of economic policies in developing country like Nigeria therefore must take into cognizance the interest and needs of intended beneficiaries' particularity those at the grass roots. His reasons are twofold; first, the ideology behind such a reform should be derived from a neo-liberal paradigm consistent with globalization. The second reason is that a large segment of the Nigerian population still lives in rural areas and belong to a lower social formation in which capital is scarce with low level of the development of productive forces and technology still rudimentary and indigenous ideology still different from that of national level.

Offiong(2001) argues that central to liberalization program packaged under neo-liberal economic reform policies like SAP is the privatization of public enterprises such as Nigeria Telecommunication (NITEL) National Fertilizer Company, Hotels, Steel Rolling Mills, Paper Companies, Sugar Plant and Vehicle Assembly firms aimed at enhancing efficiency and encouraging foreign



investors. The major consequences of this according to this scholar are the rising level of unemployment, increased rate of payment of service by these firms to the general public. No wonder that the international financial institutions like the World Bank and IMF emphasis on economic liberalization as a condition necessary for Nigeria to seek possible negotiation for debt relief (Offiong 2001)

### **History of Economic Reforms in Nigeria**

According to Olukoshi (1993) before the discovery of oil, economy depended on primary production mainly agriculture with little emphasis on solid mineral exploration. With the discovery of crude oil however, almost all emphasis on generating and increasing government revenue now shifted to the production and exportation of crude oil to international market. This has made it possible for government revenue and expenditure to raise thereby enabling government to finance import goods such as spare parts and machines for the expansion of manufacturing sector under indigenization policy.

The collapse of oil price at the international market in the 1980s resulted in the decrease in the petro-dollar earning of the federal government from #10.1 billion in 1979 to about #5.161 billion in 1982. The adverse consequence it has on the Nigeria economy was the decline in the production thus raising unemployment rate and wide poverty which resulted mainly from massive retrenchment of workers. Government budgets were also implemented with huge deficits which increased the pace for external borrowing particularly to meet the yearnings and aspirations of Nigeria's in the provision of basic socio-economic infrastructure. This combined with pervasive corruption compounded the situation further by increasing Nigeria debt crisis. Olukoshi (1993) succinctly noted thus:

Nigeria is unable to sustain its expenditure at its pre-crisis level. The state started to run huge deficits in its budget whilst at the same time on foreign borrowing from private and official international sources to sustain some of its spending programs. This borrowing spree laid the foundation for the country's debt crisis that compounded the problem affecting the wider economy (Olukoshi, 1993).

As part of measures adopted in the public sector to cope with the crisis in public service and parastatals staff were laid off. International public debt rose astronomically from #4.6 billion in 1979 to #22.2 billion in 1983. National output fell by 8% in 1983 and further by 5.5

in 1984. Inflation was officially put at 32.2% in 1983 and rose to 39.6% in 1984. In 1976 the precarious unemployment rate was 4.3% and rose to 6.4% in 1980 (Lawal, 1993) Fadahunsgi (2018) submits that capacity utilization in the various sectors of the economy was very low and the Shagari administration enacted the economic stabilization Act of April 1992, otherwise referred to as Austerity Measures.

The main thrust of the Act was unmistakably monetarist which called for massive imposition of import restriction, monetary controls and cut in public expenditure. Despite this cut in government expenditures, economic crisis deepened and the country's external debt rose from #2billion in 1979 to #12.8b in 1981 and to #21.b in 1985 with debt servicing put around #77.8m in 1978 and #3.6b in 1985 (Fadahunshi, 2018)

To address these crises, the Babangida administration declared a state of national economic emergency that lasted for fifteen months from 1<sup>st</sup> October, 1985- July 1987 and about 20% wages of both civilian and military personnel were cut off to support national economy. SAP which allows naira to depreciate in relation to united state dollar was introduced; there was subsidy removal, privatization and commercialization of republic enterprises, trade liberalization, and deregulation. There was removal of administration control particularly in foreign transactions, profit repatriation and foreign investment inflow as well as reduction in public expenditure. (Olukoshi, 1993)

Since the return of civil rule in Nigeria in 1999, series of economic reform policies and programs were initiated which include; NEEDS, the Monetization Policy of Obasanjo's regime, vision 20:20:20 of Yar'Adua administration and the Transformation Agenda of the Jonathan administration. Central to these economic reform policies is the development of Nigeria' economy and improving the living standard of the Nigeria populace by providing socio-economic needs, reducing inefficiency in public sector, stop corruption, encourage foreign investment and reducing poverty. (NEEDS Document, 2005)

### **Nature and Dimensions of Economic Reforms in Nigeria**

Statistics has shown that economic reform policy in Nigeria started in 1980s when government revenue declined due to fall in oil price in the global market, decrease in trade balances and external reserve with interest in agency cost and corrupt practices in the country as well as continues shrinking in government direct investment. Most of these reform policies if not all, were designed and implemented in

line with market-oriented policy supported by the World Bank and IMF.-The attributes of such reform designed under neo-liberal paradigm congregate around deregulation of major economic sectors and trade liberalization. These policies were made a basic part of the World Bank and IMF loan conditionality. In the face of the widespread balance of payment deficit crises in the economies of the South, there was equally a wide acceptance of these loans with their structural adjustment conditions (Akpan, 2006)

Apart from this conditionality attached to economic reforms, debt service, and financial aid constituted impediments to economic development in Nigeria. These reforms encouraged exploitation and repatriation of capital from Nigeria to serve the interest of western capitalist nations. This was confirmed by the mid-year report in 1994 by the central Bank of Nigeria (CBN) that resulted into abandoning the economic reform program under SAP and genuine regulation was introduced and this forced the World Bank and IMF to quickly veto any future request by Nigeria for debt until the economic reform was restored (Chete' 1994)

### **General Objectives of Economic Reforms in Nigeria**

- (i) improve the economy and reduce poverty:
- (ii) improve efficiency in production system by injecting new invasion an skills due to advancement in science and technology
- (iii) drastically reduce government involvement in the running of public enterprises by encouraging private sector to take over public firms
- (iv) creating more jobs for the teeming population
- (v) encourage inflow of capital and foreign investment
- (vi) diversify the economy to non-oil sector most especially manufacturing industries
- (vii) reduce corruption for economic advancement.

Despite the reforms, the expected objectives are not realized rather we see a reverse in terms of rising level of corruption, heightened poverty and inadequate provision of social services. Due to the fact that the Obansanjo administration attempted a holistic program of economic revival aimed at transforming Nigerian economy into world class consequently the reform program covered all sectors such as the public, education, pension, security, poverty as well as banking sector. (Umezurike, 2011)

Privatization and commercialization has been major instrument of public sector reforms in Nigeria since the 1980s and it has been

crisis ridden as a result of SAP particularly the privatization of NITEL and NEPA because of elite contestation for economic advantage, nature, composition and character of the state. This has to be because under globalization the power of the state to provide economic and financial stability to protect the vulnerable in society and preserve the environment has been undermined because state serve the interest of capital from multinational corporation and financial institutions which are the main forces of globalization. In Nigeria public sector is privatized for the following reason: inefficiency and ineffectiveness, rampant case of corruption, limited accountability of public official in the management of public partials, declining value of governance owing to political instability and finally apparent pressure from foreign creditor on the on the Nigeria governance to downsize and limit the role of public sector (Umezurike, 2011)

### **Historical Background of NEEDS**

NEEDS is a federal government poverty reduction strategy. It builds on the earlier two-year effort at producing the interim poverty reduction strategy (PRSP) and the wide consultative participatory process associated with it. It is a medium term strategy 2003-2007, which derives from the country's long term goal of poverty reduction, wealth creation, employment generation and re-orientation. NEEDS is a nationally coordinated framework of action in collaboration with states and local governments as SEEDS and LEEDS respectively as well as other stakeholders to consolidate on the earlier achievements of democracy and to build a solid foundation for the attainment of Nigeria long-term vision of becoming the largest and strongest African economy and key in the world economy. The fundamental values upon which NEEDS rest are: respect for elders, honesty, accountability, cooperation, industry, discipline, self-confidence and moral courage. More specifically the strategy hopes to lay foundation for a national re-discovery and strong value on the following principles: Enterprise, Competition and efficiency at all levels, equity and care for the weak and vulnerable, moral rectitude, respect for traditional values and pride in Nigeria's culture, a value system for public service that results in effective and efficient service delivery to the citizen and discipline at all levels of leadership. ((NEEDS Document, 2005)

### **Ideology behind the NEEDS**

The main ideology is neo-liberalism. NEEDS is a development strategy anchored on the private sector as an engine of growth for wealth creation, employment generation and poverty reduction. The



government is the enabler, facilitator and regulator. The private sector is the executor, director, investor and manager of the business. It focuses on people; it is about their welfare, health, education, employment, poverty reduction and empowerment, security and participation. It is anchored on a neo-liberal ideology that believes on free market, free trade, export-led growth, private ownership, strict control on balance of payment deficits and drastic reduction in government social spending (NEEDS Document, 2005)

### **Objectives of NEEDS**

The main objectives of NEEDS are private sector driven economy and a new leadership. **Vision and mission:** the vision and mission of the strategy are derived from Nigeria history, endowment, experience and aspirations. The visioning process drew inspiration from the view of a cross section of stakeholder and the provision of the constitution regarding the overall thrust of the directive principle of state. The vision underscores the necessity and urgency of dealing with challenging Nigeria is facing. It is therefore crafted as follows: "to build a truly great African democratic country, politically united, integrated and stable, economically prosperous, socially organized with equal opportunity for all and responsibility from all, to become the catalyst of African Renaissance and making adequate and all-embracing contributions sub-regionally, regionally and globally (Kornor, 2009)

**Goals:** the goals of NEEDS are wealth creation, employment generation, poverty re-dedication and value re-orientation.

**Values:** the strategy stresses the importance of value re-orientation. Nigerian society having for long been subjected to the syndrome of getting wealth with little or no effort combined with a get rich quick mentality and reliance on government that is largely responsible for disrespecting our cherish values and norms. Rather there should be value re-orientation to enthrone the values of hardwork and transparency, greater service to Nigeria, wealth creation through productive effort rather than through dubious means, management in government as service rather than as a commercial business (Aniyo, 2009)

### **Leadership Envisioned by NEEDS**

According to Williams (1994) a visionary leader is an executive with strong commitment, a man of impeccable integrity, predicable and



transparent and prepared to take the risk of taking his country to a greater height. Ariyo (2009) posits that all the factors identified as key to the success of economic reform in recent literature are in fact dependent on effective political leadership. They include government level of understanding of economic issues, its commitment to the reform agenda, inclusion of key technocrats and its ability to build coalition on behalf of the reform, mobilize public support with key ingredients of competence, integrity and dedicated leadership. NEEDS envisages a new vision of development sourced from the Kuru Declaration of 2001; to build a truly great African democratic country, politically united, integrated and stable economically prosperous, socially organized with equal opportunity for all and responsibility from all to become the catalyst of African renaissance and making adequate and all-embracing contributions sub-regionally and globally. This new vision requires the government to ensure enterprise, competition and efficiency at all level, and also to ensure equity and care for the weak and vulnerable, entrench a value system for the public service and fight corruption to a standstill. (Amade, 2006)

### **Functions of NEEDS**

Rebuilding Nigeria macroeconomic framework: The macro framework is derived from a model which integrates the various sub-components of the GDP and tries to ensure some level of consistency. The thrust of the macroeconomic framework is as follows:

1. Sustenance of high but broad-based on non-oil GDP growth rate consistent with poverty reduction and employment generation
2. Diversification of the production structure away from oil/mineral resource
3. Ensuring international competition
4. Systematic reduction of the role of government in direct production of goods and strengthening its facilitation and regulatory roles
5. Pursuit of private sector/export led growth
6. Empowering the people through gainful employment and creating safety nets for vulnerable groups.
7. Ensuring macroeconomic viability and policy consistency,- single digit inflation rate, exchange rate stability, balanced budgets for states and deficit level not exceeding 3% for the federal government etc. (Needs Document, 2005)

### **The Creation of a Social Charter**

The social charter demands that public investment be shifted in favour of the social sector-education, health care, water, sanitation and care for the vulnerable groups. This combined with emphasis on agriculture and small-scale industries as well as access to capital through micro credit schemes should empower the masses and lead to improvement in their welfare. The strategy deliberately adopted Millennium Development Goal as yardstick for measuring progress in attaining the social development objectives **NEEDS targets the creation of seven million jobs over the period. The expected sources of job creation are agriculture, manufacturing, (small and medium-scale industries), services including construction, improvement in power supply that will boost productivity of small and medium – scale service industries.** Other major elements of the social charter have to do with gender issue with affirmative action that women should be given opportunity to 30% of work force of public institutions. The charter addresses the issue of youths and the aged; it provided for a new pension scheme, social insurance and the needs of those that are disabled or physically challenged. (NEEDS Document, 2005)

### **Reforming Government**

This is a key pillar on which the success or failure of NEEDS depends. Without effective governance, no meaningful reform can be implemented. The general direction of policy is to move government away from the production of goods and services that are best left in the hands of the private sector. On its part, government should be an enabler providing appropriate environment for the private enterprise to thrive. NEEDS therefore emphasizes:

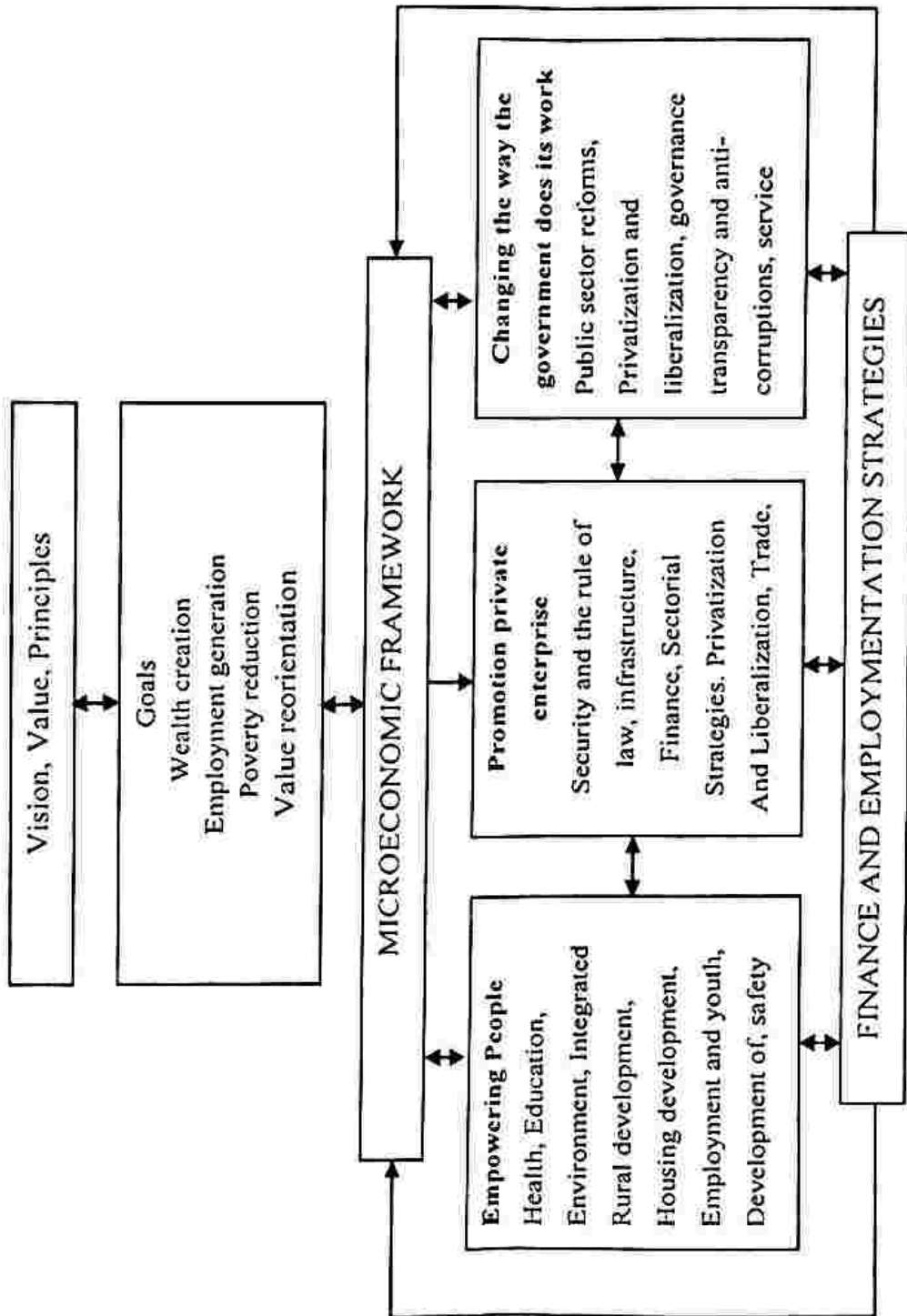
- i, Reform of the civil service to make it more effective and result oriented
  - ii, Right -sizing the public workforce and equipping it with modern gadgets
  - iii, Reduction of wastage in governance and enthrone transparency and accountability
  - iv, Qualitative service delivery
  - v, Gradually replacing personal governance with e-governance and less physical contact with Government officials.
- (Eboh and Igbokwe, 2006)

### **Growing the Private Sector**

Needs hinges the growth of the economy on private sector, it therefore stresses the evolution of a private sector led market oriented economy with competition as a driving force. The strategy provides for reduction of the cost of doing business in Nigeria through: 1, putting

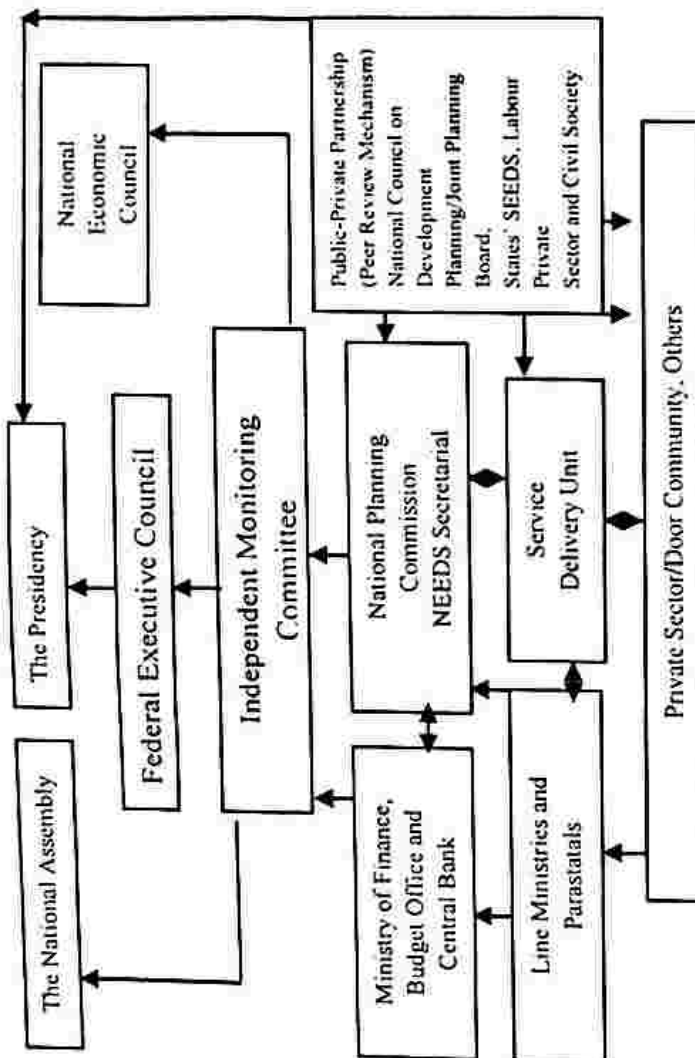
in place investor-friendly tax and general incentive regime 2, provision of an enabling environment to guarantee investors' confidence and attract greater flow of foreign direct investment (FDI) with Nigeria playing key role 3, promotion of greater partnership between government and private sector 4, privatization of public enterprises and eliminating laws that prevent entry into any sector of the economy not approved by private sector. Finally it provides for export-led growth in place of the previous import-substitution strategy and calls of the government and the private sector to seize this opportunity offered by regional economic groupings and bilateral as well as global arrangement to promote its exports (UNDP, 1995)

### Organizational Structure of NEEDs Vision, Value, Principles



Source: NEEDs Documents 2005.

### Institutional Framework for the Implantation of NEEDS



Source: NEEDS Documents 2005.



### **NEEDS and Human Development Index**

United Nations Development Program(UNDP) believes that it is not economic growth, rather, its people and their capabilities that should be the ultimate criteria for assessing development of a country. Based on this emphasis, in spite of the reform structure and institution established by the government to ensure economic efficiency, transparency and proper management, there are enough evidence to show that NEEDS has not made significant impact on Nigeria's infrastructures and standard of living of her citizenry neither has it reduced poverty to an appreciable level. Corruption is also on the increase and could not allow any meaningful impact on the economy. Statistics has shown that US\$16 billion was stolen between 2004-2007 on electricity, in a similar vein from 1999-2010, the Economic and Financial Crime Commission (EFCC) puts economic and financial crimes at an approximate sum of ₦1.2trillion in the corruption perception index (CPI) 2009. Report by transparency international (TI) a global anti-corruption watchdog, Nigeria received 2.5 out of a possible 10marks, emerged 27<sup>th</sup> out of the surveyed 47 nations in Sub-Saharan Africa and 33<sup>rd</sup> out of 53 countries in Africa. From 2001-2005, Nigeria ranked second to the last in CPI with 1.0%(UNDP, 1995)

### **Statistical Update for Nigeria**

Each year since 1990 Human Development Report Office publishes human development index (HDI) which looks beyond GDP to a broader definition of well-being. HDI provides a composite measure of three dimensions of human development such as: living a long and healthy life (measured by life expectancy) being educated (measured by adult literacy and enrolment in primary, secondary and tertiary levels) and having a decent standard of living (measured by purchasing power parity income) even though the index is not in any sense a comprehensive measure of human development because it does not for example include important indicators such as gender or income inequality and more difficult to measure indicators like respect for human rights and political freedoms. Be that as it may, it provides a broadened prism for viewing human progress and the complex relationship between income and well-being (UNDP, 1997)

The HDI for Nigeria in 2018 is 0.459 which gives the country a rank of 156 out of 187 countries in the low human development

## Human Development Index Report

Source: Human Development Index Report 2018.

### Conclusion

The objective of the study is to assess economic reforms and development in Nigeria using NEEDS as our case study between 1999 to 2007. The discussion in this study reveals that NEEDS is a federal government reform agenda modeled on the IMF's poverty reduction and growth facility to achieve some microeconomic goals of stability, poverty alleviation, wealth creation and employment generation. The analysis of NEEDS with its main objective of poverty reduction in Nigeria shows serious disconnection between policy pronouncement and achievement because the reform has not radically steered the economy towards growth. Equally true is the fact that intervention such as privatization, deregulation of the downstream sector of the oil industry to boost the nation's economy only benefitted the developed economies and rent-seeking elites. NEEDS as an economic reform, is not able to ameliorate poverty in Nigeria because it is another IMF/World Bank program for their interest and not the interest of the natives.

Needs articulates neo-liberal ideology which is based on free market, trade, export-led growth and drastic reduction in government social spending. This ideology does not suit Nigerian circumstances because it leaves wealth in few hands while majority continue to reel under the heavy yoke of abject poverty. Nigerian state should retain the capacity to allocate resources according to the overall plan of development that will provide an answer to national

priority. The state should show sincere political will and be committed to this reform agenda to grow the economy and bring development in the best interest of all Nigeria and Nigerians that will meet their felt needs yearnings and aspirations.

### **Recommendations**

Based on the findings of this study, the discussions involved and conclusion thereafter drawn, the following recommendations are hereby proposed:

1. If Nigeria is to achieve significant success in her effort towards development and combat poverty through economic reforms then, anti-poverty programs should be enshrined in the law and their execution made mandatory for every administration.
2. The target- poor themselves should participate in the formulation and implementation of anti-poverty programs meant to benefit them.
3. A development strategy that will generate employment in both rural and urban areas is also of great essence.
4. Efforts should be made to address the problem of neo-capitalist formation of the Nigeria state which is the bane of our development.
5. There is apparent need to diversify Nigerian economy in order to stop over dependence on crude oil because this has only succeeded in entrenching primitive accumulation, poverty, corruption, laziness fraud, borrowing and greater dependency.
6. The key challenge to Nigerian economy is high cost of governance and corruption, government should salvage the economy and by extension the entire the country by reducing high cost of governance at both federal, state and local levels of governance.

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