The Nigerian Economy in the Face of Socio-Political Challenges: A Retrospective View and Ways Forward

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Abstract

This paper examines the Nigerian economy and the tendency for its growth in the face of several socio-political challenges facing the country, which have hampered the rate of economic development in spite of the tremendous human and material resources inherent. The paper identifies the socio-political challenges to include corruption, poverty, unemployment, insecurity, politics and governance, among others. The central argument of the paper is that steady economic growth can be achieved and financial crisis mitigated in Nigeria, if the effects of socio-political challenges, which are the key factors that have contributed to the high poverty, unemployment and economic instability in the country, are minimised. To ensure economic growth and move the country forward politically and economically, government must be more accountable in managing the nation’s resources in order to avoid wastage, poverty and unemployment. Close attention should be given to those socio-political challenges in the formulation of policies that aimed at maintaining economic growth at a level commensurate with the country’s growth rate. This study put forward that government must be proactive in all issues relating to the socio-political challenges to prevent resource mismanagement, poverty, unemployment, insecurity and slow economic growth in future.

Keywords: Socio-Political Challenges, Corruption, Unemployment, Poverty, Insurgency, Nigeria

JEL classification: D6, J6
Introduction

The country is currently championing a new course for its political direction and economic re-building, in order to free itself from the socio-political challenges affecting the economy. Some of the socio-political challenges represent imminent threats to the economy, and may cause economic instability, if not properly addressed. The Nigerian economy was hit by the global financial crisis which originated from the United States in 2008, and economists anticipate another crisis between April, 2015 and March, 2016. The US National Bureau of Economic Research expects the world economy to experience financial crisis once every 58 months (Bris, 2014; Kamesam, 2015). Therefore, if the forecast comes true, what actions should Nigeria take? The two options available are either for the country to do something to prevent/minimise its occurrence or do nothing to allow the economy to be swallowed by the crisis. Undoubtedly, the second option will not be in the best interest of the country. Therefore, the specific objectives of the paper are to: examine the performance of the Nigerian economy over the years, identify the socio-political challenges and how they affect the Nigerian economy and explain the strategies and measures essential to prevent threats to the economy.

The paper is organised in five sections as follows: Section 1 deals with a brief introduction, Section 2 is the literature review which discusses the Nigerian economy and some key socio-political challenges which have impacted on the economy, Section 3 presents the way forward and Section 4 concludes the paper.

The Nigerian Economy

The Nigerian economy was an agrarian economy at independence in 1960. Agriculture was the major contributor to the gross domestic product (GDP) and foreign exchange earnings until the 1970s, when oil displaced the position of agriculture as the mainstay of the economy (Adeyemi and Abiodun, 2014). Consequently, the Nigerian economy over relied on oil and became a mono-product economy. The decline in the demand for crude oil, particularly from OPEC member countries from late 1980 led to economic crises in the country. The glut in the market made Nigeria's crude oil production to decline with government revenue declining progressively. The climax was reached in 1985 when the external sector became virtually unmanageable. Therefore, the economic crisis in Nigeria reflected in serious inflationary pressures, undesirable erosion of the naira and undermined credit worthiness of the country. The crisis pauperised many citizens and made them miserable (Obamuyi, 2002). The situation, therefore, unofficially encouraged illegitimate activities in the economy such as corruption, smuggling, Vanderlisation of government property, among others.

The attempt to strengthen the private sector and promote economic growth by the government led to the implementation of the financial liberalisation policy in 1986 as part of the Structural Adjustment Programme (SAP) in 1986. SAP is an economic reform package recommended to developing countries by the International Monetary Fund and World Bank. Its introduction shifted the financial sector from an administratively-controlled system to a market-based system (i.e. the financial sector became liberalised). However, the financial sector reforms of the Structural Adjustment Programme (SAP) did not achieve the expected results (Obamuyi, Edun and Kayode, 2012). The country also adopted a medium-term strategy, called the National Economic Empowerment and Development Strategy (NEEDS) in 2004, as a response to the numerous challenges facing the nation. The government approved vision 20-2020 for transforming the country into a modern economy, among the 20 leading countries in the world by 2020 (All Africa, February 7, 2008). The objective of the vision 20-2020 was in line with various studies and projections by Goldman Sachs that Nigeria will be the 20th and 12th largest economy of the World by 2025 and 2050 respectively ahead of Italy, Canada, Korea, among others (Vanguard, March 11, 2014). The recently rebased economy of Nigeria with the GDP new value of N80.2 trillion ($509.9 billion) in 2013 supports the prediction, making the country to come to focus as one of the MINT economies (Mexico, Indonesia, Nigeria and Turkey). These economies are expected by the Goldman Sachs to perform well after the BRICS economies (Brazil, Russia, India, China and South Africa) and other leading developed nations of the world. However, as Solanke (2007) argues, the state of the private sector, its characteristics, disposition, and resilience would determine in substantial respect how far the lofty objectives of repositioning Nigeria's economy can be achieved.
Despite the rebased GDP in Nigeria, most relevant economic, financial and social indicators have pointed to an inescapable distress for the national economy. Nigeria’s foreign exchange reserves fell to $34.51 billion by January, 2015, from $43.24 billion in 2014. Manufacturing sector accounts for 3% of Nigeria’s GDP, by far the lowest among the major emerging markets, and fourth lowest in Africa, even below war-torn Ethiopia (Sharma, 2015). The exchange rate is depreciating at alarming rates. Interest rates are rising uncontrollably. The country has also failed in critical areas of social welfare with low life expectancy (male/female) of just 53/55 years. The total dependency ratio (i.e. the ratio of combined youth of 0-15 and population above 65 per 100 gainfully employed persons) in Nigeria is 89.2%, making the situation more perilous and traumatized. The probability of dying between 15 and 60 years for male is 371 and female is 346 (per 1000 population). The country spends a paltry 3.9% of its Gross Domestic Product (GDP) on health in 2013 (World Bank, 2013), less than the 5% minimum recommended by World Health Organization (WHO). The poverty situation has also reached an alarming stage as majority of the population lives below the World Bank definition of poverty. The relative poverty level was 69% and absolute poverty level (minimal requirements necessary to afford minimal standards of food, clothing, healthcare and shelter) was 60.9%. More than 70% of the country’s population lives on $1.25 a day. Similarly, Nigeria ranks poorly among the developing countries, when the basic indicators of analysing the incidence of poverty were applied. The Human Development Report (HDR) of the United Nations Development Programme (UNDP) in 2013 placed Nigeria at 152 out of 187 countries, with Human Development Index (HDI) of 0.504. The value of HDI ranges from zero to one, the nearer the value to one, the highest the level of human development. Thus, Nigeria with HDIs of 0.466 – 0.496 could be regarded as having low human development, with marginal improvements in 2012 and 2013 of 0.500 and 0.504 respectively.

Table 1 indicates that Nigeria’s abundant resources had not reflected in high standard of living, as obtained in some countries in the sub-Saharan Africa. For instance, the HDIs released by the United Nation Development Programme in 2013 ranked countries like Angola (109th), Ghana (138th), Namibia (127th), South Africa (118th), and Zambia (141st) above Nigeria (152nd) in Human Development. The implication is that the abundant resources and the recently rebased GDP had not translated into high standard of living for Nigerians.

| Year | No. of Country | Nigeria | Botswana | Ethiopia | Ghana | Namibia | Malawi | South Africa | Uganda | Zambia |
|------|----------------|---------|----------|----------|-------|---------|--------|--------------|--------|--------|
| 2013 | 187            | 152     | 109      | 173      | 138   | 127     | 174    | 118          | 164    | 141    |
| 2012 | 187            | 153     | 108      | 173      | 138   | 127     | 174    | 119          | 164    | 143    |
| 2011 | 187            | 156     | 118      | 174      | 135   | 120     | 171    | 122          | 161    | 163    |
| 2010 | 169            | 142     | 98       | 157      | 130   | 105     | 153    | 110          | 143    | 150    |

**Source:** UNDP Human Development Reports (2011-2013)

Similarly, the Global Competitiveness Index (GCI) Report (2014-2015) in Table 2 shows that Nigeria occupied 127th position in terms of productivity. This placed it behind countries such as Botswana (74th); Ghana (111th); Namibia (88th); South Africa (56th); and Zambia (96th). The World Economic Forum (WEF) measures nation’s competitiveness and defines competitiveness as the set of institutions, policies, and factors that determine the level of productivity of a country. This implies that a more competitive economy is one that is likely to grow faster over time.

| Year | No. of Country | Nigeria | Botswana | Ethiopia | Ghana | Namibia | Malawi | South Africa | Uganda | Zambia |
|------|----------------|---------|----------|----------|-------|---------|--------|--------------|--------|--------|
| 2014 | 144            | 127     | 74       | 118      | 111   | 88      | 132    | 56           | 122    | 96     |
| 2013 | 148            | 120     | 74       | 127      | 114   | 90      | 136    | 53           | 129    | 93     |
| 2012 | 144            | 115     | 79       | 121      | 103   | 92      | 129    | 52           | 123    | 102    |
| 2011 | 142            | 127     | 80       | 106      | 114   | 83      | 117    | 50           | 121    | 113    |
| 2010 | 139            | 127     | 76       | 119      | 114   | 74      | 125    | 54           | 118    | 115    |

**Source:** World Economic Forum (2014)
On the basis of the foregoing statistics, it is crystal clear that the Nigerian economy has performed poorly, even in the face of a re-based GDP. Thus, it may be concluded that, even though Nigeria has the largest economy in Africa, other smaller countries seem to be performing better in terms of productivity, return on investment and economic growth rates.

**Socio-Political Challenges and the Nigerian Economy**

Socio-political challenges connote impediments relating to, or involving a combination of social and political factors which are capable of crippling investments and declining growth in the economy. Social challenges refer to problems that people have interacting with people in society or engaging in normal social behaviours. On the other hand, political challenges relate to with government or politics and may include issues related to party politics or a political system or social, environmental or other issues determined by the citizens.

**Corruption and the Nigerian Economy**

Corruption had emerged as the major obstacle to the development of the Nigerian economy. Basically, corruption is described as efforts to secure wealth or power through illegal means – private gain at public expense; or a misuse of public power for private benefit (Lipset and Lenz, 2000). This definition includes such behaviour as bribery (use of a reward to pervert the judgment of a person in a position of trust); nepotism (bestowal of patronage by reason of ascribed relationship rather than merit); and misappropriation (illegal appropriation of public resources for private uses). Corrupt practices are so common and entrenched in the Nigeria’s public service to an extent that citizens have accepted it as a way of life. Corruption is seen as the short-cut to accumulate quick wealth in Nigeria. It has contributed immensely to the poverty and misery of a large segment of the Nigerian population (Adeyemi and Obamuyi, 2010). Guseh and Oritsejafor (2007) give three reasons why corruption thrives in Nigeria, as follows:

a. corrupt leadership lacked the desire and ability to change the moral tone of the country;

b. government domination of the economic sphere significantly enhances opportunities and ability to seek rents; and

c. civil society accepts or tolerate corruption.

Adeyemi and Obamuyi (2010) concluded that the high level of corruption in Nigeria has been aided by the conspiratorial relationship between political appointees and accounting officers. In this realm, there is flagrant and deliberate abuse of best practices and due process all in a bid to steal public funds. It is possible that either the political appointee or the career civil servant stands as the initiator of the dirty deals or ideas but the main issue is that both parties conspire against the State and the welfare of her citizens. The history of governance process in Nigeria reflects active connivance between political appointees and career officers at all levels of administration – Federal, State and Local. The situation is such that political appointees and career officers embark on a stealing spree and also use accounting techniques to cover up their tricks. This is evidenced by the blatant squandering of public resources by the past leaders in Nigeria.

The truth of the matter is that the entire Nigerian political process is hampered by corruption. This also means that accountability has not been rooted in the Nigerian public service. Despite the activities of the Independent Corrupt Practices and Other Related Offences Commission (ICPC), Economic and Financial Crimes Commission (EFCC) and the Budget Due Process Monitoring Unit, corruption seems to be on the increase in the country.

The Transparency International Corruption Perception Index (CPI), which measures the perceived levels of public sector corruption in a given country as seen by the international business people, on a scale of 0 (perceived to be highly corrupt) to 10 (perceived to be totally corruption-free country), ranked Nigeria out of the countries that participated as follows: 143rd out of 183; 139th out of 176; 144th out of 177 and 136th out of 174 in 2011, 2012, 2013 and 2014, with index scores of 2.4, 2.7, 2.5 and 2.7 respectively(see Table 3). The values of CPI show that Nigeria has been one of the most corrupt countries, with CPI consistently in the range of 1.0 to 2.7 from 2001 to 2014.
Table 3: Corruption Perception Index (CPI)

| YEARS | CPI | Rating | No. of countries |
|-------|-----|--------|-----------------|
| 2014  | 2.7 | 136    | 174             |
| 2013  | 2.5 | 144    | 177             |
| 2012  | 2.7 | 139    | 176             |
| 2011  | 2.4 | 143    | 183             |
| 2010  | 2.4 | 134    | 178             |
| 2005  | 1.9 | 152    | 159             |
| 2001  | 1.0 | 90     | 91              |

Source: Transparency International Agency (2001 – 2014)

When compared with some countries in sub-Saharan Africa (SSA), it can rightly be said that Nigeria leads many of the SSA countries in corruption. In 2014, Nigeria occupied the 136th position, while countries like Botswana, Ghana, South Africa, Zambia, Malawi, and Namibia occupied the 31st, 61st, 67th, 85th, 110th, and 65th positions respectively (see Table 4).

Table 4: Corruption Perception Index Rating for Selected Sub-Saharan African Countries

| Year | No. of country | Nigeria | Botswana | Ethiopia | Ghana | Namibia | Malawi | South Africa | Uganda | Zambia |
|------|----------------|---------|----------|----------|--------|---------|--------|--------------|--------|--------|
| 2014 | 174            | 136     | 31       | 110      | 61     | 65      | 110    | 67           | 142    | 85     |
| 2013 | 177            | 144     | 30       | 111      | 63     | 57      | 91     | 72           | 140    | 83     |
| 2012 | 176            | 139     | 30       | 113      | 64     | 58      | 88     | 69           | 130    | 88     |
| 2011 | 183            | 143     | 32       | 120      | 69     | 57      | 100    | 64           | 143    | 91     |
| 2010 | 178            | 134     | 33       | 116      | 62     | 56      | 85     | 54           | 127    | 101    |

Source: Transparency International (2015)

For 2013, countries like Botswana, Ghana, South Africa, Zambia, Malawi, and Namibia were ranked 30th, 63rd, 72nd, 91st, and 57th respectively, while Nigeria ranked 144 out of the 177 participating countries. This is an indication of the facts that these countries were perceived to be more transparent in terms of governance than Nigeria. Thus, Nigeria remains one of the most corrupt countries in Africa and in the whole world.

Theoretically, a country with high level of corruption will experience financial and economic instability more than a country with a lower level of corruption. Saheed and Ehwaikhide (2012) observe that there is lack of effective mechanisms that can prevent individuals from manipulating state power to amass wealth. At present, the commitment to fight corruption had not been demonstrated, either by the government or her agencies responsible for anti-corruption crusade. Otherwise, what is the rationale behind the sack of the Governor of the Central Bank of Nigeria, who alleged that about $20 billion was missing from the oil revenue account? Therefore, for the Nigerian economy to experience growth, there is the need for accountability and deliberate commitments on the part of the government to fight corruption in the country.

Poverty and the Nigerian Economy

Poverty is another challenge confronting the Nigerian economy. According to the World Bank Report on the poverty situation in the world, Nigeria ranked third among the top five countries (India, China, Nigeria, Bangladesh and the Democratic Republic of Congo) that has the largest number of poor, with the five countries having 760 million of the world’s poor (Daily Independent, May 2, 2014). The report further established that Nigeria with a population of about 170 million falls among countries with extreme poverty, with over 70% of the population living on $1.25 or even less per day. It was also revealed that 7% of the 1.2 billion people living below poverty line are Nigerians. The poverty situation in Nigeria is appalling and has being succinctly described as follows:

“It is saddening to note that less than 10% of the country’s population amasses and controls over 90% of the country’s wealth and resources, causing so much poverty and leaving so many citizens dying of hunger and disease. The consequence has since manifested in the high rate of crime and insecurity in the country” (Daily Independent, May 2, 2014).
Although, the poverty rate in Nigeria dropped from 35.2% of population in 2010/2011 to 33.1% in 2012/2013, with 44.9% in the rural areas and 12.6% in the urban Areas, the high poverty rate is unreasonably high for a country whose GDP has been rebased to be N80.2 trillion ($509.9 billion), and having the largest economy in Africa and 26th largest economy in the world. Thus, it is crystal clear that the fundamentals of economic growth have not been properly understood by the successive leaders, in the midst of abundant natural resources. The scenario confirmed the argument that Nigeria is not a poor country, but a poorly managed country. Economists refer to the coexistence of vast natural resources and extreme poverty as the ‘resource curse’.

The main cause of high poverty in Nigeria is the high level of corruption in both private and public institutions. The rate of corruption in Nigeria is unbelievably high, as confirmed by the Transparency International ranking of the country. Theoretically, there is a strong correlation between corruption and poverty, as most of the countries with index score below three, on a scale from 0 (highly corrupt) to 10 (totally corruption-free) are perceived to have high poverty level. From the foregoing, there is the need to break the vicious cycle of poverty in Nigeria by influencing the policy environment in favour of the poor. While issues like corruption and rapid population growth are addressed, government must pay attention to the needs of the poor, and increase their income appropriately. The World Development Report (1990) as reported in Obamuyi (2002) cited four major measures to increase the income of the poor and consequently their living standards as follows:

   a. increasing the demand, and therefore, the price of those factors of production that the poor own (e.g. their own labour);
   b. transferring physical assets such as land to the poor;
   c. providing social services such as education to the poor; and
   d. transferring current income to the poor through cash or food subsidies.

Most importantly, the government anti-poverty programmes must benefit the target poor, rather than the programme initiators.

Unemployment and the Nigerian Economy

Most countries in sub-Saharan Africa (SSA) face high unemployment rates, especially youth unemployment. Gyimah-Brempong and Kimenyi (2013) focused on the state of the youth in Africa and observed that the youth population is large and growing, and has high educational attainment and high unemployment rates, with significant regional differences and adverse consequences such as poverty, migration and disease. The high unemployment rates in Nigeria have worsened the poverty level. For instance, the unemployment rate increased from 23.9% in 2011 to 24.3%, 28.5% and 30% in 2012, 2013 and 2014 respectively. Recently, the attempt by over 500,000 youths to secure immigration jobs meant for only 5,000 people led to 16 people being stampeded to death. Thus, economic growth achieved through the rebasing of the GDP failed to translate into creation of job. However, it has been argued that the issue in Nigeria is not unemployment, but under-employment, because most Nigerians cannot afford not to work, but a large share of the population is engaged in low productivity and low paying tasks (Leadership, July 22, 2014).

The major causes of the high level of unemployment in Nigeria include government lack of focus and mismanagement of the nation’s enormous resources, coupled with high corruption and political impunity. Thus, inadequate planning and insensitivity by the successive leaders, while the flowing “oil and milk” were drying up, made the economy to nose-dive, causing unemployment, poverty and low standard of living. The implications of the hopeless situation are that the active youths are forced into devious activities that persistently threaten the security of the nation. Although, the government introduced many anti-poverty and employment creating programmes like the National Directorate of Employment (NDE), National Poverty Eradication Programme [NAPEP], Poverty Alleviation Programme (PAP), the SURE-P, YOUWIN, among others, aimed at creating job opportunities toward suppressing the negative impact of unemployment in Nigeria, the job creating programmes will only achieve their desired targets if issues like corruption, mismanagement and policy summersaults are addressed. Therefore, to tackle unemployment in the
country, the Nigerian government needs political commitment to improve governance, institutions, policy environment, and the physical and social infrastructure that will put the economy on steady growth.

Insecurity and the Nigerian Economy

Over the years, several anti-social activities have been identified as threats to national security. They include kidnapping, armed robbery, attack on innocent citizens and government properties, bombing of schools, places of worship and market places, among others. The most recent threat to security of lives and property in Nigeria is the insurgency by Boko Haram in Northern Nigeria, which started in July 2009. In July 2014, Human Right Watch estimated about 2,053 people had been killed in 95 separate Boko-Haram linked attacks in the first half of 2014 alone (Uzochukwu, 2014). A new global study by the London-based Institute for Economics and Peace ranked Nigeria 4th on the Global Terrorism Index (GTI) for 2013, primarily arising from terrorist attacks carried out by Boko Haram. The Global Peace Index ranked Nigeria 151 out of the 162 countries evaluated on the reduction of violence and insecurity in 2014. This rating earns Nigeria the 14th least peaceful country around the world.

Table 5: Global Peace Index (GPI)

| Year | No. of country | Nigeria | Botswana | Ethiopia | Ghana | Namibia | Malawi | South Africa | Uganda | Zambia |
|------|----------------|---------|----------|----------|--------|---------|--------|--------------|--------|--------|
| 2014 | 162            | 151     | 36       | 139      | 61     | 48      | 77     | 122          | 110    | 44     |
| 2013 | 162            | 148     | 32       | 146      | 58     | 46      | 74     | 121          | 106    | 48     |
| 2012 | 158            | 146     | 31       | 137      | 50     | 49      | 60     | 127          | 98     | 51     |
| 2011 | 153            | 142     | 35       | 131      | 42     | 54      | 39     | 118          | 96     | 52     |
| 2010 | 148            | 137     | 33       | 127      | 48     | 59      | 52     | 121          | 100    | 51     |

Source: Global Peace Index Report (2010-2014)

Thus, the country steady growth of between 6 and 7 per cent per annum of the GDP will decline, if the current wave of violence is not curbed as early as possible. Since security of lives and properties are prerequisite for business development and economic growth, government at all levels, must demonstrate the necessary political commitment to reduce violence and insecurity in the country. The root cause of religious, economic, political and communal conflicts must be properly investigated and addressed to the satisfaction of the interested parties.

Politics, Leadership and Good Governance

The pace of growth of the Nigerian economy had been retarded by the politics of bitterness, leadership question and governance issues. The country had operated different types of government, from Democracy to Military and back to Democracy. Although, different economic and political transformations have been introduced over the years, Ali (2013) is of the opinion that the changes introduced by the various regimes in Nigeria were mostly deceitful and cosmetic. In most periods of elections, political power tussles, with desperation and violence among politicians, have led to shedding of blood of innocent lives, destruction of properties and impeding economic activities (Ewetan and Urhie, 2014). While, one appreciates the talents and visions of the founding fathers, the situation with the present crop of leadership in the country leaves much to be desired. Dike (2010) identifies human development challenges as one of the problems militating against the Nigerian economy. Projects and programmes are not implemented on the basis of their merits, but on the basis of political patronage, ethnicity and religion affiliations.

Most at times, some national leaders relegated themselves to sectional leaders in attempt to achieve cheap political gains, thus further demonstrating their inefficiency and lack of good governance. Good governance, inter alias, relates to the exercise of political power to manage a nation’s affairs (World Bank, 1992). It also means an efficient, independent, accountable and open audited public service which has the bureaucratic competence to help design and implement appropriate policies and manage the public sector (Leftwich, 1993). It also entails an independent judicial system to uphold the law and resolve disputes arising in a largely free market economy.
Therefore, growing the economy demands that the country produces exemplary leadership, who are ready to judiciously manage the resources of the country and implement sustainable projects, while dealing with the issues of corruption, poverty, unemployment, insecurity and good governance. According to Leftwich, 1993 and World Bank World Development Report, 2003, the administrative aspect of good governance focuses on the following four main areas of public administration in general and public sector management in particular:

a. Accountability, which in essence means holding officials responsible for their actions;

b. Legal framework for development, which means a structure of rules and laws which provide clarity, predictability and stability for the private sector, which are impartially and fairly applied to all, and which provide the basis for conflict resolution through an independent judicial system;

c. Information, by which is meant that information about economic conditions, budgets, markets and government intentions is reliable and accessible to all, some-thing which is crucial for private sector calculations;

d. Insistence on transparency, which is basically a call for open government, to enhance accountability, limit corruption and stimulate consultative processes between government and private interests over policy development.

The Ways Forward

The paper has provided basic evidence of the effects of the socio-political challenges on the Nigerian economy. But in attempt to address the challenges and develop the country, the following basic questions must be answered:

a. Do the socio-political challenges provide opportunity for Nigerians to work together and approach a problem in many different ways?

b. What are the proactive actions to be taken by the government to curb the spate of corruption and insecurity?

c. Do we accept projection on economic crisis as given by economists without any mechanism in place to checkmate the occurrence?

d. What strategies and measures are essential to get out of the problem of “resource curse” in Nigeria?

These questions are not the only considerations to make in attempt to develop the economy, but they are meant to indicate that economic growth will only be achieved, if the policy makers and Nigerians are ready to work together and tackle each of the challenges headlong. But what are the implications of this analysis for the future? Most importantly, it is sacrosanct to be proactive in all issues relating to the socio-political challenges to prevent resource mismanagement, poverty, unemployment, insecurity and slow economic growth in future.

There must be a deliberate policy on corruption, which allows the anti-corruption agencies to speedily handle cases of corruption. There is the need for a strong political commitment on the part of government to prosecute all cases of corruption without a sacred cow, while the government presents itself as a clean example for others to emulate. The activities of all the anti-corruption agencies must be integrated, with emphasis on transparency and accountability in the conduct of private and public businesses.

In order to end poverty, the government needs to complement its efforts to enhance growth with policies that allocate more resources to the extreme poor. There is the need for the government to stimulate the level of demand, reduce the level of poverty and increase accessibility to basic amenities in the country. More financial support should be made available by government to support people with a proposition that looks viable, but who lack sufficient resources to get started and cannot attract bank finance. Government should make employment, sustainability and social cohesion the top priorities of the nation. The intervention agencies must play prominent roles to ensure funds accessibility.

The resources of the nation must be properly managed to solve the problem of unemployment, inadequate infrastructural facilities and inappropriate funding for the education, health and agricultural sectors.
Government should be more accountable in managing the nation's resources in such a way that wastage, poverty and income inequality are reduced.

Government should be proactive in ensuring that security is restored in the country in order to experience steady economic growth. On the international front, government must embark on economic and political diplomacy that will attract foreign capital to the country.

**Conclusion**

This paper has shown that the major reasons while the Nigerian economy had not realized its full potentials are due to the socio-political challenges facing the country. It stressed that the Nigerian economy had been significantly affected by the socio-political challenges of corruption, poverty, unemployment, resource mismanagement and insecurity and discussed the theoretical relationship between corruption, poverty, insecurity and economic development. The relationship indicates that high level of corruption and insecurity are associated with high level of poverty, causing a decline in the level of economic development. It was suggested that the ways through which Nigeria can forge ahead are to minimize corruption, holding officials accountable for their actions, proper management of resources, breaking the vicious cycle of poverty, and adequately rewarding the poor for their labour. Close attention should be given to those socio-political challenges in the formulation of policies that aimed at maintaining economic growth at a level commensurate with the country's economic development. This study suggests that the government must be proactive in all issues relating to the socio-political challenges to prevent resource mismanagement, poverty, unemployment, insecurity and slow economic growth in future.

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