



## Delivering Inclusive Growth for Economic Development in Nigeria

**Mukhtari Mohammed Adamu**

*School of Environmental Studies, Ramat Polytechnic Maiduguri Borno State Nigeria*

---

### Abstract

---

The paper title “Delivering Inclusive Growth for Economic Development in Nigeria.” Aimed at examining economic development in Nigeria with a view to proposing measures for delivering inclusive growth to achieve economic development. This was achieved through examining the condition of economic development in Nigeria, explaining the concept of inclusive growth, describing delivery of inclusive growth and proposing measures for delivering inclusive growth to achieve economic development in Nigeria. The method used in the study was pure literature research and consulted journals, internet materials, conference and seminar papers among others. The findings of the paper are Inadequate infrastructure, Delay in the passage of legislative reforms, Inefficient property registration system, Restrictive trade policies, Inconsistent regulatory environment, Slow and ineffective judicial system, Unreliable dispute resolution mechanism, Insecurity, Pervasive corruption and High level of poverty. The paper described key ingredient elements that included investment in human capital, job creation, structural transformation, progressive tax policy, social protection, impartiality in dealings, establishment of institutions and good governance in delivery of inclusive growth and recommended Empowerment of capable leadership, prioritization of inclusive growth programmes, intensification of pressure on performance, establishment and utilization of inclusive growth entity, development of essential skills, encouragement of external stakeholders and spiritual development of the people to ensure delivering inclusive growth and achievement of economic development in Nigeria.

**Keywords:** *Delivering, Development, Economic, Economic development and Inclusive growth.*

*Corresponding Author:* Mukhtari Mohammed Adamu

### **Background to the Study**

Economic development is the sustained, concerted actions of communities and policy makers that improve the standard of living and economic health of a specific locality. It refers to qualitative and quantitative changes in an existing economy. It involves development of human capital, increasing literacy ratio, improvement of important infrastructure, health, safety and other areas that aim at increasing the general welfare of the citizens. (World Press Admin, 2016). The scope of economic development includes the processes and policies by which a nation improves the economic, political and social well-being of its people (Wikipedia 2016).

In Nigeria, one of the strategies of the Federal Government of laying the foundation for sustainable growth to achieve economic development as mentioned in the 2016 budget by the President Muhammad Buhari (PMB) is delivering inclusive growth. Today inclusive growth has become a central idea in development (UNDP, 2015). A fashionable concept in policy circle among developed and developing countries as well as international institutions. Its importance is increasingly being recognized and highlighted in work plans and strategies of the international monetary fund (IMF), G20, European commission and the UK's Department of International Development" (CAFOD 2014).

Inclusive growth is defined as growth that allows all members of a society to participate in and contribute to the growth process on an equal basis, regardless of their individual circumstances (Felife 2012). It is about raising the pace of growth and enlarging the size of the economy, while leveling the playing field for investment and increasing productive employment opportunities (Lanchovichina and Lundstrom 2009). Convincingly, Inclusive growth is use in improving quality of life, generating employment, developing skill, fighting poverty and ensuring that all parts of a society benefit from economic growth of a local government, state or a country.

Nigeria, despite the opportunity offered by its significant oil revenues over the years, has not put in place the factors necessary for creating an inclusive growth process. Despite some significant gaps in data educational outcomes, the picture remains one of low enrollment, insufficient quality, and wide divergence in student performance based on socioeconomic background. Participation in the labor force is quite low, with a large informal sector and much of the population working hard but unable to pull their families out of poverty. Only 3.9% of income goes to labor, resulting in low wages and over 80% of the population living on less than \$2 a day. The country suffers from poor infrastructure and a lack of basic services, with corruption and diversion of public funds making it difficult for the government to deliver public goods. Despite a relatively entrepreneurial environment, Nigeria is not yet able to growth that is sustainable and broad-based (World Economic Forum 2015). This situation calls for deliberate and immediate action if Nigeria should prosper in the present global economic malady, hence the need for delivering inclusive growth.

However the paper aimed at examining the condition of economic development in Nigeria with a view to proposing measures for delivering inclusive growth to achieve economic development. This was achieved through: Examining the condition of economic development in Nigeria, explaining the concept of inclusive growth, describing the delivery of inclusive growth and proposing measures for delivering inclusive growth in Nigeria to achieve economic development.

The paper extensively utilized literature materials that included reports, journals, internet materials, conference and seminar papers among others.

### **Condition of Economic Development**

Following an April 2014 statistical rebasing exercise, Nigeria has emerged as Africa's largest economy...Despite its strong fundamentals, oil – rich Nigeria has been hobbled by: Inadequate power supply, Lack of infrastructure, Delay in the passage of legislative reforms, Inefficient property registration system, Restrictive trade policies, Inconsistent regulatory environment, Slow and ineffective judicial system, Unreliable dispute resolution mechanism, Insecurity, Pervasive corruption. Economic diversification and strong growth have not translated into a significant decline in poverty level. Over 62% of Nigeria's 170 million people live in extreme poverty (Nigerian economy 2016).

The challenges confronting the Nigerian economy in the 21<sup>st</sup> century are diverse and enormous. The unacceptable state of Nigeria's economy is most galling given the Nigeria's enormous endowments of natural and human resources. Nigeria economy declined especially during the last 20 years is illustrated by the fact that per capita income was \$1000 in 1965 had declined to \$300 in 1998(Nigerian economy 2016). In recent years the situation is becoming increasingly bad day by day.

Today the President of the Federal Republic of Nigeria acknowledged this condition of the nation's economy when in his budget speech said. "I know the state of our economy is a source of concern for many. This has been further worsened by the unbridled corruption and security challenges we have faced in the last few years. From those who have lost their jobs, to those young people who have never had a job, to the people in the north east whose families and business were destroyed by insurgency. This has been a difficult period in our nation's history, lessons that we must not forget or ignore as we plan for the future" (PMB 2016). Studies on economic development in Nigeria have further shown that:

1. Poor leadership that have very less political will in the delivery of basic infrastructure for the development of their people.
2. Historical weaknesses in the agricultural sector and a poorly functioning urbanization process have prevented most Nigerians from benefitting from economic growth.
3. Approximately 130 million Nigerians, or about 74 percent of the country's population, live below the Empowerment Line.
4. Resources continue to make important contributions, including supplying government revenue and exports, but account for only 14 percent of Gross Domestic Product.

5. Poor harmony between and within the various economic development policies.
6. On health and literacy metrics, Nigeria lags behind other developing nations that spend similar proportion of GDP in these areas.
7. The micro-economic approach focus on stability and competitiveness threaten human right, generated poverty, exclusion and inequality.
8. The policies proposed to combat poverty are skimpy and extremely focus on employment.
9. Eradication, Reduction or alleviation of poverty targets over the years have not been achieved truly.
10. Poor education and skill training in most of our schools and institutions.
11. Basic fund fall far short of their potential inclusiveness with a greater focus on growth enhancing infrastructure that are usually in short supply.
12. Insufficient and low quality participation of stakeholders.  
(Mckinsey Global Institute 2014, EAPN 2011,).

The above situation is unacceptable and requires deliberate, immediate and effective measure, hence the need for inclusive growth.

### **Concept of Inclusive Growth**

According to Microsoft Encarta (2009) the word “inclusive” refers to including many things or everything, people of all kind, non-discriminatory. It is synonymous to comprehensive, wide-ranging, all encompassing, complete and broad. “Growth” refers to the process of becoming larger and more mature, increase in number, size, power or intensity. It is synonymous to development, growing, evolution, progress, advance, progression, enlargement, increase, expansion, augmentation, intensification and escalation.

From the above inclusive growth can be taken to mean: the process of becoming larger and more mature including many things or everything and non-discriminatory. It can mean increase in number, size, power or intensity that includes people of all kind within a community, society, local government, state or a country.

The meaning of inclusive growth can further be juxtapose to refer to the following: comprehensive development, wide-range development, all-encompassing development, complete development, broad development, comprehensive growth, wide-range growth, all-encompassing growth, complete growth, broad growth, comprehensive evolution, wide range evolution, all-encompassing evolution, complete evolution, broad evolution, comprehensive progress, wide range progress, all-encompassing progress, complete progress, broad progress, comprehensive advancement, wide range advancement, all-encompassing advancement, complete advancement, broad advancement, comprehensive progression, wide range progression, all-encompassing progression, complete progression, broad progression, comprehensive enlargement, wide range enlargement, all-encompassing enlargement, complete enlargement, broad enlargement, comprehensive increase, wide range increase, all-encompassing increase, complete increase, broad increase, comprehensive expansion, wide range expansion, all-

encompassing expansion, complete expansion, broad expansion, comprehensive augmentation, wide range augmentation, all-encompassing augmentation, complete augmentation, broad augmentation, comprehensive intensification, wide range intensification, all-encompassing intensification, complete intensification, broad intensification, comprehensive escalation, wide range escalation, all-encompassing escalation, complete escalation and broad escalation. The list is endless and interesting, the more we go into it the broader the understanding.

According to Wikipedia (2016) “Inclusive growth” basically means making sure everyone is included in growth regardless of their economic class, gender, sex, disability and religion. “Inclusive growth refers to the pace and pattern of growth which is considered, interlinked that need to be address together. It is about raising the pace of growth and enlarging the size of the economy, while leveling the playing field for investment and increasing productive employment opportunities” (Lanchovichina and Lundstrom2009). It is depicted as output growth that is sustained over decades, is broad-based across economic sectors, creates productive employment opportunities for a great majority of the country's working age population, and reduces poverty (World Economic Forum 2015). The European commission (2012) described inclusive growth as “a high employment economy delivering economic, social and territorial. It means raising employment rate more and better jobs especially for women, young people and older workers helping people of all ages anticipate and manage change through investment in skill and training modernizing labour markets and welfare systems ensuring the benefits of growth reach all parts of the society”.

Inclusive Growth is about expanding national economy and ensuring that most vulnerable people of societies are reached- the “equality of opportunity” and “participation in growth by all” are the basis of inclusive growth (UNDP 2015). It is economic growth that creates opportunities for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society (OECD 2014).

However, favorable factors for promoting Inclusive Growth are categorized into macro and micro factors. The macro factors among others include better financial regulation, openness to foreign direct investment, trade liberalization, providing social safety, reorientation of public expenses, lawful and political reforms. The micro factors among others include: reducing income and non-income associated unfairness, developing infrastructure, empowerment, access to market, roles played by civil society organizations, accountability and good governance (UKEssays 2015).

### **Delivery of Inclusive Growth**

Delivery of inclusive growth is about the approach, manner or technique of distributing, transferring, transporting, sending, conveying, carrying, providing or supplying inclusive growth. The task of the delivery of inclusive growth in a nation involves the following key ingredient elements:



1. Investment in human capital – is a key pillar of achieving inclusive growth. Investment in health and education have link with better economic development outcomes and practice of inclusive growth. A good level of health and education enable the poor people to participate in and benefit from economic growth of their locality.
2. Job creation – establishment of better opportunities for wage and self-employment to trigger exit from poverty. It will provide household income, raise economic productivity, make resources available for investment in children's health and education, change social and power relationships and provide a sense of dignity and well-being among the people.
3. Structural transformation – this involves shifting from the present position to a more productive economic activities to reduce over reliance on few sectors which in turn increases stability and generate more and better jobs.
4. Progressive tax policies – this involves making course of action that is favoring reform regarding charges that organizations and individuals pay to the government. This is essential in generating revenue for investments in human capital, social transfer and infrastructure necessary for pro-poor growth. Provide incentive and support for particular sectors or types of business as well as barriers.
5. Social protection – this involves direct transfers and redistribution of funds to the poor for promoting greater equality and poverty reduction. If properly applied, it contributes to higher incomes for the poor entrepreneur to overcome all pervasive economic insecurity at the household level associated with generalized poverty.
6. Impartiality in dealings – this involves non- discrimination, social inclusion and participation of everyone in the growth process, in terms of decision making for organizing the growth progression, the growth itself and sharing of benefits from the growth. This will have dynamic and multiple benefits such as better education, livelihoods prospect, breaking intergenerational cycles of poverty among the people.
7. Establishment of Institutions – this involves making important organizations, proactive policies, practices and processes that empower local communities so they can hold their government accountable. Make commitments to uphold the rights and opportunities for all people counter vested interest and make economics fairer and more inclusive in the society.
8. Good governance – this involves the government being efficient and capable in among others financing and providing essential services to all, overcoming corruption, developing, implementing, monitoring and reviewing inclusive growth strategies.

However, below are success stories on delivery of inclusive growth of three countries from the report of World Economic Forum (2015):

Canada ranks first for financial intermediation of real economy investment driving inclusive growth. Its financial system is highly inclusive and quite active, driven by strong equity market access, especially for smaller non-financial corporations. The country's educational system fosters equitable outcomes for students regardless of income, and it further uses its tax code effectively to ensure inclusive economic outcomes through

vehicles such as property and capital taxes. Canada could, however, do more in terms of social protection especially in terms of unemployment benefits and by making it easier for parents to participate in the workforce through more generous family-leave policies and affordable childcare options, as well as fostering greater entrepreneurship and new business creation.

New Zealand tops all countries for its strong business and political ethics, with little diversion of public funds. It ranks third in financial intermediation and real economy investment for its highly inclusive and active financial system. Business creation is further fostered by low levels of red tape. New Zealand makes moderate use of the tax code and social protection schemes to foster more equitable outcomes in the economy through targeted programs, and is ranked second for fiscal transfers for doing more with less and avoiding market distortions. The educational system could be made more equitable and vocational training improved to allow for more productive employment opportunities for the vulnerable and the underemployed.

Switzerland is unsurpassed in the provision of basic services and infrastructure - it ranks first among all countries, particularly for its excellent ground transport infrastructure and health services. It has little corruption and also makes strong use of its tax code to ensure reallocation of income through vehicles such as capital and property taxes, although its concentration of wealth is among the highest in advanced economies. Despite a high labor share of income and a high employment rate, making the labor market more inclusive would yield benefits, for example by making childcare more affordable for working parents and narrowing the pay gap between men and women, which is large compared with its peers. The country could also improve stock market access and financial intermediation for small non-financial corporations in order to foster business creation and development. However vital lessons here can be derived to greatly help Nigeria to adopt the beautiful and applicable options in the quest for delivering inclusive growth.

### **Conclusion and Recommendations**

Conclusively, the paper had essentially established that the condition of economic development calls for deliberate and immediate action if Nigeria should prosper in the present global economic malady, hence the need for delivering inclusive growth. The experiences provided above have not provided hundred percent successes. For Canada, could do more in terms of social protection especially in terms of unemployment benefits and by making it easier for parents to participate in the workforce through more generous family-leave policies and affordable childcare options, as well as fostering greater entrepreneurship and new business creation. In New Zealand the educational system could be made more equitable and vocational training improved to allow for more productive employment opportunities for the vulnerable and the underemployed. Switzerland could improve stock market access and financial intermediation for small non-financial corporations in order to foster business creation and development. However, Nigeria could gain a lot from their good practices and make remarkable achievement. For Nigeria to deliver inclusive growth; attain transformational growth that can lift majority out of shackle of poverty, provide new fast - growth market and deliver

superior investment which will greatly contribute toward achieving economic development, appropriate implementation of the following recommendation is very crucial:

1. Empowerment of capable leadership – this involves identification, training and inspiring, emboldening, encouraging and energizing leaders for effective delivery of public services.
2. Prioritization of inclusive growth programmes – this involves systematic identification, ordering, ranking, arranging or listing of key areas and targets, planning, implementing, monitoring and reviewing.
3. Intensification of pressure on performance –this involves strengthening and amplification on workers understanding responsibilities, functions, goals and targets and playing, performing, achieving and meeting them effectively and efficiently.
4. Establishment and Utilization of Inclusive Growth delivery entity – this involves putting in place a unit and staffing with experts that will be responsible for putting in place a systematic approach for driving progress and delivering result in specific priority area and be reporting to the highest level of authority.
5. Development of essential skills - this involves adequate expenditure on training the right skill to the right people in the right job at the right time. This will improve the ability and capacity of the people to use their talent and expertise in doing their work effectively and efficiently.
6. Influence external stakeholders –this involves identifying internal skill that are lacking and outside parties that can fill those gaps. Building relationship with key players and systematically removing barriers to their participation. These will help leverage, power and pull stakeholders.
7. Spiritual development of the people- this involves enhancement of the people soul toward showing great refinement and concern for higher things in life. This should be done through persuasion, formal education, sound and wholesome public policies, institutionalization and promotion of moral values in national life.



## References

- CAFOD just one world (2014). *What is Inclusive Growth*. CAFOD Discussion Paper at smongomery@cafod.or.uk.
- CIA World Factbook and other Sources. Nigerian economy (2016). European Anti-Poverty Network Report 2011. Deliver Inclusive Growth: Put the heart back in Europe. *Analysis of the 2011 national reform programmes Europe 2020*.
- European Commission (2012). *Inclusive growth in European commission*. Europe 2020 <http://ec-europa.eu/europe2020/europe>.
- Felife, J. (2012) Inclusive Growth: Why it is important for developing Asia. *Incadmus Journal* at <http://www.cadmusjournal.org/node/148>.
- Lanchovichina, E & Lundstrom, S.(2009).*What is Inclusive Growth*. A note written for donor supporting the Diagnostic Facility for Shared Growth. PRMED.
- Mckinsey Global Institute (2014). Nigeria Renewal: Delivering Inclusive Growth in Africa's largest economy prepublication document [www.mckinsey.com/mgi](http://www.mckinsey.com/mgi).
- Microsoft Encarta (2009), *Dictionary*
- OECD (2014). *Inclusive Growth*. At <http://www.oecd.org>. Retrieved on 25 April 2016. President Muhammadu Buhari. 2016 budget of Change in Nigeria.
- The Nigerian economy, (2016). *Nigerian economy*. Online Nigeria community portal of Nigeria. <http://economics.onlinenigeria.com>.
- UK Essays (2015). The Need for Inclusive Growth in India. Economic Essay. At <https://www.ukessay.coo/ess>
- United Nation Development Programme (2015). What does Inclusive Growth actually means in practice. At <http://www.undp.org>.
- Wikipedia (2016). *Economic development* . <http://en.m.wikipedia.org>
- World Economic Forum (2015). *The inclusive growth and development report*. At [www.weforum.org](http://www.weforum.org).
- Word Press Admin (2016). *Economic development*. <http://www.whatisconomics.org>.