# 40 YEARS OF STRUCTURAL ADJUSTMENT PROGRAMME (SAP) IN NIGERIA: HISTORY, IMPACT AND THE WAY FORWARD

by

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## INTRODUCTION

The conference seeks to critically examine the historical origins of SAP, evaluate its long-term economic, social, political and institutional consequences, and identify policy options for building a more inclusive, productive and development-oriented Nigeria. These objectives resonate strongly with the growing recognition that Nigeria must reassess its development trajectory in light of four decades of adjustment and repeated economic reforms. Forty years is a significant milestone in the life of any nation. It is long enough for a generation to be born, grow into adulthood, and become responsible for shaping national destiny. It is also sufficiently long to assess whether a major policy intervention has achieved its stated objectives or whether it has produced unintended consequences requiring a fundamental rethink.

The Structural Adjustment Programme introduced in Nigeria in July 1986 remains one of the most influential and controversial public policy interventions in the country's post-independence history. Few policies have generated as much debate among economists, political scientists, labour leaders, development practitioners, policymakers and ordinary citizens. For some, SAP represented an unavoidable response to a deep macroeconomic crisis. For others, it marked the beginning of Nigeria's prolonged economic stagnation, deindustrialisation, mass poverty and weakening of state capacity.

Indeed, many of today's economic reforms—including exchange-rate liberalisation, fuel subsidy removal, fiscal consolidation, privatisation, deregulation and public sector restructuring—bear remarkable similarities to the policy prescriptions advanced under SAP four decades ago. This continuity raises fundamental questions. Have we adequately learned from history? Have we addressed the structural weaknesses that SAP exposed? Or have we merely repeated the same policy prescriptions under different names while expecting different outcomes?

These questions are particularly important because Nigeria today confronts many of the same challenges that existed in the mid-1980s: heavy dependence on crude oil exports; weak industrial production; persistent foreign exchange crises; high public debt; rising inflation; widespread unemployment; growing poverty and inequality; weak state institutions; low productivity; and declining public confidence in government. These persistent challenges suggest that while several macroeconomic indicators have changed over the past forty years, the underlying structural weaknesses of the Nigerian economy remain largely unresolved.

The debate on SAP should therefore not be reduced to a simplistic question of whether the programme succeeded or failed. Development is rarely that straightforward. Rather, we must ask broader questions about the nature of economic transformation, the relationship between markets and the state, the role of institutions, the importance of political leadership, and the need for inclusive development. The SAP experience also reflects broader ideological debates that shaped development thinking globally during the last quarter of the twentieth century. Beginning in the late 1970s and early 1980s, neoliberal economic policies gained ascendancy across much of the developing world. International financial institutions promoted economic liberalisation, fiscal austerity, privatisation, deregulation and trade openness as universal prescriptions for development (Williamson, 1990; Stiglitz, 2002). These policies became widely known as the **Washington Consensus**.

Many African countries adopted these reforms under severe macroeconomic distress. Yet the outcomes varied considerably depending on domestic political institutions, state capacity, leadership quality and the extent to which reforms were adapted to local realities. Countries with capable developmental states often combined market reforms with active industrial policies, investment in human capital and strategic state intervention. Others experienced prolonged economic decline, social dislocation and institutional weakening (Mkandawire, 2001; Chang, 2002). Nigeria belongs largely to the latter category. Our experience demonstrates that macroeconomic stabilisation, while necessary, is not sufficient for sustainable development. Economic growth without structural transformation cannot create decent jobs. Liberalisation without productive capacity merely expands imports. Fiscal discipline without social protection deepens poverty. Privatisation without strong regulatory institutions creates private monopolies. Market reforms without accountable governance widen inequality and weaken public trust.

As Claude Ake (1996) consistently argued, development is fundamentally about improving the quality of life of people rather than simply expanding markets or increasing gross domestic product. Similarly, Dudley Seers (1969) proposed that the success of development should be judged by whether poverty, unemployment and inequality are declining. Using these criteria, Nigeria's forty-year adjustment experience presents a mixed and often troubling picture. The Nigerian economy has undoubtedly become more market oriented. Financial markets have deepened and telecommunications have expanded dramatically. Certain sectors have become more competitive. However, these achievements coexist with widespread unemployment, declining manufacturing capacity, food insecurity, deteriorating public education and healthcare, persistent infrastructure deficits and rising multidimensional poverty.

The challenge before us therefore is not merely to revisit history but to draw practical lessons for the future. Fortunately, history also offers reasons for optimism. Many countries that faced severe economic crises—including South Korea, Singapore, Malaysia, China, Vietnam, Rwanda and Ethiopia—demonstrate that sustained transformation is possible when governments combine sound macroeconomic management with strategic industrial policy, capable institutions, investment in education and technology, effective public administration and visionary leadership (Johnson, 1982; Evans, 1995; Chang, 2002). Nigeria possesses even greater natural and human resources than many of these countries. Our challenge has never been a lack of potential. Rather, it has been the absence of coherent long-term development strategy, weak implementation capacity, policy inconsistency, governance deficits and insufficient investment in productive sectors.

As we have argued elsewhere, development is not accidental; it is a product of deliberate leadership, strategic planning, effective institutions, citizen participation and sustained implementation (Igbuzor, 2012, 2025). Sustainable transformation requires an effective developmental state capable of mobilising national resources, coordinating economic actors and promoting inclusive growth while remaining democratic and accountable.

This conference therefore presents an important opportunity to move beyond ideological divisions. The objective should not be to romanticise the pre-SAP era nor to dismiss every reform introduced since 1986. Rather, it should be to identify what worked, what failed, why it happened, and what lessons should guide Nigeria's future development strategy.

As George Santayana famously observed, *"Those who cannot remember the past are condemned to repeat it."* Our responsibility today is to ensure that Nigeria learns from forty years of adjustment so that future reforms become more inclusive, more productive and more sustainable.

Our central argument is that **Nigeria's future does not lie in choosing between the state and the market. Rather, it lies in building a capable developmental state that harnesses market forces, protects vulnerable citizens, promotes industrialisation, strengthens institutions and places human development at the centre of national policy.** This aligns with the long-standing call for an alternative development strategy that balances state leadership, democracy and social justice while fostering productive transformation.

## 1. UNDERSTANDING STRUCTURAL ADJUSTMENT PROGRAMMES (SAP)

Structural Adjustment Programmes (SAPs) are comprehensive packages of macroeconomic and structural policy reforms designed to restore macroeconomic stability, correct balance-of-payments disequilibria, improve economic efficiency and promote long-term economic growth. They emerged during the debt crises of the late 1970s and early 1980s as the principal policy framework promoted by the International Monetary Fund (IMF) and the World Bank for developing countries experiencing severe economic difficulties. Unlike short-term stabilisation measures aimed at correcting temporary macroeconomic imbalances, structural adjustment seeks to transform the underlying structure of an economy. The assumption is that persistent economic crises result not merely from cyclical shocks but from deep-seated distortions within economic institutions, public policies and market systems.

SAP therefore combines stabilisation policies with structural reforms. Stabilisation policies typically include fiscal austerity through reductions in government expenditure; monetary tightening to control inflation; exchange-rate devaluation or liberalisation; reduction of fiscal deficits; and external debt restructuring. Structural reforms generally include trade liberalisation; privatisation of state-owned enterprises; deregulation of markets; financial sector liberalisation; removal of subsidies; tax reforms; public sector reforms; labour market flexibility; and encouragement of private sector-led development. The theoretical foundations of SAP lie primarily within **neoclassical economics**, which argues that competitive markets allocate resources more efficiently than governments. According to this perspective, excessive state intervention creates price distortions, inefficiency, corruption and rent-seeking behaviour. Liberalising markets, allowing prices to reflect supply and demand, encouraging competition and reducing government involvement are expected to improve efficiency, stimulate investment and accelerate economic growth.

The intellectual foundations of SAP were strongly influenced by economists such as Milton Friedman, Friedrich Hayek and the Chicago School, whose ideas gained prominence during the administrations of Ronald Reagan in the United States and Margaret Thatcher in the United Kingdom. Their philosophy emphasised free markets, limited government, deregulation, privatisation and individual entrepreneurship. These ideas were later synthesised into what John Williamson (1990) termed the **Washington Consensus**, comprising ten broad policy prescriptions:

1. Fiscal discipline.

2. Reordering public expenditure priorities.
3. Tax reform.
4. Financial liberalisation.
5. Competitive exchange rates.
6. Trade liberalisation.
7. Liberalisation of foreign direct investment.
8. Privatisation.
9. Deregulation.
10. Secure property rights.

Throughout the 1980s and 1990s, these prescriptions became the dominant framework guiding IMF and World Bank lending programmes across Latin America, Africa and parts of Asia. Proponents argued that SAP would restore macroeconomic stability; improve export competitiveness; diversify production; reduce fiscal imbalances; attract foreign investment; improve resource allocation; and promote sustainable growth. Critics, however, contended that SAP placed excessive emphasis on macroeconomic indicators while paying insufficient attention to employment, industrialisation, poverty reduction, institutional capacity and social welfare. Scholars such as Ake (1996), Onimode (1988), Stiglitz (2002), Mkandawire (2001) and Chang (2002) argued that market reforms alone cannot generate sustainable development in countries with weak productive structures and fragile institutions.

The African experience further demonstrated that adjustment without industrial policy often resulted in deindustrialisation; liberalisation without competitiveness increased import dependence; and fiscal austerity without adequate social protection disproportionately harmed the poor. Consequently, development thinking has gradually evolved from the narrow focus on structural adjustment towards broader concepts such as inclusive growth, human development, structural transformation, state capability, resilience, and the developmental state. These concepts recognise that markets and governments are complementary rather than mutually exclusive, and that successful development requires capable public institutions, strategic planning and sustained investment in people and productive capacity.

## 2. THE GLOBAL CONTEXT AND THE RISE OF NEOLIBERALISM

To properly understand Nigeria's Structural Adjustment Programme (SAP), it is necessary to situate it within the broader transformation of the global political economy during the late twentieth century. SAP did not originate in Nigeria. Rather, it emerged from profound changes in the international economic system following the collapse of the post-Second World War economic order and the ascendancy of neoliberal economic thinking. The adoption of SAP across Africa, Latin America and parts of Asia represented one of the most significant ideological shifts in development policy since the end of colonialism. For nearly three decades after independence, most developing countries pursued state-led development strategies characterised by import substitution industrialisation (ISI), public investment, strategic planning, state-owned enterprises and protection of domestic industries (Amsden, 1989; Chang, 2002). These policies were inspired by structuralist economists such as Raúl Prebisch, Hans Singer, Arthur Lewis and Gunnar Myrdal, who argued that developing countries occupied a disadvantaged position within the international economic system. They contended that unrestricted free trade would perpetuate dependency because developing countries exported primary commodities while importing manufactured goods with higher value addition (Prebisch, 1950).

Consequently, newly independent African countries—including Nigeria—adopted development strategies centred on state planning; public ownership of strategic industries; protection of infant industries; agricultural modernisation; expansion of public education; public health investment; and infrastructure development. During the 1960s and early 1970s these policies produced encouraging results in several countries. Nigeria witnessed rapid expansion of universities, highways, steel projects, river basin authorities, agricultural development programmes, public utilities and manufacturing industries.

However, by the late 1970s many developing economies began experiencing severe macroeconomic crises arising from both domestic weaknesses and adverse external shocks. Several factors converged to produce this crisis. First, the collapse of commodity prices significantly reduced export earnings. Second, the two global oil shocks of 1973 and 1979 generated worldwide inflation and economic instability. Third, international interest rates rose sharply following anti-inflationary policies implemented by the United States Federal Reserve under Paul Volcker. Fourth, many developing countries accumulated unsustainable external debts during the era of cheap international credit. Finally, weak governance, corruption, poor economic management and inefficient public enterprises compounded existing structural weaknesses. The result was a widespread debt crisis across Africa and Latin America. The International Monetary Fund (IMF) and the World Bank responded by making financial assistance conditional upon implementation of comprehensive economic reforms. These reforms became known as Structural Adjustment Programmes.

The intellectual foundation of SAP reflected what later became known as the **Washington Consensus**, a term coined by John Williamson (1990) to describe the policy consensus prevailing among Washington-based institutions including the IMF, the World Bank and the United States Treasury. According to neoliberal theory, governments should create an enabling environment while allowing private enterprise and market competition to drive economic growth. Milton Friedman (1962) argued that economic freedom constituted the foundation of political freedom, while Friedrich Hayek (1944) warned that excessive government intervention threatened individual liberty and economic efficiency. These ideas strongly influenced the economic policies of President Ronald Reagan in the United States and Prime Minister Margaret Thatcher in the United Kingdom. By the early 1980s neoliberalism had become the dominant global development paradigm. International financial institutions increasingly viewed state-led development strategies as the principal cause of economic inefficiency in developing countries. Public enterprises were considered wasteful. Subsidies were regarded as distortions. Trade protection was seen as anti-competitive. Price controls were believed to discourage production. Exchange-rate controls were considered obstacles to exports. Accordingly, SAP sought to replace state-led development with market-led development. Many developing countries accepted these reforms because they had few alternatives. Access to international credit increasingly depended upon compliance with IMF and World Bank conditionalities.

Nigeria eventually joined this global trend in 1986. However, the African experience soon demonstrated that development outcomes depend not merely on adopting market reforms but on the quality of institutions, political leadership, administrative capacity and productive capabilities. Countries in East Asia liberalised gradually while simultaneously protecting strategic industries, investing heavily in education, supporting technological innovation and maintaining capable developmental states

(Johnson, 1982; Evans, 1995; Chang, 2002). By contrast, many African countries liberalised prematurely without first developing productive capacity. Consequently, while markets expanded, domestic industries often collapsed under competition from imports. The lesson from international experience is therefore clear: Markets are indispensable for efficient resource allocation, but markets alone do not create development. Development requires capable states, visionary leadership, strategic industrial policy, strong institutions and sustained investment in human capital.

## 3. HISTORICAL CONTEXT OF NIGERIA BEFORE THE INTRODUCTION OF SAP

Understanding why Nigeria adopted SAP requires an appreciation of the country's economic trajectory after independence. At independence in 1960, Nigeria inherited an economy dominated by agriculture. Agriculture accounted for over 60 percent of GDP, employed nearly 70 percent of the labour force and generated over two-thirds of export earnings (World Bank, 1981). The country exported cocoa; groundnuts; palm produce; cotton; and rubber. Regional governments invested agricultural revenues in education, infrastructure and industrial development. The Western Region became renowned for cocoa. The Northern Region dominated groundnut production. The Eastern Region specialised in palm produce. This diversified economic structure provided relatively stable growth.

Following the discovery and commercial exploitation of petroleum in the late 1960s, Nigeria's economic structure changed fundamentally. The civil war (1967–1970) was followed by unprecedented increases in global oil prices. Oil revenues rose dramatically. Government expenditure expanded rapidly. Large public investments were undertaken in steel; refineries; River Basin Authorities; airports; highways; universities; hospitals; electricity; and housing. The Nigerian state became the principal driver of economic activity. Unfortunately, the oil boom also generated several unintended consequences. Manufacturing became increasingly dependent on imported inputs. Agriculture declined and food imports increased. The exchange rate became overvalued and consumption expanded faster than production. Public expenditure became heavily dependent upon volatile oil revenues. Economists later described these developments as symptoms of the **Dutch Disease**, whereby booming natural resource exports undermine competitiveness in other sectors. When global oil prices collapsed in the early 1980s, Nigeria entered severe economic crisis. Export earnings fell sharply and government revenue declined dramatically. Foreign exchange shortages emerged and external debt increased. Industrial capacity utilisation declined, inflation accelerated, unemployment increased and balance-of-payments deficits widened. By 1985 Nigeria confronted one of the deepest economic crises since independence. Several policy options were debated. One option involved accepting an IMF loan with associated conditionalities. Another advocated home-grown reforms without IMF supervision. The debate became highly polarised. Labour unions, student organisations, professional associations and many intellectuals opposed IMF prescriptions, arguing they would worsen poverty and undermine national sovereignty.

Following nationwide consultations, the military government under General Ibrahim Babangida announced the Structural Adjustment Programme in July 1986 without formally accepting an IMF loan. Although officially presented as a home-grown programme, its major policy components closely resembled IMF and World Bank adjustment prescriptions (Onimode, 1988). The programme sought to restructure the Nigerian economy by reducing dependence on oil, encouraging exports, promoting private enterprise and restoring macroeconomic stability. Four decades later, it remains one of the defining turning points in Nigeria's development history.

## 4. WHY NIGERIA ADOPTED THE STRUCTURAL ADJUSTMENT PROGRAMME

Several interrelated factors explain Nigeria's decision to adopt SAP in 1986.

**4.1 Collapse of Oil Prices:** Nigeria's heavy dependence on petroleum exports exposed the economy to fluctuations in international oil prices. Between 1981 and 1985 government revenues declined sharply as oil prices fell. Public expenditure became unsustainable. Budget deficits widened and economic growth slowed considerably. The crisis exposed the dangers of excessive dependence on a single commodity.

**4.2 External Debt Crisis:** Nigeria accumulated substantial external debt during the late 1970s and early 1980s. Debt servicing increasingly consumed government revenue. Foreign creditors became reluctant to extend additional loans without comprehensive reforms. SAP was expected to restore international confidence.

**4.3 Balance of Payments Crisis:** Nigeria experienced severe shortages of foreign exchange. Imports exceeded exports, manufacturers struggled to obtain foreign exchange for machinery and raw materials and industrial production declined. The adjustment programme sought to restore equilibrium through exchange-rate liberalisation and export promotion.

**4.4 Fiscal Imbalances:** Government spending expanded rapidly during the oil boom without corresponding increases in productive capacity. As revenues declined, fiscal deficits became unsustainable. SAP therefore emphasised expenditure reduction; subsidy removal; tax reforms; and improved public financial management.

**4.5 Inefficiency of State-Owned Enterprises:** Many public enterprises performed poorly. They required substantial government subsidies while delivering inadequate services. SAP advocated commercialisation and privatisation to improve efficiency.

**4.6 Weak Productive Structure:** Despite enormous oil wealth, Nigeria remained heavily dependent on imports. Domestic manufacturing lacked competitiveness. Agriculture had deteriorated significantly. The adjustment programme sought to diversify production and encourage non-oil exports.

**4.7 International Pressure:** Although Nigerian authorities emphasised domestic ownership of SAP, international financial institutions strongly encouraged comprehensive adjustment. Debt rescheduling, access to external finance and international investor confidence increasingly depended upon policy reforms consistent with IMF and World Bank recommendations.

**4.8 Search for Economic Stability:** Ultimately, policymakers believed that comprehensive reforms offered the best opportunity to restore macroeconomic stability and place Nigeria on a sustainable growth path. Whether these expectations were realised remains the central question that forty years of experience enables us to assess.

## 5. OBJECTIVES OF THE STRUCTURAL ADJUSTMENT PROGRAMME

The Babangida administration identified several broad objectives for SAP. These included:

1. Restructuring and diversifying Nigeria's productive base.
2. Reducing dependence on crude oil exports.
3. Achieving fiscal and balance-of-payments stability.
4. Promoting non-oil exports.
5. Encouraging private sector development.
6. Liberalising markets and prices.
7. Improving resource allocation through market mechanisms.
8. Enhancing economic efficiency.
9. Reducing the role of government in productive activities.
10. Laying the foundation for sustainable long-term growth.

These objectives reflected a broader ambition to transform Nigeria from a state-led, oil-dependent economy into a diversified, market-driven economy capable of competing effectively in the global marketplace. However, the critical question remains whether the policy instruments employed were appropriate for Nigeria's structural conditions and institutional capacity. That question forms the basis of the next section, which examines the design, implementation and political economy of SAP and assesses how its policy measures shaped Nigeria's economic and social trajectory over the past four decades.

## 6. THE STRUCTURAL ADJUSTMENT PROGRAMME IN NIGERIA: DESIGN, POLICY INSTRUMENTS AND IMPLEMENTATION

The Structural Adjustment Programme (SAP), introduced on **1 July 1986** by the administration of General Ibrahim Badamasi Babangida, represented the most comprehensive package of economic reforms undertaken in Nigeria since independence. Although officially presented as a home-grown programme designed to restructure the economy without accepting a formal IMF loan, its major policy prescriptions closely mirrored those advocated by the International Monetary Fund (IMF) and the World Bank (Onimode, 1988; World Bank, 1989). SAP was conceived as a medium-term programme intended to fundamentally alter the structure of the Nigerian economy. Unlike earlier economic policies that focused primarily on government expenditure and public investment, SAP sought to transform the incentive system governing production, consumption, investment and trade. The programme reflected a fundamental philosophical shift from a state-led development model to a market-driven economic framework, based on the assumption that market forces allocate resources more efficiently than government intervention. Its implementation touched virtually every aspect of Nigeria's economic and social life.

**6.1 Exchange Rate Liberalisation:** Perhaps the most visible and controversial component of SAP was the liberalisation of the foreign exchange market. Before SAP, Nigeria operated a fixed exchange rate regime. The naira was one of Africa's strongest currencies. Government determined the exchange rate administratively. Foreign exchange was allocated through official channels. SAP abolished this arrangement and introduced the **Second-Tier Foreign Exchange Market (SFEM)** in September 1986. The exchange rate became largely market-determined. The official justification was straightforward. The government argued that the naira had become significantly overvalued. An artificially high exchange rate encouraged imports while discouraging exports. By allowing market forces to determine the value of the naira, Nigerian exports would become more competitive internationally. Import substitution would also become more attractive because imported goods would become more expensive. However, the practical consequences proved far more complex. The naira depreciated rapidly. Within a few years, its value had fallen dramatically against major international currencies. While exporters theoretically benefited from improved competitiveness, manufacturers became increasingly dependent on expensive imported machinery, spare parts and industrial raw materials. Inflation accelerated while production costs increased. Consumer prices rose sharply. For ordinary Nigerians, exchange-rate liberalisation translated into a significant decline in purchasing power.

**6.2 Trade Liberalisation:** Another major pillar of SAP was trade liberalisation. Prior to SAP, Nigeria maintained relatively high tariffs and import restrictions to protect domestic industries. Government believed that local manufacturers required protection while they developed productive capacity. SAP reversed this philosophy. Import licensing was abolished, tariffs were reduced, trade barriers were lowered and export promotion became a major policy objective. The expectation was that increased competition would improve efficiency, lower prices and stimulate innovation. Instead, many domestic industries found themselves unable to compete with cheaper imported products. Countries with stronger industrial bases flooded Nigerian markets with manufactured goods. Many local firms experienced declining sales. Industrial closures increased and capacity utilisation in manufacturing declined significantly throughout the late 1980s and 1990s. Rather than accelerating industrialisation, trade liberalisation often contributed to deindustrialisation because Nigerian firms lacked the technological capabilities, infrastructure and financing necessary to compete internationally. As Ha-Joon Chang (2002) observed, today's industrialised countries protected their infant industries before advocating free trade to developing nations. Nigeria liberalised prematurely without first strengthening domestic productive capacity.

**6.3 Deregulation of Prices:** SAP also dismantled many government price controls. Prices of agricultural commodities, petroleum products, utilities and several consumer goods became increasingly market determined. The rationale was that market prices would provide better incentives for production and investment. Agricultural producers were expected to respond positively to higher producer prices. Private investment would increase once prices reflected actual production costs. However, deregulation occurred within an environment characterised by weak competition, limited regulatory capacity and widespread market imperfections. Instead of improving efficiency, price liberalisation often resulted in rapid inflation. Essential commodities became increasingly unaffordable, transportation costs increased and food prices rose substantially. Urban households experienced significant declines in real income. The burden fell disproportionately on wage earners and vulnerable groups.

**6.4 Privatisation and Commercialisation:** One of SAP's defining features was the reduction of government's role in productive economic activities. The Technical Committee on Privatisation and Commercialisation (TCPC) was established in 1988. Its mandate included privatisation of selected public enterprises; commercialisation of government-owned corporations; promotion of private sector participation; and reduction of government subsidies. Supporters argued that public enterprises suffered from poor management; political interference; low productivity; financial losses; and corruption. Privatisation was expected to improve efficiency through private ownership. Some enterprises indeed became more efficient after privatisation. However, several concerns emerged. Many transactions lacked transparency. Strategic national assets were acquired by politically connected individuals. Monopoly structures often remained intact. Regulatory institutions were weak. Consequently, public monopolies were sometimes replaced by private monopolies rather than competitive markets. The anticipated productivity gains therefore remained uneven.

**6.5 Public Sector Reform:** SAP significantly altered Nigeria's public administration. Government sought to reduce recurrent expenditure through rationalisation of ministries; downsizing of the civil service; wage restraint; reduction of public employment; and administrative reforms. The objective was to create a leaner, more efficient public sector. While fiscal savings were achieved in some instances, these reforms also weakened institutional memory and reduced administrative capacity. Large-scale retrenchments increased unemployment. Many experienced professionals left public service and morale within the civil service declined. The irony was striking. At precisely the period when Nigeria required stronger state institutions to implement complex economic reforms, state capacity was simultaneously being reduced. This contradiction remains one of the most important criticisms of SAP. As Peter Evans (1995) demonstrated through comparative studies, successful market economies depend upon capable states rather than weak ones.

**6.6 Financial Sector Liberalisation:** SAP introduced substantial reforms within Nigeria's financial system. Interest rates became market determined. Restrictions on banking activities were relaxed. Licensing of new commercial and merchant banks accelerated. Competition increased, financial innovation expanded rapidly and the number of financial institutions grew significantly. Capital markets also developed. The Nigerian Stock Exchange became increasingly active. These reforms improved financial intermediation. However, weak regulatory oversight also encouraged speculative activities. Many poorly managed banks emerged, financial distress became widespread during the early 1990s and several institutions eventually collapsed. Subsequent banking reforms became necessary to restore confidence.

**6.7 Removal of Subsidies:** SAP advocated progressive elimination of government subsidies. Subsidies on petroleum products, agricultural inputs and public utilities were gradually reduced. The argument was that subsidies distorted prices, encouraged inefficiency and imposed unsustainable fiscal burdens. Yet subsidy removal had profound social implications. Fuel price increases affected every sector. Transportation costs rose, food prices increased, production costs escalated and Inflation accelerated. The absence of effective social protection mechanisms meant that adjustment costs were borne largely by ordinary citizens. This remains one of the enduring lessons of SAP: Economic reforms without adequate social protection can undermine both public welfare and political legitimacy.

**6.8 Promotion of Non-Oil Exports:** Reducing dependence on crude oil constituted a central objective of SAP. Government introduced export incentives. Export processing zones were established, agricultural exports received renewed attention and manufactured exports were encouraged. Unfortunately, results remained modest. Oil continued to dominate export earnings. Non-oil exports expanded slowly. Structural constraints—including poor infrastructure, unreliable electricity, weak logistics, limited technological capability and inadequate financing—continued to constrain competitiveness. Diversification proved far more difficult than policymakers anticipated.

## 7. THE POLITICAL ECONOMY OF SAP

Economic policies do not exist in isolation. They are shaped by politics, institutions, power relations and social interests. Understanding SAP therefore requires a political economy perspective. Political economy examines how political institutions, economic interests and social forces interact to influence policy outcomes. This perspective is particularly relevant because SAP generated winners and losers. Different groups experienced its consequences differently.

**7.1 International Financial Institutions:** The IMF and the World Bank played central roles in promoting adjustment programmes across Africa. Their diagnosis emphasised macroeconomic imbalances. Their prescriptions prioritised fiscal discipline; market liberalisation; privatisation; and trade openness. Critics argued that these institutions underestimated domestic political realities and institutional constraints. Joseph Stiglitz (2002), himself a former Chief Economist of the World Bank, later acknowledged that excessive emphasis on liberalisation often overlooked issues of sequencing, institutions and social protection.

**7.2 The Nigerian State:** SAP fundamentally altered the relationship between the Nigerian state and the economy. During the oil boom, government had become the principal investor, employer and provider of social services. SAP sought to redefine this role. Government increasingly became regulator rather than producer. Public investment declined and private enterprise assumed greater responsibility. While reducing direct state involvement improved efficiency in certain sectors, it also weakened government's capacity to coordinate long-term development. The developmental role of the state became significantly diminished.

**7.3 Labour Movement:** The Nigeria Labour Congress (NLC) emerged as one of the strongest opponents of SAP. Labour leaders argued that adjustment disproportionately affected workers through wage erosion; job losses; inflation; and declining living standards. Numerous strikes and demonstrations occurred during the SAP period. The labour movement maintained that economic reforms should prioritise employment, wages and social justice rather than merely satisfying macroeconomic targets.

**7.4 Student Movement:** Nigerian students also mounted vigorous opposition. Universities became centres of ideological debate. Many student organisations viewed

SAP as an externally imposed programme that threatened national sovereignty and social welfare. Campus protests became frequent. Several universities experienced closures. The SAP years therefore coincided with increasing tensions between government and organised youth movements.

**7.5 Civil Society Organisations:** Civil society organisations played increasingly important roles during the SAP era. Professional associations, faith-based organisations, human rights groups and development NGOs analysed government policies, mobilised citizens and advocated alternative development strategies. Indeed, SAP contributed significantly to the emergence of modern civil society advocacy in Nigeria. The adjustment period demonstrated that economic reforms require democratic participation, transparency and accountability. Development cannot succeed where citizens are excluded from policy formulation.

**7.6 The Private Sector:** The private sector experienced mixed outcomes. Some firms benefited from liberalisation. Financial institutions expanded rapidly. Import-export businesses flourished. Telecommunications eventually emerged as a major success story following liberalisation in subsequent years. Conversely, many manufacturing firms struggled with exchange-rate depreciation; high interest rates; infrastructure deficits; and rising production costs. Consequently, private sector growth remained concentrated in commerce and finance rather than manufacturing. This pattern limited employment generation and structural transformation.

**7.7 Rural and Urban Populations:** The social impact of SAP varied geographically. Rural farmers benefited from improved producer prices in certain agricultural commodities. However, they also faced higher costs of fertilisers, transportation and agricultural inputs. Urban wage earners generally experienced declining real incomes because salaries failed to keep pace with inflation. Middle-class households suffered significant reductions in purchasing power. Poverty expanded. Income inequality widened.

## 8. ASSESSING IMPLEMENTATION: POLICY VERSUS CONTEXT

In retrospect, one of the most important lessons from SAP is that good economic policies cannot substitute for strong institutions. Many policy prescriptions assumed competitive markets; effective regulation; efficient public administration; transparent governance; strong judicial institutions; and political stability. Nigeria possessed few of these conditions in sufficient measure. Instead, reforms unfolded amid weak institutions; corruption; infrastructure deficits; limited industrial capacity; policy inconsistency; military rule; and fragile democratic accountability. Consequently, implementation often diverged significantly from theoretical expectations. The lesson is not necessarily that every SAP policy was inherently flawed. Rather, it is that policy effectiveness depends fundamentally on context. Economic reforms must be adapted to local institutional realities rather than transplanted mechanically from one country to another. As Dani Rodrik (2007) has persuasively argued, there is no universal blueprint for development. Successful countries design reform strategies that reflect their own institutional capacities, historical experiences and political realities. Nigeria's experience with SAP therefore underscores a broader development principle: there is no substitute for capable institutions, visionary leadership, coherent industrial policy and inclusive governance. Markets are powerful instruments of development, but only when embedded within effective states and accountable democratic institutions.

## 9. FORTY YEARS OF STRUCTURAL ADJUSTMENT: ECONOMIC IMPACT (1986–2026)

Forty years after the introduction of the Structural Adjustment Programme (SAP), Nigeria possesses sufficient historical evidence to undertake a balanced and comprehensive assessment of its economic consequences. Such an assessment must move beyond ideological positions to examine empirical outcomes. While SAP achieved certain macroeconomic objectives, it also generated profound structural challenges whose effects continue to shape Nigeria's development trajectory. The evidence suggests that SAP produced a paradox. It succeeded in liberalising markets but failed to transform the productive structure of the economy. It promoted macroeconomic reforms but did not achieve sustained structural transformation. Consequently, Nigeria today has a more liberal economy but not necessarily a more productive one.

**9.1 Macroeconomic Stabilisation: A Partial Success:** One of SAP's immediate objectives was to restore macroeconomic stability. There is little doubt that some progress was made in correcting short-term macroeconomic imbalances. Among its achievements were elimination of severe foreign exchange rationing; reduction of some fiscal distortions; establishment of market-based exchange rate mechanisms; expansion of the financial sector; greater openness to international trade; and improved monetary policy instruments. These reforms modernised several aspects of economic management. Nigeria gradually shifted from administrative allocation of resources towards greater reliance on market mechanisms. The Central Bank increasingly adopted indirect monetary policy instruments rather than direct controls. Financial markets deepened, capital markets expanded and private sector participation increased in several sectors. These changes constituted important institutional reforms. However, macroeconomic stabilisation proved difficult to sustain. Nigeria continued to experience persistent inflation; repeated exchange-rate crises; fiscal deficits; rising public debt; and external vulnerability. Indeed, almost every administration since 1986 has introduced another round of economic reforms designed to correct similar macroeconomic imbalances. This suggests that SAP addressed symptoms more effectively than underlying structural causes.

**9.2 Exchange Rate Depreciation:** Perhaps no economic indicator better symbolises the SAP era than the trajectory of the Nigerian naira. In 1985, one United States dollar exchanged for less than one naira. Following exchange-rate liberalisation, the naira experienced continuous depreciation. Today, the currency has lost well over 99 per cent of its value relative to major international currencies. Several factors explain this outcome. Nigeria's productive base remained weak. Imports continued to exceed exports. Oil exports remained the principal source of foreign exchange. Manufacturing competitiveness remained low. Consequently, demand for foreign exchange consistently exceeded supply. Exchange-rate depreciation generated mixed outcomes. Positive effects included greater export incentives; reduction in artificial currency overvaluation; and increased remittances. Negative consequences proved far more extensive. Depreciation increased production costs; inflation; cost of imported machinery; prices of medicines; food prices; transportation costs; educational expenses; and healthcare costs. For households, exchange-rate depreciation translated directly into declining purchasing power.

**9.3 Deindustrialisation:** Perhaps the greatest economic consequence of SAP has been the progressive weakening of Nigeria's manufacturing sector. Before SAP, Nigeria possessed an expanding industrial base. Manufacturing accounted for a growing share of GDP. Many firms operated in textiles; footwear; tyres; pharmaceuticals; food processing; steel; engineering; and automobile assembly. Trade liberalisation fundamentally altered this landscape. Domestic industries suddenly faced competition from imported goods produced under far more favourable conditions. Manufacturers encountered multiple constraints including unreliable electricity; expensive credit; poor infrastructure; exchange-rate volatility; high transportation costs; and limited technological capacity. Unable to compete, numerous firms either downsized or closed. Industrial capacity utilisation declined sharply during the late 1980s and 1990s. Entire industrial clusters deteriorated. The collapse of Nigeria's once-thriving textile industry illustrates this broader pattern. Thousands of workers lost their jobs. Local value chains weakened. Industrial learning slowed considerably. Rather than becoming an export-oriented manufacturing economy, Nigeria increasingly became an import-dependent consumer economy. This remains one of the strongest criticisms advanced by scholars such as Bade Onimode (1988), Adebayo Adedeji (1993) and Ha-Joon Chang (2002).

**9.4 Weak Economic Diversification:** Reducing dependence on crude oil constituted one of SAP's principal objectives. Forty years later, progress has been disappointing. Oil continues to dominate export earnings; foreign exchange receipts; and government revenue. Although sectors such as telecommunications, financial services and entertainment have expanded significantly, manufacturing exports remain limited. Agriculture employs millions but remains characterised by low productivity. Solid minerals remain underdeveloped. Knowledge-based industries remain relatively small. The persistence of oil dependence indicates that liberalisation alone cannot diversify an economy. Successful diversification requires deliberate industrial policy, infrastructure development, technological upgrading and investment in research and innovation.

**9.5 Growth Without Transformation:** Nigeria has experienced periods of relatively rapid GDP growth since SAP. During the 2000s, annual growth frequently exceeded 6 per cent. Following GDP rebasing in 2014, Nigeria briefly became Africa's largest economy. Yet this growth did not translate into commensurate improvements in living standards. Economists increasingly describe Nigeria's experience as "growth without development." Several characteristics explain this phenomenon: limited structural transformation; low manufacturing employment; persistent poverty; rising inequality; and weak productivity growth. Economic expansion occurred largely in capital-intensive sectors with limited employment generation. Growth therefore failed to produce broad-based prosperity.

**9.6 Rising Public Debt:** Ironically, one objective of SAP was to reduce Nigeria's debt burden. Four decades later, public debt has increased substantially. Although debt sustainability depends not merely on total debt but also on repayment capacity and productive investment, debt servicing now consumes a significant proportion of government revenue. This constrains investment in education; healthcare; infrastructure; agriculture; and research. The challenge therefore lies not simply in borrowing less but in borrowing productively. Debt-financed investments should generate future economic returns sufficient to service obligations.

**9.7 Expansion of the Informal Economy:** Another long-term consequence of SAP has been the rapid growth of informal economic activity. As formal employment opportunities declined, millions sought livelihoods within petty trading; transportation; informal manufacturing; artisan services; and subsistence enterprises. Today the informal sector accounts for a substantial proportion of employment. While demonstrating remarkable resilience and entrepreneurial energy, the informal economy is characterised by low productivity; limited social protection; restricted access to finance; and low technological adoption. The predominance of informality reflects broader structural weaknesses rather than entrepreneurial success alone.

## 10. SAP AND INDUSTRIALISATION

Industrialisation has historically served as the foundation of sustained economic transformation. Every country that has achieved high-income status has undergone substantial industrial development. Manufacturing generates productivity growth; technological learning; export competitiveness; skilled employment; and innovation. Unfortunately, Nigeria's industrial trajectory since SAP has been disappointing.

**10.1 Collapse of Import Substitution Without Export Competitiveness:** SAP dismantled many protective measures supporting domestic industries. However, export competitiveness had not yet been developed. Consequently, Nigeria experienced the disadvantages of liberalisation without enjoying its anticipated benefits.This created what economists describe as "premature deindustrialisation."

**10.2 Limited Technological Capability:** Successful industrialisation depends upon technological capability. Countries such as South Korea invested heavily in engineering education; technical training; research institutions; and industrial innovation. Nigeria's investment remained insufficient. Manufacturing consequently relied heavily on imported technology. Domestic technological learning remained limited.

**10.3 Infrastructure Deficits:** Industrial competitiveness requires reliable electricity; transport; ports; telecommunications; and logistics. Infrastructure deficiencies significantly increased production costs. Many firms generated their own electricity. Transportation delays increased inventory costs. These structural constraints undermined competitiveness irrespective of trade policy.

## 11. SAP AND AGRICULTURE

Agriculture occupied a central position within SAP. Government expected exchange-rate liberalisation and producer price reforms to stimulate agricultural production. Some progress occurred. Certain export crops experienced renewed attention. Agricultural producer prices improved. However, broader structural transformation remained limited. Farmers continued to confront poor rural roads; inadequate irrigation; limited mechanisation; weak extension services; expensive fertilisers; post-harvest losses; and insecure land tenure. Consequently, agricultural productivity remained relatively low. Nigeria increasingly became one of the world's largest food importers despite possessing abundant arable land. Food insecurity persists largely because productivity growth has lagged behind population growth. Agricultural transformation requires far more than favourable prices. It requires research; irrigation; mechanisation; rural infrastructure; storage; processing; and access to markets.

## 12. SAP AND EMPLOYMENT

Employment constitutes perhaps the most important indicator of inclusive economic development. Growth without jobs cannot reduce poverty sustainably. Unfortunately, Nigeria's labour market has experienced persistent challenges throughout the adjustment period. Several factors contributed industrial decline; public sector retrenchment; weak manufacturing; limited technological upgrading; and population growth. Youth unemployment became particularly severe; graduate unemployment increased and underemployment expanded. Many educated Nigerians migrated abroad. The phenomenon commonly described as "brain drain" intensified. Highly skilled professionals increasingly sought opportunities overseas. While remittances contribute positively to foreign exchange earnings, loss of skilled human capital constrains domestic development.

## 13. SAP AND PRODUCTIVITY

Long-term prosperity ultimately depends upon productivity. Productivity measures how efficiently labour, capital and technology generate output. Nigeria's productivity performance has remained relatively weak. Underlying factors include inadequate infrastructure; limited technological innovation; poor education quality; weak industrial capabilities; and insufficient research investment. Countries experiencing sustained development consistently improve productivity through continuous innovation. Nigeria has yet to achieve comparable productivity growth.

## 14. BALANCING THE ECONOMIC RECORD

A balanced assessment requires acknowledging both achievements and shortcomings. SAP contributed to modernisation of monetary policy; expansion of financial markets; increased private sector participation; telecommunications liberalisation (through subsequent reforms); greater openness to international trade; and improved macroeconomic policy instruments. These reforms introduced important institutional changes that continue to influence economic management. However, SAP also coincided with persistent exchange-rate depreciation; deindustrialisation; rising unemployment; increasing poverty; widening inequality; limited diversification; weakening state capacity; infrastructure deficits; declining manufacturing competitiveness; and expansion of informality. Overall, the evidence suggests that SAP succeeded more in liberalising markets than in transforming productive structures. It created a more market-oriented economy but not necessarily a more developmental economy. As Dani Rodrik (2007) argues, successful development requires policies that promote structural transformation rather than simply market liberalisation. The Nigerian experience reinforces this conclusion. Economic reforms must be judged not merely by improvements in macroeconomic indicators but by their capacity to generate productive employment, technological upgrading, industrial diversification and improved living standards. Ultimately, the central lesson of forty years of adjustment is clear: Macroeconomic stability is essential, but it is not sufficient. Sustainable national development requires productive transformation, capable institutions, visionary leadership, inclusive governance and deliberate investment in people, technology and industry.

## 15. FORTY YEARS OF STRUCTURAL ADJUSTMENT: SOCIAL IMPACT

Economic policies ultimately exist to improve human welfare. While macroeconomic stability is important, the true measure of development lies in its impact on people's lives. As Dudley Seers (1969) argued, the critical questions to ask are whether poverty has declined, unemployment has reduced, and inequality has narrowed. Similarly, Amartya Sen (1999) defines development as the expansion of human freedoms and capabilities rather than merely increases in income. Judged against these broader development indicators, the social consequences of the Structural Adjustment Programme (SAP) in Nigeria have been profound and, in many respects, deeply troubling. The reforms introduced under SAP fundamentally altered the relationship between the Nigerian state and its citizens. The state gradually withdrew from several areas of social provisioning while expecting market forces to allocate resources more efficiently. Although markets improved efficiency in certain sectors, they proved far less effective in guaranteeing equitable access to essential social services. The result has been widening inequality, declining access to quality public services, increased household vulnerability, and growing social discontent.

**15.1 Poverty:** Perhaps the most enduring social consequence of SAP has been the persistence and expansion of poverty. During the early years of independence, Nigeria possessed enormous development potential. The country enjoyed abundant natural resources; a relatively small population; expanding agricultural production; increasing industrialisation; and significant public investment.  By contrast, forty years after SAP, Nigeria has become home to one of the largest populations of poor people in the world. Although poverty trends have fluctuated over time, several realities remain evident. Millions of Nigerians continue to experience food insecurity; inadequate housing; poor healthcare; limited access to education; unemployment; inadequate sanitation; and multidimensional deprivation. Exchange-rate depreciation, inflation and declining purchasing power significantly reduced household welfare. Real wages failed to keep pace with increases in living costs. Many households adopted coping strategies including reducing food consumption; withdrawing children from school; postponing healthcare; increasing child labour; and informal economic activities. These coping mechanisms often reinforced intergenerational poverty. As the World Bank (1990) later acknowledged, adjustment programmes frequently underestimated their social consequences.

**15.2 Income Inequality:** Economic liberalisation created new opportunities for wealth accumulation. However, these opportunities were not equally distributed. Individuals possessing financial capital; political connections; access to foreign exchange; and commercial networks benefited disproportionately. Conversely, wage earners, pensioners, small-scale producers and vulnerable households experienced declining real incomes. Consequently, income inequality widened considerably. Nigeria increasingly became characterised by the coexistence of extraordinary wealth alongside widespread deprivation. This pattern reflects what Joseph Stiglitz (2012) describes as unequal growth, where economic expansion benefits relatively few while leaving large sections of society behind. Growing inequality also undermines social cohesion. Research increasingly demonstrates that highly unequal societies experience greater political instability; lower social trust; weaker institutions; and slower long-term growth. Inclusive development therefore requires not only economic growth but equitable distribution of opportunities.

**15.3 Unemployment and Underemployment:** Employment represents one of the most important pathways out of poverty. Unfortunately, Nigeria's labour market deteriorated significantly during the adjustment era. Several developments contributed. First, public sector retrenchment reduced government employment. Second, manufacturing decline limited industrial job creation. Third, rapid population growth increased labour force participation. Fourth, educational expansion produced increasing numbers of graduates without corresponding employment opportunities. Youth unemployment became one of Nigeria's most pressing development challenges. Graduate unemployment increased substantially. Many young people entered informal employment characterised by low productivity; unstable income; absence of social protection; and limited career progression. This situation has significant implications for national security. Large populations of unemployed youth become vulnerable to criminal activities; violent extremism; political manipulation; and irregular migration. Employment is therefore not merely an economic issue but also a governance and security imperative.

**15.4 Food Security:** SAP sought to revitalise agriculture through market incentives. While certain agricultural exports improved, domestic food security remained fragile.

Several factors contributed declining rural infrastructure; limited irrigation; post-harvest losses; insecurity; climate variability; and rising production costs. Food imports increased substantially. Nigeria became increasingly dependent upon imported wheat, rice and processed foods. Exchange-rate depreciation further increased food prices. Food inflation disproportionately affected poor households because food constitutes a large proportion of household expenditure. Consequently, nutritional outcomes deteriorated among vulnerable populations.

## 16. SAP AND EDUCATION

Education is widely recognised as the foundation of long-term national development. Countries that achieved rapid economic transformation invested heavily in universal education; technical skills; research; and higher education. Nigeria initially pursued similar policies following independence. Public investment expanded rapidly and universities multiplied. Primary education became increasingly accessible. SAP altered this trajectory. Fiscal austerity reduced government expenditure on education. Public institutions experienced declining funding. Infrastructure deteriorated, laboratories became obsolete, libraries weakened and Staff morale declined. Academic brain drain accelerated. Many experienced lecturers emigrated. Student populations increased while funding stagnated. Universities experienced frequent strikes and research output declined. Parents increasingly assumed responsibility for financing education. Private educational institutions expanded rapidly. Although private participation increased educational opportunities, it also introduced greater inequality because quality education increasingly depended upon household income. Today, educational inequalities remain one of Nigeria's major development challenges.

## 17. SAP AND HEALTH

Healthcare experienced similar pressures. Government expenditure declined relative to growing demand. Hospitals increasingly lacked essential medicines; diagnostic equipment; qualified personnel; and maintenance. User fees became more common. Healthcare financing shifted increasingly towards out-of-pocket household expenditure. Poor households often delayed seeking medical treatment because of cost. Preventable diseases remained widespread. Maternal and child mortality remained relatively high. The migration of healthcare professionals accelerated. Nigeria trained highly skilled doctors and nurses, many of whom emigrated in search of better remuneration and working conditions. The resulting shortages further weakened domestic healthcare systems. COVID-19 later exposed many of these structural weaknesses. The pandemic demonstrated the importance of resilient public health systems supported by sustained public investment.

## 18. SAP AND SOCIAL PROTECTION

Perhaps one of the greatest shortcomings of SAP was inadequate attention to social protection. Economic reforms inevitably create winners and losers. Successful adjustment therefore requires mechanisms that protect vulnerable groups during periods of transition. Many East Asian countries combined economic reforms with targeted subsidies; employment programmes; universal healthcare; educational investments; and rural development. Nigeria lacked comparable social protection systems. Adjustment costs fell disproportionately upon low-income households; pensioners; women; children; persons with disabilities; and rural communities. Only in recent years has Nigeria expanded programmes such as conditional cash transfers; school feeding; social registers; and health insurance initiatives. Nevertheless, coverage remains limited relative to need. The experience demonstrates that economic reform and social protection must proceed simultaneously rather than sequentially.

## 19. SAP AND GENDER RELATIONS

Women experienced SAP differently from men. Because women are disproportionately represented among lower-income households and informal economic activities, adjustment often imposed greater burdens upon them. Several dynamics emerged- household income declined, women increasingly entered informal economic activities to supplement family income and unpaid care responsibilities expanded. Access to healthcare became more difficult. Educational opportunities for girls sometimes declined where household resources became constrained. Female-headed households experienced heightened vulnerability. Yet women also demonstrated remarkable resilience. Across Nigeria, women developed cooperative societies; micro-enterprises; savings associations; and community support networks. These initiatives helped sustain household livelihoods despite difficult economic circumstances. Gender analysis therefore reveals both vulnerability and resilience. Future reforms must incorporate gender-responsive budgeting and policy design.

## 20. SAP AND THE FAMILY

The family remains the primary institution for social reproduction. Economic adjustment significantly altered family life. Declining real incomes generated increasing household stress. Parents worked longer hours and children increasingly contributed economically. Extended family support systems became strained. Marriage patterns changed and migration increased. Many families experienced separation as members sought employment elsewhere. Economic insecurity also influenced fertility decisions, educational investments and healthcare choices. The family therefore became both a victim of adjustment and an important mechanism for coping with its consequences.

## 21. SAP AND HUMAN DEVELOPMENT

The Human Development Index (HDI), introduced by the United Nations Development Programme (UNDP), broadened understanding of development beyond GDP. Human development encompasses education; health; income; life expectancy; capabilities; and dignity. From this broader perspective, Nigeria's progress has been mixed. Important improvements have occurred in telecommunications; financial inclusion; democratic participation; and technological access. However, major deficits remain in educational quality; healthcare; nutrition; employment; housing; sanitation; and environmental sustainability. Economic growth has therefore not consistently translated into human development. As Mahbub ul Haq (1995) argued, **people must remain both the means and the ends of development**.

## 22. SOCIAL RESILIENCE AND THE NIGERIAN PEOPLE

Despite enormous challenges, Nigerians have demonstrated extraordinary resilience. Communities have adapted through informal savings groups; religious institutions; civil society organisations; family networks; and entrepreneurial initiatives. The informal economy has absorbed millions of workers. Religious organisations increasingly provide education and healthcare. Civil society organisations advocate policy reforms and social justice. Community associations continue to mobilise local development. These forms of resilience have prevented complete social collapse. However, resilience should never become an excuse for weak public policy. The remarkable adaptability of Nigerian citizens should complement—not substitute for—effective governance. Government retains primary responsibility for ensuring social welfare and protecting vulnerable citizens.

## 23. OVERALL ASSESSMENT OF THE SOCIAL IMPACT OF SAP

Forty years after SAP, several conclusions emerge. SAP contributed indirectly to greater private sector participation; expansion of entrepreneurship; increased financial innovation; greater economic openness; and improved telecommunications through later liberalisation. These developments created new opportunities in certain sectors. Nevertheless, the broader social costs have been substantial. These include persistent poverty; widening inequality; declining purchasing power; unemployment; weakened public education; deteriorating healthcare; limited social protection; gender disparities; increased household vulnerability; and brain drain. The Nigerian experience confirms that economic efficiency cannot substitute for social justice. Development must balance efficiency with equity; growth with inclusion; markets with institutions; and competition with solidarity. As Claude Ake (1996) reminded us, development ultimately concerns the well-being and empowerment of people rather than the mere functioning of markets. The central lesson of forty years of adjustment is therefore unmistakable: the success of economic reform should not be measured only by fiscal deficits, exchange rates or inflation. It should also be measured by whether ordinary citizens enjoy better health, better education, productive employment, reduced poverty, greater equality and expanded opportunities to live lives of dignity and fulfilment. These social outcomes are the true test of national development and the ultimate benchmark against which future reforms should be judged.

## 24. SAP, STATE CAPACITY, GOVERNANCE AND DEMOCRATIC DEVELOPMENT

One of the least appreciated, but perhaps most enduring, consequences of the Structural Adjustment Programme (SAP) has been its impact on the Nigerian state itself. While much attention has focused on inflation, exchange rates, privatisation and poverty, relatively less attention has been devoted to the effect of SAP on state institutions, governance, public administration and democratic development. Yet, the quality of state institutions ultimately determines whether economic reforms succeed or fail. As Peter Evans (1995) argues, markets do not function in a vacuum. They require capable states that establish rules, enforce contracts, regulate competition, invest in public goods and coordinate long-term development. Similarly, Thandika Mkandawire (2001) contends that Africa's development challenge is not that states are too strong but that many states lack the institutional capability required to promote transformation. The Nigerian experience strongly supports this perspective. Rather than strengthening state capacity to guide economic transformation, SAP often weakened the very institutions required for successful market reforms.

**24.1 Understanding State Capacity:** State capacity refers to the ability of government institutions to formulate, implement and enforce public policies effectively. A capable state possesses the ability to formulate coherent long-term development policies; collect taxes efficiently; maintain macroeconomic stability; provide quality public services; regulate markets effectively; enforce the rule of law; manage public resources transparently; respond to crises; and coordinate national development. The developmental states of East Asia—Japan, South Korea, Taiwan and Singapore—combined market economies with exceptionally capable public institutions (Johnson, 1982; Evans, 1995). These governments did not withdraw from development. Rather, they became more strategic, more competent and more effective. Nigeria's adjustment experience followed a different trajectory.

**24.2 Downsizing the Public Service:** SAP sought to reduce the size of government. Large-scale reforms included retrenchment of workers; wage restraint; reduction of public expenditure; commercialisation of public agencies; and rationalisation of ministries. These reforms undoubtedly reduced government employment. However, they also produced unintended institutional consequences. Many experienced civil servants left public service. Institutional memory declined, technical expertise weakened and morale deteriorated. Recruitment increasingly became irregular and training budgets were reduced. The result was a gradual weakening of administrative capability. Ironically, implementing complex market reforms requires highly skilled public institutions. Thus, SAP simultaneously increased the complexity of governance while reducing institutional capacity.

**24.3 Public Administration and Policy Implementation:** Nigeria has never suffered from a shortage of policies. Rather, the country has suffered from inconsistent implementation. Since SAP, successive governments have introduced numerous economic reform programmes, including Vision 2010; National Economic Empowerment and Development Strategy (NEEDS); Seven-Point Agenda; Vision 20:2020; Economic Recovery and Growth Plan (ERGP); National Development Plan (2021–2025) and the Renewed Hope Agenda. Many of these initiatives identified similar priorities such as diversification; industrialisation; infrastructure; agriculture; education; and employment. Yet implementation has remained inconsistent. Weak coordination among ministries, departments and agencies (MDAs), inadequate monitoring and evaluation, limited continuity across administrations and insufficient institutional capacity have constrained policy effectiveness. As I have argued elsewhere, Nigeria's development challenge is less about policy formulation than about leadership, institutional capability and implementation. (Igbuzor, 2012)

**24.4 Fiscal Capacity:** Another dimension of state capacity concerns revenue mobilisation. Successful developmental states possess strong domestic revenue systems. Nigeria remains heavily dependent on petroleum revenues. This dependence creates several vulnerabilities such as revenue volatility; limited fiscal autonomy; inadequate taxation of non-oil sectors; and weak accountability between citizens and government. Countries financed primarily through taxation generally exhibit stronger accountability because governments depend directly upon citizens rather than natural resource rents. Nigeria's overdependence on oil has therefore weakened both fiscal capacity and democratic accountability. SAP sought diversification but achieved only modest progress.

**24.5 Regulatory Capacity:** Market liberalisation requires effective regulation. Without capable regulators, liberalisation may produce monopolies; market failures; consumer exploitation; and financial instability. Following SAP, Nigeria established numerous regulatory agencies covering banking; telecommunications; electricity; pensions; insurance; and competition. Some sectors have recorded remarkable progress. The telecommunications revolution stands as an important example. Competition significantly expanded access to mobile communications. However, regulatory effectiveness remains uneven across sectors. Electricity reforms illustrate continuing institutional weaknesses. Despite multiple rounds of reform, electricity supply remains inadequate. This demonstrates that privatisation alone cannot compensate for weak regulatory institutions.

## 25. SAP AND DEMOCRATIC DEVELOPMENT

Nigeria implemented SAP during military rule. This historical context significantly influenced public perceptions of the programme. Economic reforms involving substantial redistribution of costs and benefits require broad public legitimacy. Military governments possess limited mechanisms for democratic consultation. Consequently, many Nigerians perceived SAP as externally imposed and insufficiently debated. The nationwide consultations organised before SAP reflected significant public opposition to IMF conditionalities. Nevertheless, the programme proceeded. The experience highlights an important lesson: Economic reforms are more likely to succeed when citizens participate meaningfully in policy formulation. Democracy is therefore not merely a political system. It is also a mechanism for improving policy legitimacy.

**25.1 Civil Society and Popular Resistance:** SAP transformed Nigerian civil society. Trade unions, student organisations, professional associations, women's groups, faith-based organisations and human rights organisations increasingly mobilised around issues of economic justice; democratic accountability; human rights; and social welfare. Many organisations developed significant expertise in policy analysis. Civil society became an important source of alternative development ideas. The period witnessed growing collaboration among labour unions; academics; development practitioners; and pro-democracy movements. These coalitions later contributed significantly to Nigeria's democratic transition. Thus, although SAP generated considerable hardship, it also stimulated civic engagement and democratic activism.

**25.2 Labour and Democratic Accountability:** The Nigeria Labour Congress (NLC) emerged as one of the principal voices opposing SAP. Labour consistently argued that adjustment imposed disproportionate burdens upon workers while protecting elite interests. Frequent strikes highlighted broader concerns regarding declining wages; inflation; unemployment; and fuel price increases. Labour's engagement demonstrated that economic policy cannot be separated from democratic participation. Economic reforms require dialogue among government; organised labour; private sector; civil society; and citizens. Social dialogue reduces conflict while improving policy quality.

**25.3 The Student Movement:** Universities became major centres of resistance during the implementation of SAP. Student unions criticised IMF conditionalities; privatisation; education funding cuts; and declining social welfare. Although successive governments often suppressed student activism, the movement played an important role in expanding public debate on development alternatives. Many contemporary public intellectuals and civil society leaders emerged from these struggles.

## 26. SAP AND CORRUPTION

One expectation of SAP was that reducing government intervention would reduce opportunities for corruption. Reality proved more complicated. Certain forms of corruption associated with licensing systems declined. However, new opportunities emerged. These included privatisation-related corruption; procurement irregularities; regulatory capture; and political patronage.  Corruption therefore evolved rather than disappeared. Experience demonstrates that corruption reflects institutional weaknesses rather than merely government size. Both large and small governments require transparency; accountability; independent oversight institutions; active civil society; and rule of law. As I have argued consistently over the years, corruption is fundamentally a governance challenge requiring institutional reform rather than merely moral exhortation. (Igbuzor, 2025)

## 27. SAP AND DECENTRALISATION

SAP also coincided with increasing decentralisation of certain public responsibilities. State governments assumed greater roles in education; healthcare; infrastructure; and agriculture. However, fiscal decentralisation remained incomplete. Many subnational governments continued to depend heavily on federal allocations. Limited internally generated revenue constrained local development. Effective decentralisation requires not merely administrative responsibilities but adequate fiscal resources and institutional capacity.

## 28. SAP AND PUBLIC TRUST

Public trust represents an essential ingredient of successful governance. Unfortunately, repeated economic hardships weakened confidence in public institutions. Many citizens increasingly questioned whether economic reforms primarily benefited ordinary Nigerians or political elites. Trust declined because expected improvements often failed to materialise; poverty persisted; inequality increased; and corruption remained widespread.  Low public trust complicates future reforms. Citizens become sceptical of government policies regardless of their potential merits. Rebuilding trust therefore requires transparency; accountability; citizen participation; and demonstrable improvements in living standards.

## 29. CONTINUITIES BETWEEN SAP AND CONTEMPORARY ECONOMIC REFORMS

One of the striking features of Nigeria's political economy is the remarkable continuity between SAP-era reforms and contemporary economic policies. Several recent reforms closely resemble adjustment measures introduced four decades earlier. These include exchange rate liberalisation, fuel subsidy removal, fiscal consolidation, tax reforms, privatisation and public-private partnerships, and public sector reforms. The recurrence of these reforms demonstrates that many structural challenges identified in 1986 remain unresolved. The question therefore is not whether reforms are necessary The more important question concerns how reforms should be designed and implemented. Forty years of experience provide several important lessons.

## 30. LESSONS FROM FORTY YEARS OF ADJUSTMENT

There are several lessons to learn from forty years of Structural Adjustment Programme (SAP). First is that macroeconomic stability is necessary but insufficient. Stable exchange rates and low inflation alone cannot create development. Secondly, markets cannot replace capable states. Successful development requires effective public institutions. Thirdly, industrialisation must remain central. No country has achieved prosperity without expanding productive manufacturing. Fourthly, social protection is indispensable. Adjustment costs should never be borne disproportionately by vulnerable populations. Fifthly, economic reforms require political legitimacy. Broad consultation improves both policy quality and implementation. Sixthly, institutions matter more than ideology. Successful countries adapt policies to their own institutional realities rather than mechanically copying external models. Furthermore, leadership remains decisive. Policies succeed only when implemented by competent, ethical and visionary leadership. Finally, development requires long-term strategic planning. Short-term macroeconomic adjustments cannot substitute for long-term structural transformation.

## 31. THE IMPERATIVE OF A DEVELOPMETAL STATE

Forty years after SAP, Nigeria's experience demonstrates that development is fundamentally an institutional challenge. Markets remain important, private enterprise remains indispensable, macroeconomic discipline remains necessary, yet none of these alone can produce sustained national transformation. History teaches us that successful nations combine capable states; competitive markets; strategic industrial policy; democratic governance; accountable leadership; inclusive institutions; and investment in people. The challenge before Nigeria today is therefore not whether to embrace markets or the state. The challenge is to build **a developmental democratic state** capable of harnessing markets for national transformation while ensuring that economic growth translates into improved human welfare. As Omano Edigheji (2010) has argued, Africa's future lies not in abandoning the state but in transforming it into a capable, developmental and accountable institution that works in partnership with the private sector and civil society for inclusive development.

## 32. INTERNATIONAL EXPERIENCE: WHAT CAN NIGERIA LEARN FROM SUCCESSFUL DEVELOPMENTAL STATES?

One of the most important weaknesses of the Structural Adjustment Programme (SAP) was the implicit assumption that market liberalisation alone could generate sustained economic transformation. Forty years of global experience demonstrates otherwise. Countries that have achieved rapid and sustained development have rarely relied exclusively on market forces. Instead, they combined macroeconomic stability with strategic state intervention, industrial policy, investment in human capital, technological innovation and strong institutions. The experiences of Japan, South Korea, Singapore, Taiwan, China, Vietnam, Botswana, Rwanda and Mauritius demonstrate that there is no contradiction between markets and effective government. Rather, successful development emerges from a productive partnership between the state, the private sector and civil society. Nigeria therefore has much to learn from countries that transformed themselves from poverty to prosperity within one or two generations.

**32.1 Japan: The Pioneer Developmental State:** Following the Second World War, Japan faced enormous challenges. Its economy had been devastated; infrastructure was destroyed. **and** Industrial production had collapsed. Yet within three decades Japan emerged as one of the world's leading industrial economies. This transformation did not occur through laissez-faire capitalism. Instead, government played an active coordinating role through the Ministry of International Trade and Industry (MITI). Japan's strategy included long-term industrial planning; protection of infant industries; export promotion; investment in education; technological upgrading; and close collaboration between government and industry. Markets remained important but government deliberately guided industrial transformation. Johnson (1982) famously described Japan as the archetypal developmental state.

**32.2 South Korea: From Poverty to Industrial Power:** In the early 1960s, South Korea's per capita income was comparable to many African countries. Natural resources were limited and poverty was widespread. Yet within fifty years South Korea became one of the world's leading industrial economies. Its success rested upon several pillars. The first is strategic industrial policy as government deliberately supported selected industries including steel; automobiles; shipbuilding; electronics; and semiconductors. Rather than allowing markets alone to determine industrial structure, government actively promoted sectors with high growth potential. The second pillar is investment in human capital. South Korea invested heavily in universal education; technical training; scientific research; and engineering education. Human capital became its most valuable resource. The third pillar is export orientation. Domestic firms were encouraged to compete internationally. However, they received substantial government support before facing global competition. Protection was temporary and performance-based. The final pillar is strong public institutions. Economic planning agencies possessed highly skilled professionals. Meritocracy guided recruitment. Policy implementation remained remarkably consistent across successive administrations. The lesson for Nigeria is clear: Industrialisation requires deliberate policy. Markets alone rarely produce internationally competitive industries.

**32.3 Singapore: Leadership and Institutional Excellence:** Singapore's transformation illustrates the importance of leadership and institutions. At independence in 1965 Singapore possessed limited natural resources; high unemployment; housing shortages; and ethnic tensions. Today it ranks among the world's most prosperous economies. Key factors included visionary leadership under Lee Kuan Yew; zero tolerance for corruption; professional civil service; world-class education; investment-friendly environment; and strategic infrastructure. Government remained actively involved in economic planning while maintaining openness to global markets. Institutional quality became Singapore's greatest comparative advantage.

**32.4 China: Gradual Reform:** China offers perhaps the most important lesson regarding sequencing. Beginning in 1978, China initiated comprehensive economic reforms. Unlike SAP, however, China did not liberalise abruptly. Instead, reforms proceeded gradually. Government retained strategic control over banking; infrastructure; energy; telecommunications; and industrial policy. Markets expanded progressively and State-owned enterprises were reformed rather than simply dismantled. Special Economic Zones served as laboratories for experimentation. China combined market incentives; state coordination; export promotion; and technological learning. Over 800 million people were lifted out of poverty. This remains the largest poverty reduction achievement in human history.

**32.5 Vietnam:** Vietnam's **Doi Moi** reforms similarly demonstrate the importance of gradual transition. Beginning in 1986—the same year Nigeria introduced SAP—Vietnam embraced market reforms. However, government simultaneously invested heavily in agriculture; manufacturing; education; exports; and rural development. Today Vietnam has become one of Asia's fastest-growing manufacturing economies. Its success illustrates that liberalisation should complement rather than replace strategic development planning.

**32.6 Botswana:** Botswana demonstrates that African countries can also build effective developmental institutions. Despite dependence on diamonds, Botswana maintained prudent macroeconomic management; strong institutions; transparent governance; long-term planning; and investment in education. Unlike many resource-rich countries, Botswana largely avoided the "resource curse." The lesson is that natural resources become a blessing only when managed through accountable institutions.

**32.7 Rwanda:** Following the 1994 genocide, Rwanda faced almost unimaginable devastation.

Nevertheless, the country embarked upon ambitious institutional reforms. Government prioritised anti-corruption; public sector efficiency; healthcare; education; digital transformation; and investment promotion. Although Rwanda's political model remains debated, its administrative effectiveness demonstrates the importance of capable institutions.

## 33. COMMON CHARACTERISTICS OF SUCCESSFUL DEVELOPMENTAL STATES

Despite their differences, successful developmental states share several common features.

**33.1 Visionary Leadership:** Leaders articulated clear long-term national development goals. Development remained above partisan politics and Policy continuity was maintained.

**33.2 Capable Institutions:** Professional civil services implemented policies effectively. Recruitment emphasised competence and institutional learning became continuous.

**33.3 Industrial Policy:** Governments deliberately promoted productive sectors. Support was linked to measurable performance. Industrial upgrading remained continuous.

**33.4 Investment in Human Capital:** Education, health and skills development received sustained public investment. Human capital became the engine of productivity growth.

**33.5 Infrastructure Development:** Governments invested heavily in electricity; roads; railways; ports; and digital infrastructure. Infrastructure reduced production costs and enhanced competitiveness.

**33.6 Technological Innovation:** Research institutions collaborated closely with industry and innovation became central to competitiveness. Countries gradually moved from technology importation to technological creation.

**33.7 Meritocracy:** Appointments increasingly reflected competence rather than patronage. Professionalism became institutional culture.

**33.8 Social Inclusion:** Successful development generated broad-based improvements in living standards. Growth was accompanied by poverty reduction; educational expansion; healthcare improvements; and employment creation.

## 34. WHY MANY STRUCTURAL ADJUSTMENT PROGRAMMES FAILED IN AFRICA

African countries implemented adjustment programmes under conditions very different from those prevailing in East Asia. Several structural differences explain divergent outcomes. There are several reasons why SAP failed in Africa. First is the weak industrial base. African economies liberalised before developing competitive industries. Imports expanded faster than domestic production. The second factor is weak state capacity. Administrative institutions lacked the capacity to coordinate complex reforms. This is why implementation remained inconsistent. The third reason is commodity dependence. Most African countries depended heavily upon primary commodity exports. Exchange-rate liberalisation alone could not overcome this structural weakness. The fourth reason is limited technological capability. Industrial competitiveness requires technological learning. Many African countries invested insufficiently in research and development. The fifth reason is external conditionalities. Adjustment programmes often reflected external policy prescriptions rather than domestically generated development strategies. National ownership remained limited. The sixth reason is political instability. Frequent political transitions undermined policy continuity. Long-term planning proved difficult.

## 35. TOWARDS AN ALTERNATIVE DEVELOPMENT PARADIGM FOR NIGERIA

Forty years after SAP, it is increasingly evident that Nigeria requires a new development framework. This framework should not simply reject markets nor should it return uncritically to excessive state intervention. Rather, it should combine the strengths of both approaches. As argued in *Alternative Development Strategy for Nigeria*, Nigeria requires a people-centred development model anchored on democratic governance, productive transformation, social justice and capable institutions. (Igbuzor, 2011). The new paradigm should rest upon eight pillars.

**Pillar One: A Developmental Democratic State-**Government should become strategic; competent; accountable; transparent; and development-oriented. The state must coordinate rather than dominate economic transformation.

**Pillar Two: Productive Industrialisation-**Nigeria should prioritise industries capable of generating employment; exports; technological learning; and value addition. Priority sectors include agro-processing; petrochemicals; pharmaceuticals; renewable energy; automobile components; and digital manufacturing.

**Pillar Three: Agricultural Transformation-** Agriculture should evolve from subsistence production to modern agribusiness through irrigation; mechanisation; storage; processing; rural infrastructure; and agricultural research.

**Pillar Four: Human Capital Development-**Education should become the foundation of national competitiveness. Priority investments should include STEM education; technical and vocational education; teacher development; university research; and digital literacy. Healthcare should similarly receive sustained investment.

**Pillar Five: Technology and Innovation-**Nigeria must become a producer rather than merely a consumer of technology. This requires increased R&D expenditure; innovation hubs; university-industry collaboration; digital infrastructure; and intellectual property protection.

**Pillar Six: Inclusive Governance:** Development must benefit all Nigerians regardless of gender; ethnicity; religion; disability; and geographical location. Inclusive governance strengthens both democracy and economic performance. This principle is consistent with the argument we advanced in *Inclusive Governance and Development in Nigeria* that broad participation, accountable institutions and social inclusion are indispensable foundations for sustainable national development. (Igbuzor, 2025).

**Pillar Seven: Social Protection:** Future reforms should incorporate comprehensive social protection including unemployment support; universal health coverage; school feeding; pensions; disability inclusion; and targeted cash transfers. Economic efficiency and social justice should reinforce one another.

**Pillar Eight: Ethical Leadership:** Ultimately, development depends upon leadership. No country has achieved sustained transformation without leaders possessing integrity; competence; vision; patriotism; and accountability. As we have consistently argued, leadership remains the single most important determinant of national transformation. Sustainable development requires leaders who inspire confidence, build institutions and pursue the long-term public interest rather than narrow personal or sectional gains.

## 36. THE NEED TO BUILD A CAPABLE DEVELOPMENTAL STATE

The international evidence is unequivocal. No country has become prosperous through market liberalisation alone. Neither has any country achieved sustainable development through state control alone. The world's most successful economies have combined effective markets; capable states; strategic industrial policy; human capital development; technological innovation; accountable governance; and inclusive institutions. Nigeria's challenge therefore is not whether to choose capitalism or state intervention. The challenge is to build a capable developmental democratic state that harnesses the strengths of markets while ensuring that economic growth advances national development, social justice and human well-being.

## 37. THE WAY FORWARD: FROM STRUCTURAL ADJUSTMENT TO STRUCTURAL TRANSFORMATION

Forty years after the introduction of the Structural Adjustment Programme (SAP), Nigeria stands at another historic crossroads. The nation faces serious macroeconomic challenges, including inflation, exchange rate instability, rising public debt, fiscal pressures, unemployment, food insecurity and declining purchasing power. Yet Nigeria also possesses unprecedented opportunities arising from its youthful population, entrepreneurial energy, technological innovation, abundant natural resources and strategic position within Africa. The question before us is not whether Nigeria should continue to reform its economy as reform is inevitable. The more fundamental question is what kind of reforms Nigeria needs and for whose benefit those reforms should be undertaken. The evidence accumulated over four decades demonstrates that economic reforms cannot succeed if they focus exclusively on macroeconomic indicators while neglecting productive transformation, institutional development and social inclusion. Nigeria therefore requires a **new development compact**—one that combines sound macroeconomic management with structural transformation, democratic governance, capable institutions and inclusive development. This requires moving beyond structural adjustment towards **structural transformation**. Structural transformation means changing not merely economic policies but the very foundations of production, governance, innovation and human development.

## 38. TEN STRATEGIC PRIORITIES FOR NIGERIA'S FUTURE

**Priority One: Build a Developmental Democratic State:** The first priority is rebuilding the Nigerian state. The challenge facing Nigeria is not simply the size of government but its effectiveness. Government must become competent; strategic; accountable; transparent; and development oriented. A developmental state performs several critical functions including articulating long-term national vision; coordinating economic actors; investing in public goods; promoting industrialisation; regulating markets fairly; protecting vulnerable citizens; and ensuring macroeconomic stability. This requires comprehensive civil service reform based on merit; professionalism; continuous learning; performance management; and digital governance. Public institutions should become centres of excellence capable of implementing complex development programmes.

**Priority Two: Pursue Productive Economic Transformation:** Nigeria must shift from a consumption-driven economy to a production-driven economy. The country should prioritise sectors capable of generating employment; exports; technological learning; value addition. Priority sectors should include agriculture; agro-processing; manufacturing; pharmaceuticals; petrochemicals; renewable energy; digital economy; creative industries; solid minerals; and tourism. Industrial policy should become central to economic planning. Government should identify strategic industries and provide infrastructure; financing; research support; export incentives; and skills development. Unlike indiscriminate protectionism, modern industrial policy should be performance-based and internationally competitive.

**Priority Three: Invest Aggressively in Human Capital:** Human capital constitutes the most important asset of any nation. Nigeria's youthful population can become either a demographic dividend; or a demographic burden. The outcome depends upon investment in education and healthcare. Government should guarantee universal basic education; improved learning outcomes; teacher development; STEM education; vocational skills; and university research. Universities should become engines of innovation rather than merely centres of certification. Nigeria should progressively establish universal health coverage through strengthened primary healthcare; increased healthcare financing; expanded health insurance; improved medical research; and retention of health professionals. Healthy citizens are more productive citizens.

**Priority Four: Strengthen Agriculture and Food Security:** Food security should become a national security priority. Agriculture must move beyond subsistence production. Government should support irrigation; mechanisation; extension services; agricultural research; storage facilities; processing industries; rural roads; and commodity exchanges. Nigeria possesses sufficient land and human resources not only to feed itself but also to become a major exporter of processed agricultural products.

**Priority Five: Build World-Class Infrastructure:** Infrastructure remains one of Nigeria's greatest development constraints. Priority investments should include electricity; roads; railways; ports; airports; broadband connectivity; and water resources. Infrastructure should be viewed not merely as construction projects but as investments in national productivity. Public-private partnerships can play important roles provided governance remains transparent and accountable.

**Priority Six: Promote Science, Technology and Innovation:** The twenty-first century is increasingly driven by knowledge. Nigeria must become a producer rather than merely a consumer of technology. Government should substantially increase investment in research and development; artificial intelligence; biotechnology; robotics; renewable energy; and digital innovation. Universities, research institutes and private industry should collaborate more closely. Innovation ecosystems should be developed across the country. Young entrepreneurs require financing; incubation; mentorship; and market access.

**Priority Seven: Deepen Democratic Governance:** Development and democracy should reinforce one another. Nigeria should strengthen electoral integrity; judicial independence; legislative oversight; media freedom; civil society participation; and citizen engagement. Economic reforms should be preceded by broad consultation. Public participation improves legitimacy; implementation; and accountability. As we have consistently argued, inclusive governance is indispensable for sustainable development because citizens are not passive beneficiaries but active partners in national transformation. (Igbuzor, 2025)

**Priority Eight: Expand Social Protection:** Future reforms should incorporate comprehensive social protection. Priority programmes include universal health insurance; unemployment assistance; disability support; school feeding; pensions; targeted cash transfers; and child nutrition programmes. Social protection should be viewed as productive investment rather than consumption expenditure. Countries with effective social protection generally experience lower poverty; higher productivity; greater social stability; and stronger economic resilience.

**Priority Nine: Strengthen Regional and Continental Integration:** Nigeria should leverage opportunities presented by African Continental Free Trade Area (AfCFTA); ECOWAS integration; regional infrastructure; and cross-border value chains. However, regional integration requires domestic competitiveness. Nigeria must first strengthen manufacturing capacity before fully benefiting from continental markets.

**Priority Ten: Build Ethical Leadership and National Values:** Leadership remains the decisive factor in national development. Every successful country has benefited from visionary leaders who placed national interest above personal gain. Nigeria requires leadership characterised by integrity; competence; patriotism; accountability; strategic thinking; and service. Leadership development should begin in families; schools; universities; religious institutions; professional associations; and political parties. As we have consistently argued, Nigeria's greatest deficit is not resources but transformational leadership capable of mobilising society towards shared national goals. (Igbuzor, 2009, 2012, 2021, 2025)

## 39. A NEW DEVELOPMENT COMPACT FOR NIGERIA

The lessons of forty years of SAP point towards the need for a new social and economic compact built around the following principles. First, Economic growth must be inclusive. Growth should reduce poverty and inequality rather than widen them. Second, Markets should serve society rather than dominate it. Markets are powerful instruments but require effective regulation. Third, Government should become strategic rather than merely bureaucratic. The state should facilitate transformation rather than crowd out private initiative. Fourth, Industrialisation should become the centrepiece of national development. Every successful economy has built productive manufacturing capacity. Nigeria cannot become prosperous through commodity exports alone. Fifth, human development should become the primary objective of economic policy. Budgets should be evaluated according to their impact on education; health; employment; nutrition; gender equality; and environmental sustainability. Sixth, development should be locally owned. External partners remain valuable but development strategies must reflect Nigeria's own realities, institutions and aspirations. As emphasised in *Alternative Development Strategy for Nigeria*, sustainable progress requires nationally owned development strategies anchored in democratic participation, productive transformation and social justice. (Igbuzor, 2011).

## 40. CONCLUSION

History rarely offers nations a second opportunity to reflect on forty years of policy experience. Nigeria has now accumulated sufficient evidence to assess both the strengths and weaknesses of the Structural Adjustment Programme. SAP undoubtedly corrected certain macroeconomic distortions. It introduced important institutional reforms by expanding market mechanisms and encouraging private sector participation. However, it also revealed important limitations. Market liberalisation alone did not produce structural transformation. Privatisation alone did not guarantee efficiency. Exchange-rate liberalisation alone did not diversify exports. Fiscal austerity alone did not reduce poverty. The fundamental lesson is that **development is not merely an economic process; it is a political, institutional, technological and social transformation.**

The countries that have succeeded over the past half-century have not relied exclusively on markets or exclusively on governments. They have built **developmental states** characterised by capable institutions; visionary leadership; productive industries;

educated citizens; technological innovation; and inclusive governance. Nigeria can do the same. Our country possesses extraordinary advantages. We have over 230 million energetic citizens; abundant agricultural land; enormous mineral resources; vibrant entrepreneurs; dynamic creative industries; strategic geographic location; and expanding digital economy. Our greatest challenge has never been a shortage of potential. It has been the absence of consistent leadership, effective institutions, strategic planning and disciplined implementation. As we reflect on forty years of adjustment, our responsibility is not to dwell on past mistakes but to build a better future. The next forty years should not be defined by repeated cycles of adjustment. They should be remembered as the era during which Nigeria finally achieved structural transformation. Let us therefore move from adjustment to transformation; from dependency to productivity; from extraction to value addition; from poverty to shared prosperity; from weak institutions to capable governance; from fragmented policies to strategic national development; and from economic growth alone to inclusive human development. The task is difficult, but it is achievable. As Nelson Mandela wisely observed: *"It always seems impossible until it is done."*

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