



COST OF GOVERNANCE AND DEVELOPMENT IN NIGERIA

BACKGROUND

- ▶ The cost of governance in Nigeria is a worrisome issue.
- ▶ It results primarily from a large and unwieldy governance structure, a bicameral parliamentary structure, and from corrupt practices.
- ▶ While the government has attempted to reform government agencies, it has been unable to implement these measures due to legal and bureaucratic constraints.
- ▶ Despite a revenue squeeze and burgeoning debt, Nigeria's development indicators are low, with 40.1 per cent of the population being poor and 4 out of 10 having an annual real per capita expenditure less than N137,430.



FINDINGS

- ▶ Administrative costs have surged with little impacts on development.
- ▶ The Gini coefficient decreased from 0.49 to 0.36 between 1999 and 2020, but this improvement was not proportionate to substantial increase in recurrent spending.
- ▶ GDP per capita declined, from 2,569 to 2,429 between 2013 and 2021, while unemployment figures increased.
- ▶ Recurrent expenditure grew during the period 1999-2020, but life expectancy and income improved only slightly.

PROBLEM

- ▶ Since the current democratic dispensation (1999), Nigeria's governance costs have increased, prioritizing recurrent expenses over capital expenditures.
- ▶ This rise is fueled by constitutional and structural factors including the federal character principle and the large number

CONCLUSION

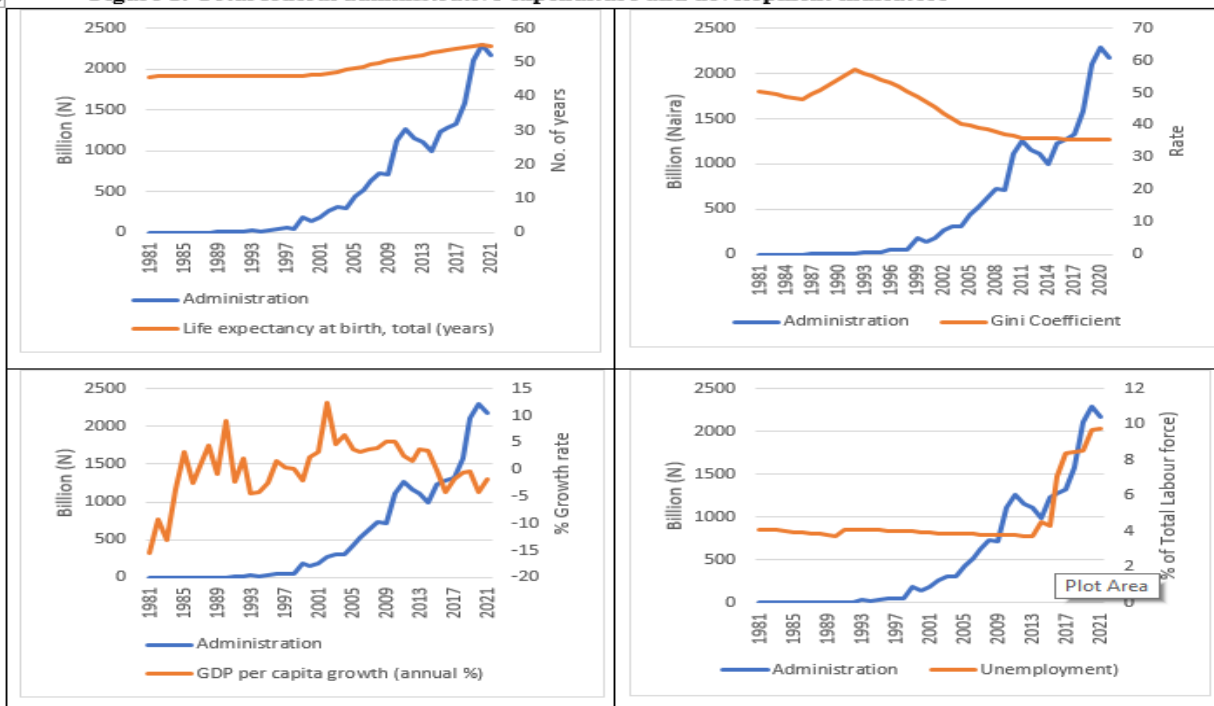
- ▶ Governance costs have escalated, with mixed effects on development indicators (GDP per capita, Gini coefficient, unemployment, and life expectancy).
- ▶ The impact varies, with positive correlations for GDP per capita and life expectancy but negative effects on income equality.

RECOMMENDATIONS

- ▶ Enforce a developmental state concept in the Constitution.
- ▶ Manage personnel costs effectively with performance-linked wages.
- ▶ Eliminate low-priority expenditure and use rigorous cost-benefit analyses.
- ▶ Promote digital technology for efficient delivery of public services.
- ▶ Streamline the number of MDAs to eliminate duplications and redundancies, reduce bureaucracy and improve efficiency.

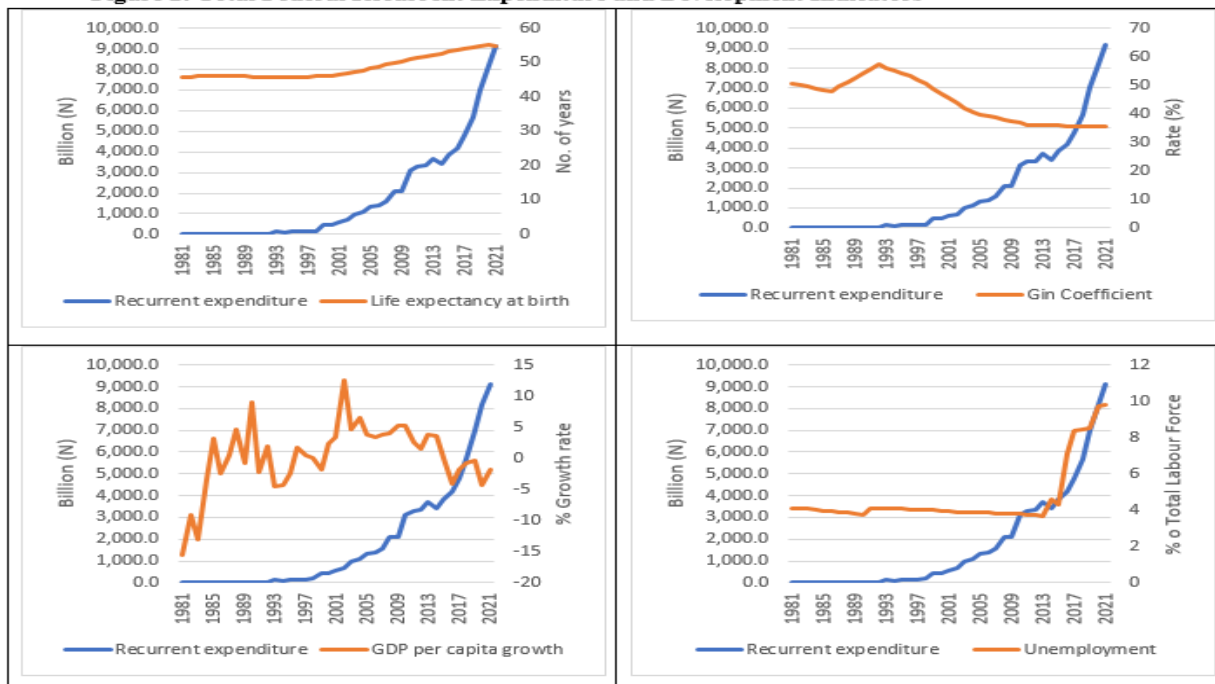
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Figure 1: Total federal administrative expenditure and development indicators



Source: World Development Indicators (WDI), Central Bank of Nigeria (CBN) Statistical Bulletin

Figure 2: Total Federal Recurrent Expenditure and Development Indicators



Source: World Development Indicators (WDI), Central Bank of Nigeria (CBN) Statistical Bulletin