■ NIGERIA

Deepening plight

The majority of Nigerians have been living for a long time in a situation of economic meltdown. Corruption is widespread, the country lacks electricity, education and health are in a deplorable condition, and the armed fight for the control of oil resources continues to be intense. The global economic crisis has further deepened the plight of the poor. Experts underscore that the country should take measures to curtail its dependence on crude oil and address the poor implementation of annual budgets.

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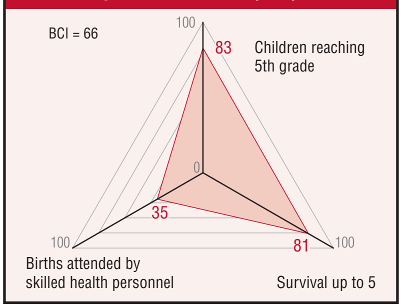
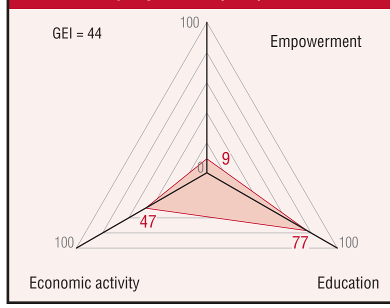
Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



More than 90% of Nigerians have been dealing with the economic meltdown for many years, and their plight has worsened since the present Government came to power. With the total collapse of public infrastructure – such as roads and electricity – and widespread corruption, life has become an unending story of want, destitution and fear. Nigeria is on the brink of qualifying as a failed state.

Corruption

Every day the electronic and print media report cases of Government officials looting public funds and transferring the money overseas. According to former World Bank President Paul Wolfowitz, more than USD 300 billion were stolen over some four decades and stashed in foreign banks.[2] It has been suggested that if the United States, with its trillion dollar national budgets, can send its Secretary of State, Hillary Clinton, after USD 14 billion of tax-evaders' money in Switzerland, there is no reason for Nigeria to ignore calls by Nobel laureate economist Joseph Stiglitz and United Nations officers to go after billions of naira, the national currency, in foreign banks.[3] Instead of doing this, however, there is talk of borrowing more money and going back into the debt trap to fight the economic crisis.

Electricity

Nigeria needs to generate a minimum of 10,000 megawatts a day to ensure the distribution of regular power supplies. However when the current Government came into power in 2007, it was generating only 3,000 megawatts of electricity daily. Two years down the line, this has dropped to less than 1,500 megawatts. The consequence is darkness all over the country. In the absence of a regular and uninterrupted power supply, businesses are collapsing. The industrial sector has practically become extinct. Unemployment is holding sway. According to a front-page report in *The Guardian* newspaper, the Government is taking another USD 600 million loan from the World Bank to improve the power supply situation.[4] Problems arising from this are many. For example, there is no guarantee that the loan will not end up in the foreign accounts of government officials; and the electricity project is a long-term one, while the needs of the people are immediate.

Education and health

University lecturers are embarking on repeated strikes in 2009 to draw attention to the deplorable state of the education sector. They complain about, among other issues, lack of teaching facilities, the total collapse of infrastructure such as electricity and housing, and the Government's high-handedness in dealing with their requests for improvements. The situation at the primary and secondary levels is not different from that in tertiary education. Senior government officials and politicians send their children to schools and universities abroad. After their schooling is completed, those who study abroad refuse to return to the rot at home.

Hospitals and health facilities have turned to mortuaries; they are places where the sick go to die. Government officials and politicians go overseas to treat their medical problems. The mass exodus of doctors and other health professionals to Europe and the US, where there are better working conditions, has been taking place for several years. Hospitals and other public health facilities lack drugs. Where medicines are available, they are fakes. The efficient, privately owned health facilities are unaffordable for the poor majority.

Armed conflict in the Niger Delta

The armed conflict between government forces and militant separatists in the Niger Delta region, over control of the oil that generates 95% of Nigeria's oil wealth, does not give any sign of slowing down. The militants are kidnapping foreign workers and blowing up pipelines and other facilities belonging to the oil companies. Several companies, including BP-Shell, are closing down their operations in the region. There are fears that at the rate at which oil production is declining, the Government may not meet its targeted revenue. The result will be more poverty and death.

Poor implementation of annual budgets

During a Roundtable on the business and economic outlook for the 2009 fiscal year and review of the 2009 budget, organized by the Bureau of Business Information (BBI) in Lagos in January 2009, experts painted a gloomy economic picture for Nigerians. The panellists included the Chief Executive Officer of Economic Associates, Dr. Ayo Teriba; the Director of Research, the National Economic Intelligence Committee (NEIC), Mr. Weneso Orogun; and renowned economist and senior member of

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2 Ojiabor, O. "Corruption Has Ruined Nigeria – APRM report." Economic and Financial Crimes Commission, 2008. Available at: <www.efccnigeria.org/index.php?option=com_content&task=view&id=110&Itemid=37>.

3 Onuorah, M. and Okwe, M. "World Bank Gives Nigeria $600m for Power." *The Guardian*, 18 June 2009. Available at: <www.ngrguardiannews.com/news/article01//indexn2_html?pdate=180609&ptitle=World%20Bank%20gives%20Nigeria%20$600m%20for%20power>.

4 Stolpe, O. Senior Project Manager of the United Nations Office on Drugs and Crime (UNODC) speaking at a press briefing on "Non-Conviction Based Forfeiture of Proceeds and Instrumentalities of Unlawful Activity Bill". Abuja, 20 May 2009.

the Lagos Business School Academic Faculty, Dr. Doyin Salami. Besides the global economic crisis, they listed poor implementation of the yearly budgets as a major contributing factor to the slow growth of the economy over decades. According to the experts, the question is not whether there is increased economic hardship and poorer quality of life for the average Nigerian, but how long this situation will last.

Orogun described it as scandalous that the utilization of capital projects by the third quarter of 2008 was 33%. He wondered why the Ministry of Transportation had only utilized 42.3% of its allocation in 2008, refunding some USD 420 million to the Treasury, given the poor state of the transport sector, especially roads. Indeed, in September 2008, only 10 ministries had utilized more than 50% of their capital releases. Orogun attributed the situation to weak technical capacity to implement budgets, inefficient budget monitoring and corruption.

Teriba, who was the guest speaker, said the global meltdown would mean not only reduced global demand for goods and services but also a sharp decline in global commodity prices as manifested, for instance, in the drastic reduction in the price of crude oil. He also said there would be credit scarcity and high interest rates with attendant multiplier effects. In specific terms, he presented a scenario in which local banks would find it very difficult to give out loans and, if they did, the interest rate would be very high. This would add to the prevailing high cost of doing business in the country, which would worsen the plight of the industrial sector and indeed virtually all business operators. In addition, the expert said industrial firms and other companies would also experience less demand for their goods and services due to the reduced purchasing power of Nigerians. These would invariably translate into loss of wealth, job cuts and other socioeconomic problems.

Teriba emphasized that the imminent economic problems would not be solved as early as they should because there seemed to be no capacity to manage the situation, although he believed that the Government could still mitigate the effects of the global meltdown by doing more to restore confidence in the economy. He suggested that the decision to base the 2009 budget on USD 45 per barrel of crude oil projected a pessimism that sent the wrong signal to stakeholders. In his opinion, since the Government had based the budget for 2008 on USD 59 per barrel, while the price of crude oil had been USD 100, it could base the 2009 budget on a much higher price and use the gains of 2008 to make up the difference.

Salami said hard times awaited Nigerians because of the measures that would be taken by the Government and employers in the face of the global crisis. Decrying the country's dependence on crude oil, he noted that global demand was expected to decline from 85.84 million barrels daily (mbd) in 2008 to 85.66 mbd in 2009, just as non-Organization of Petroleum Exporting Countries (OPEC)-countries were expected to raise supply in 2009 to 51.15 mbd (from 50.57 in 2008). This implied that as revenue from oil dropped, the Government would increase tax enforcement efforts, thereby reducing citizens' disposable income and savings. He emphasized that there would be lean years for those who depended solely on trading, and suggested that one solution would be to identify undervalued assets in the economy and convince people to invest in them.

With this state of affairs, the future is bleak. The global economic crisis has only added to the deplorable living conditions of the poor in Nigeria. This is a very bad scenario that can only get worse. ■

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