

1 A Critical Analysis of the Institutional Outcomes of Nigeria's 2 Economic Diplomacy

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7 **Abstract**

8 Economic Diplomacy was used as a an instrument of foreign policy execution in Nigeria with
9 the aim of achieving national development. This study, while using the political economy
10 approach therefore, investigated the institutional outcomes of this instrument in areas of debt
11 management, Gross Domestic Product (GDP) employment, and external reserves. Secondary
12 sources of data which include publications of Central Bank of Nigeria, Africa Peer Review
13 Mechanism country report and press reports were used to critically analyse the observed
14 institutional outcomes of economic diplomacy. Economic diplomacy resulted in reduced
15 debts, increases in the nation's GDP, and external reserves. However, the level of poverty and
16 unemployment was not positively affected by economic diplomacy. This study therefore
17 recommends that subsequent employment of economic diplomacy should be targeted at the
18 substantial improvements of the peoples' socio-economic status.

19

20 **Index terms**— economic diplomacy, gross domestic product, outcomes, poverty.

21 **1 Introduction**

22 While different countries have at different times utilized different instruments in pursuing their foreign policy
23 objectives, Nigeria has adopted, in recent times, Economic Diplomacy as a key plank to achieve its foreign policy
24 goals and national development. Economic Diplomacy, in this regard, connotes the deployment of the country's
25 foreign policy to attain economic benefits. Without prejudice to the official adoption of the phrase "Economic
26 Diplomacy" by the Federal Government in 1988 as its foreign policy template, economic pursuits as a factor in
27 foreign policy making and implementation have played very crucial roles in post-independence Nigeria ever since.
28 Economic Diplomacy according to Asisi Asobie (2001) is the management of international relations in such a
29 manner as to place accent on the economic dimension of a country's external relations. It is the conduct of foreign
30 policy in such a manner as to give topmost priority to the economic objectives of a nation. foreign policy was
31 the creation of the necessary economic, political and cultural conditions to secure the independence of Nigeria
32 and other African countries. This is embedded in section 19 of the 1999 Constitution of the Federal Republic
33 of Nigeria. The pursuit of this goal has, since independence, been at the bilateral, multilateral, sub-regional,
34 regional and global levels.

35 The outcome of this is a response by the country either individually or collectively to brace up to the
36 challenges of globalization while seeking to reap the benefits of the 'window of opportunities' provided by
37 economic globalization. In accessing the opportunities, there is an increasing recognition that nations must
38 position themselves properly within and abroad. The external content involves the development of a virile foreign
39 policy posture and the informed articulation and implementation of such. Perhaps, this was why Fafowora (2001)
40 emphasized that nation's foreign policy must be focused on securing a greater share of the world's known and
41 unknown resources to maximize its influence.

42 His view is partly informed by the changes brought about by the impacts of the end of the bipolar world
43 order, and the imperatives of globalization. The consequence, according to Ana ??riste (2006), is that the role

4 OBJECTIVES OF STUDY

44 of economic diplomacy as a tool of promotion and protection of national interests gained new importance with
45 foreign policy strategies II.

2 Theoretical Framework

46 There are different approaches to the study of international relations either in the external or internal milieu.
47 These approaches have isolated certain aspects of global relations with a bid to use such for the explanation
48 of recurrent issues in international relations, and diplomacy as an instrument of foreign policy articulation and
49 execution. The liberal political economy approach would be engaged in this study.

50 Given that Ake (1985) described the approach as that which gives primacy to material conditions particularly
51 economic factors, in the explanation of social life, he argued that the approach emphasizes the dynamic character
52 of social life and treats social life and material existence in their relatedness and not as being static. He noted
53 that the approach enables us to look and think of the world in terms of continuity and relatedness with a keen
54 awareness that this continuity is Put differently, economic diplomacy is, simply, the diplomacy of economic
55 development. Thus, as Nigeria transited to a civilian democracy in 1999, Olu Adeniji (2003), the former Foreign
56 Minister argued that one of the cardinal principles enumerated for Nigeria's Abstract-Economic Diplomacy was
57 used as a an instrument of foreign policy execution in Nigeria with the aim of achieving national development.
58 This study, while using the political economy approach therefore, investigated the institutional outcomes of this
59 instrument in areas of debt management, Gross Domestic Product (GDP) employment, and external reserves.
60 Secondary sources of data which include publications of Central Bank of Nigeria, Africa Peer Review Mechanism
61 country report and press reports were used to critically analyse the observed institituiuon outcomes of economic
62 diplomacy. Economic diplomacy resulted in reduced debts, increases in the nation's GDP, and external reserves.
63 However, the level of poverty and unemployment was not positively affected by economic diplomacy. This study
64 therefore recommends that subsequent employment of economic diplomacy should be targeted at the substantial
65 improvements of the peoples' socio-economic status.

66 essentially very complex and also problematic. The approach is important because in his words, the
67 interconnectedness of the economy structure, social structure, belief system and political system demands an
68 interdisciplinary approach to the study of the society. Momoh and Hundeyin (1999) also argued that the liberal
69 political economy approach probes into the depth of issues, the interconnection of phenomena, policies, etc.
70 with a view to knowing their class, origin, character and composition as well as the logic of their existence
71 Situated within this context and the direction of this the need to recall that economic diplomacy is Aina (1986)
72 submitted that liberal political economy developed because of the need to integrate both political and social
73 factors as explanatory elements in economic analysis. This approach is adequate in determining and evaluating
74 the origins, trend and dimension of the entire gamut of Nigeria's external relations with particular focus on
75 the patterns, processes and effects of foreign policy implementation in the period under study. Using the liberal
76 political economy approach, a more holistic appreciation and explanation of the intricate web of socio-political and
77 economic outcomes of Nigeria's economic diplomacy in the era of Globalisation comes unto better contemplation.
78 So also are explanations of policy responses to these intricate bilateral, multilateral and regional interactions
79 between the country and the rest of the world. Thus, this study is mainly based on secondary sources of data
80 collection, making use of published journals and books. The data garnered were interpretatively content analysed
81 within the context of the liberal political economy approach.

3 III.

4 Objectives of Study

82 Nigeria's adoption of economic diplomacy and the attendant embrace of SAP during the military regime of
83 Babangida had impacted negatively on the nation and her nationals, thus provoking extensive debates on the
84 viability of the instrument as an instrument of foreign policy implementation. In addition to this, there is the need
85 to understand the focus of the regime on economic issues in the pursuit of the nation's foreign policy. Therefore,
86 for the purpose of this study, the first objective is to identify the reasons for Nigeria's focus on economic objectives
87 in its foreign policy thrusts between 1999 and 2007. The second objective was to determine institutional outcomes
88 of the nation's economic diplomacy in the period under study.

89 For the purpose of achieving the first objective of this study, it was discovered that the domestic political
90 and social crises in the country and the attendant reactions from the international community, coupled with the
91 intensity of globalization marked the major reasons for the regime's focus on the economic objectives of its foreign
92 policy thrust between 1999 and 2007. May 29, 1999 marked a new beginning as it were in the political history
93 of Nigeria. It was a day that heralded the much awaited democratic system of government after twenty seven
94 years of military dictatorial regimes. Although military regimes in Nigeria had been blamed for the high level
95 of underdevelopment and economic setbacks experienced by the nation, the General Abacha-led government of
96 1993-1998, which was a pre-cursor to the civilian regime of President Olusegun Obasanjo, actually plunged the
97 nation deeper into the doldrums of political instability and subsequent economic despondency. In describing the
98 aftermath of the regime, Fawole (2003) had noted that the nation had swiftly fallen from the impressive height
99 of being the "African power" that it had occupied since the 1970s and became a pariah country derided and
100 isolated by all its traditional allies and friend.

104 Despite the efforts of the General Abdusallam Abubakar's regime to restore the 'lost glory' of the nation and
105 as such provoke an economic renaissance, his efforts yielded limited fruits. Thus, on assumption of duty on May
106 29, 1999, the Obasanjo-led administration was faced with economic indicators which revealed that the composite
107 consumer index was 6.6%, incidence of poverty was 67%; the external debt stood at \$28,066.9million while the
108 debt service payment stood at \$1,724.9million (see Omofa and Omotola 2004). This scenario amongst others
109 therefore made it imperative for the civilian regime of President Olusegun Obasanjo to focus on the economic
110 re-birth of the nation through a pro-active foreign policy.

111 Another important reason for the regime's focus on economic objective of the country's foreign policy was
112 the advanced nature of globalization which operates on the neo-liberal principles of free trade as a pre-condition
113 for development. It was in the light of this challenge that, Osita Agbu (2004) had observed that the way
114 and manner to respond to globalization in its various manifestations with a view to ameliorating its negative
115 impacts constituted an important challenge for Nigeria's foreign policy. . Neoliberal perspectives on growth
116 and development had opined the further integration of an African economy like the Nigerian into the global
117 economy will lead to economic growth and development, and consequently reduce poverty. This is thought to
118 be enhanced by the attraction of Foreign Direct Investment, Deregulation and Privatisation. Furthermore, it is
119 also believed that the more integrated a national economy is into the global economy,(irrespective of the fact
120 that integration into the world economy demands compliance with stringent laws of trade liberalization), the
121 faster such would attain the desired level of development. It is within the understanding of this reality that
122 Chibuzor N. Nwoke (2009) had observed that given the inescapable integration that faced the regime, it was
123 advised that the country's economic diplomacy should be designed to fashion out a set of strategies and tactics
124 through the employment of a comprehensive bargaining processes in order to effect a fundamental change in the
125 existing international economic order Thus the need to attract the necessary foreign capital, aid and technology
126 that would move the nation from its economic backwardness into 'one of the twenty developed economies of the
127 world', necessitated the focus on the actualization of the economic objectives of the nation's foreign policy. The
128 need for the actualization of these economic objectives, as observed by Abdulmummin (2004), led to the various
129 visits of President Olusegun Obasanjo to various countries. These visits actually paid off with the return visits of
130 former US Presidents: George W. Bush, Bill Clinton and Jimmy Carter. In addition, Tony Blair (British Prime
131 Minister), Jean Chretien (Canadian Prime Minister), and Thabo Mbeki (South African President), amongst
132 others also visited the country. Of note, in the attraction of foreign investments, was the visit of Jiang Zemin
133 (Chinese President) which led to the strengthening of the Nigeria-Sino Joint Commission of Trade, Economic
134 and Technical cooperation and the signing of the significant influx of Chinese investment into the Nigerian
135 economy, especially in the areas of technology This quest for foreign capital therefore explains the steadfast and
136 dedicated fight against corruption at the domestic level of Nigeria's international politics. Thus the government
137 set up the Independent Corrupt Practices and Other Related Offences Commission (ICPC), charged with the
138 responsibility of handling cases of corrupt practices in the public and private life of Nigerians. In addition to
139 this, the Economic and Financial Crimes Commission (EFCC) was also set up to prosecute cases of financial
140 crimes. In this vein, the Chairman of the EFCC, Mallam Nuhu Ribadu (2004) had reiterated that the war against
141 corruption was to restore investors' confidence in the nation's business environmentIV. Institutional Outcomes
142 of Nigeria's Economic Diplomacy a) Debt Relief

143 The Obasanjo-led administration on assumption of duty on May 29, 1999, was faced with economic indicators
144 which revealed that the composite consumer index was 6.6%, and incidence of poverty was 67%. The external
145 debt stood at \$28,066.9million while the debt service payment stood at \$1,724.9million 2 . By December 31, 2004
146 Nigeria owed a total of US\$35.994 billion (that is about N 4.82 trillion). The immediate implications of this debt
147 burden, according to the Debt Management Office (2005) were that sharing the debt among 130million Nigerians
148 would mean that: each person will owe N 37, 101. 51 to the outside world. But Nigeria's Gross Domestic Product
149 (GDP) Per Capita is N 3,379.50, meaning that on average, each person in Nigeria is only able to earn N 3,379.50
150 in one year. That means every Nigerian who in the very unlikely event manages to save say half of his total
151 annual income (N 1, 689.75); will need about twenty-two years to save enough money to pay off all our debt.
152 And to achieve this, this Nigerian must survive on N 5.00 a day

153 The grievous implication of servicing the debt (with about \$1billion annually) on the nation's and nationals
154 economic growth and development necessitated the aggressive pursuit of the debt relief from the Paris Club by
155 the regime. The diplomatic moves of President Olusegun Obasanjo and Dr Ngozi Okonjo-Iweala, the finance
156 minister eventually paid off with the conditional write-off of \$18 billion dollars by the Paris Club. However, there
157 are divergent views on the outcome of the debt relief to the nation's economy and the national's. For example,
158 in their study observed that the debt relief had in event caused a reduction in the nation's debt stock and thus
159 ?freed up critical resources needed for sustainable development. Government was able to save US\$1 billion a
160 year-with US\$750 million in savings for the Federal Government, and a sum total of US\$250 million to the
161 state governments. The savings, which was referred to as 'debt relief funds', was channeled into critical sectors
162 and projects such as provision of 4000km of rural roads, 166 new primary health centres across the country,
163 400,000 insecticidetreated bed nets, a million doses of anti-malarial medicines, and training of 145,000 teachers
164 amongst others. In the Budgets of 2007 and 2008, additional expenditure of US\$750 million on poverty reducing
165 programmes and projects ensured increased spending on core social infrastructure. Attention of the government
166 was also turned to provision of safety nets for the people. The National Poverty Eradication In addition to

5 I. GROSS DOMESTIC PRODUCT

167 this, the government sold her shares in some public owned enterprises in order to fast track its privatization
168 program. All these, as observed by Abdulkummin Jibrin, was to encourage, foreign participation in the economy
169 of the nation. It is thought that the full embrace of the neo-liberal policies would lead eventually, to Nigeria's
170 attainment of national development and also place her in a vantage position in international politics. The success,
171 as it were, of these policies to the Nigeria government is however subjected to the scrutiny of its outcomes in the
172 individual lives of Nigerians.

173 Programme (NAPEP) received the sum of US\$75 million to fund Nigeria's first comprehensive social safety
174 net scheme. A further US\$150 million was put aside to increase the resources available for basic services at
175 the local government level. The managing the debt relief was designed such that a conditional grants scheme
176 allowed for both federal funding of MDG-related projects at the state level, and through a matching component,
177 leverage some of the US\$250 million of state debt relief towards MDG-related projects. The flexibility of the
178 virtual poverty fund (VPF) made such innovations in public expenditure management possible. 9 Also, while
179 investigating the nexus between external debt relief and economic growth in nigerian Ekperiware and Oladeji
180 (2012) had concluded that the 2005 debt relief released resources for investment in human capital and this has
181 paid up in the stable economic growth given that the debt relief has reduced the amount allotted for external
182 debt servicing in the country, hence more resources have been provided growth enhancing investments in the
183 country. These resources in the long run is therefore expected to lead to infrastructural development, creation of
184 enabling environment for enhanced productivity, through the creation of more jobs and thus lead to a reduction
185 in both unemployment and poverty levels in the nation.

186 In contrasts to this opinion, however, Professor Sam Aluko, (cited in Comet 2006) an economist is of the
187 opinion that given the conditionality for the debt relief granted the nation would in the long run the nation in
188 actual sense gained nothing. In his words, if you pay \$12 billion in one year, which the Federal Government has
189 paid, there is virtually little or no gain because if you put that \$12 billion in a bank at about 10 per cent rate of
190 interest you get \$1.2 billion in a year. In effect, we gained virtually nothing (from the debt deal). So, over the
191 next 10 years if we (Nigerians) invested that \$12 billion, we would have got about \$24billion. So, the white man
192 is very clever. He does not lose in either way. We may feel that we gained momentarily but in the long run, we
193 gained virtually nothing.

194 The debt relief package in its intent had of a truth reduced the extent of debt servicing burden in the nation's
195 yearly budget. However, the diverse opinion on its advantage to the nation and the nationals in the long run
196 raises some questions that borders on people's well being, and poverty reduction.

197 5 i. Gross Domestic Product

198 The Nigerian economy witnessed remarkable improvements during the regime of President Olusegun Obasanjo.
199 The domestic policies of economic diplomacy which the regime adopted and implemented had attendant overall
200 outcomes on the socio-economic development of the nation. The most visible of these indices of change was in
201 the Gross Domestic Product of the nation's economy in the period under study.

202 The Gross Domestic Product (GDP) is the money value of goods and services produced in an economy during
203 a period of time irrespective of the nationality of the people who produced the goods and services. It is calculated
204 without making deductions for depreciation. The table 1 below shows the progression of the nation's GDP in
205 the period under study.

206 Table ?? showed a progression from N3, 313,563.1 million in 1999 to a total of N14, 610,881.4million in
207 December 2006. It is thus instructive to note that the money value of goods and services produced in the
208 Nigerian economy during that period of time (irrespective of the nationality of the people who produced the
209 goods and services) increased exceedingly. As shall be pointed out later in this study, this increase in GDP was
210 traceable to the participation of foreign investors in the national economy; the confidence in the Banking Sector
211 due to the Bank Recapitalisation policy; aggressive anti-corruption campaign and the embrace of democracy.
212 The changes recorded in the nation's GDP in this period is instructive given the fact that the country's GDP
213 has oscillated between N688,136.6million and N2,271,178.4million between 1993-1998. In tandem with this,
214 President Olusegun (cited in Abdulkummin) remarked inter alia that:

215 Personally, I see hope in our economic prospects. There is strong evidence that capacity utilization across
216 the country is beginning to rise, while foreign direct investment in the economy has increased significantly.
217 For instance, the Nigeria and Investment Promotion Council (NIPC) has in the last three years recorded the
218 establishment of about 170 enterprises with foreign participation. These companies are reported to have generated
219 about 643million US dollars or 80billion naira. At the same time, about 575million US dollars of capital goods
220 are recorded to have been imported for investment since 1999. Meanwhile, new investment opportunities are
221 steadily developing. We recently broke ground for a large methanol plant in Lekki, Lagos and we are likely to
222 see many new investments like this emerging in the coming months.

223 These 'hopes' anchored on the improvements on nation's GDP and establishments of 'new' enterprises however
224 had not culminated into infrastructural improvements, and poverty reduction. One of the reasons alluded to this
225 was the prevalence of corruption in the political system despite government's anticorruption efforts. Thus, Nageri,
226 Gunu and Abdul (2013) had submitted in their study on the nation's development vis-à-vis increases in GDP
227 that:

228 Corruption has caused lack of public infrastructures, it has increased the level of poverty in the country despite

229 the nation's enormous resources, less respect for fundamental human rights, and it shows that no matter the
230 efforts of government to improve the economy and the presence of other developmental indices when corruption
231 is not reduced to its bearable minimum, economic growth and development will be very difficult to sustain
232 in Nigeria. Apart from the issues of corrupt practices which had seemingly eroded the benefits of the nation's
233 economic growth, the World Bank (2008) had also observed that in the period under survey, access to potable
234 pipe borne water, good and affordable transportation system and educational enrolment had been very low.
235 On the high increase was the incidence of child mortality and less productivity of the industrial sector. This
236 lower productivity has also been traced to incessant power outages. The report thus stated that: Every survey
237 of the Nigerian business sector has identified the inadequacy of Nigeria's infrastructure as the main constraint
238 to the country's growth. Virtually no enterprise of reasonable size relies solely on public supplies of power;
239 all invest in generators, which produce power at a cost far greater than that of other countries. Transport is
240 an equally important bottleneck: less than 20 percent of national roads are rated as being in good condition.
241 Nigerian enterprise thus faces both a high cost structure and low prices from competing products because of the
242 appreciation of the exchange rate caused by rising oil and gas export earnings. From the foregoing, it is evident
243 that despite the economic growth accorded to increased GDP by the regime, there was no attendant social and
244 infrastructural development that would have enhanced the well being and effectiveness of the generality of the
245 citizenry in the period under study.

246 Neo-liberalists would have considered this an evidence of development in Nigeria's economy. However, there
247 is a need to find out the concomitant outcome of the improvement of the nation's economy with regards to the
248 citizens socio-political and economic experiences.

249 Poverty is pronounced deprivations in well being. Thus it refers to a state of hunger, lack of shelter, being
250 sick and unhealthy, not knowing how to read, joblessness, and fear for the future, lacking access to clean water,
251 powerlessness, vulnerability, lack of supportive, lack of opportunities, representation, and also of freedom and
252 social exclusion 15. Poverty is associated with lack of dignity, status, security, and hope.

253 In addition to this is material deprivation, characterized by poor insecure housing; food insecurity and limited
254 access to utilities and services (Mamman, Nweze, Odebisi, Shehu and Sacshs 2002). In Nigeria however, poverty
255 implies poor income, in adequate material assets, low quality of life and poor environment (Odusola 2006).

256 The National Economic Empowerment and Development Strategy (NEEDS) is an adopted means of the
257 President Obasanjo administration for the attainment of National Development which takes into international
258 consideration the emphasis on a market driven economy and thus a reduction in the role of the State, as it were,
259 to develop a developmental programme which seek the welfare of the people, economic development and also
260 make Nigeria an economic giant in the international sphere. Thus, the central philosophy of NEEDS; which was
261 the use of the private sector as the engine of growth of the economy with the government only serving as an
262 enabler and catalyst 18 .

263 In the quest for this failure, the study agrees with the observation of the African Peer Review Mechanism
264 (APRM), poverty reduction program(s) could not succeed in isolation. The APRM had submitted that.

265 We believe that poverty can only be effectively tackled through the promotion of democracy, good governance,
266 peace and security, the development of human and physical resources; gender equality; openness to international
267 trade and investment; allocation of appropriate funds to social sector; new partnership between governments and
268 the private sector, and with civil society.

269 **6 b) External Reserves**

270 One of the noticeable changes that followed the increase in the money value of goods and services produced in
271 the Nigerian economy during this period of time was the increase in the nation's external reserves. External
272 Reserves have at various times and for a been defined and called by various names. However, for this study, the
273 International Monetary Fund (IMF) (see <http://www.cenbank.org/AboutCBN>) definition and coinage would be
274 adopted. In this light, external reserves (or international reserves) is defined as: "consisting of official public
275 sector foreign assets that are readily available to, and controlled by the monetary authorities, for direct financing
276 of payment imbalances, and directly regulating the magnitude of such imbalances, through intervention in the
277 exchange markets to affect the currency exchange rate and/or for other purposes In the period under review in
278 this study, the regime had substantially through public sector reforms improved on the country's external reserve
279 accounts. This is as shown in the table below:

280 Table ?? shows that the nation's external reserve increased steadily from N546,873.1 million in 1999 to
281 N5,617,317.0Million in 2006. This monumental change is traceable to the debt cancellation enjoyed by the country
282 through her foreign policy and increase in the nation's GDP. This change is noteworthy if one could observe that
283 the nation's external reserves had oscillated between N67, 245. 6Million in 1993 and N226,702.4million in 1998.

284 The importance of this growth in the nation's external reserves, in the era of economic globalization cannot
285 be overemphasized. This especially, in a nation that was once a pariah to other nations of the world; a nation
286 known worldwide as a corrupt and insecure. In capturing the essence of this phenomenal achievements, Ibrahim
287 (2011) had outlined some of the importance uses of external reserves to include, but not restricted to

288 ? To Boost a Country's Credit Worthiness External reserves provide a cushion at a time when access to the
289 international capital market is difficult or not possible. ...improves a country's credit worthiness and reputation
290 by enabling a regular servicing of the external debt thereby avoiding the payment of penalty and charges.

7 CONCLUSION

291 Furthermore, a country's usable foreign exchange reserve is an important variable in the country risk models
292 used by credit rating agencies and international financial institutions.

293 ? To Provide a fall back for the " Rainy Day" Economies of nations sometimes experience drop in revenue and
294 would need to fall back on their savings as a life line.. The country's foreign reserve was utilized in this period
295 as a buffer during the fulfillment of the debt relief granted the nation by both the Paris and London club. The
296 prudence and commitment towards its sustenance and growth, was also an important factor that encouraged the
297 patronage of the nation's economic space by foreign investors. This observation was also corroborated by Ibrahim
298 when he noted that: ? some other important inferences that can be drawn ?are that; change in external reserve
299 has been having a positive influence on the growth of Foreign Direct Investment and exchange rate appreciation
300 in the country? c) Employment Rates Another noticeable change that followed the increase in the money value of
301 goods and services produced in the Nigerian economy during this period of time was a reduction in the registered
302 unemployed of the professional and executive cadres as exemplified in the table below:

303 Table ?? shows that among the registered unemployed (professional and executive cadres), there was an initial
304 increase from 63,669 in 1999 to 104,490 in 2000. This could probably be the outcome of the hence registration
305 escalated to take advantage of the window of opportunity. However, this figure declined to 83,291 in 2006.
306 This reduction could be the outcome of the creation of jobs through the establishment of more private firms,
307 improvement in the telecommunication sector, and the release of foreign capital into the nation's economy. This
308 perception is corroborated by the fact that, there was an increase in the productivity and expansion of the
309 manufacturing sector of the economy from 3.44% in the year 2000AD to 10.0% in 2004A.D. However, amongst
310 the lower grade workers, there was a steady increase in the number of registered unemployed from 86024 in 1999
311 to 311119 in 2004. As would be discussed later, this scenario could be the outcome of the incidence of casual
312 workers in the 'foreign firms' and possibly due to their lack of needed technical skills and low education.

313 However, it is also plausible that the number of unemployed lower grade workers would have been more if
314 and only if the vast majorities were aware of the possibility of registering in their various wards for employment
315 opportunities. It is also pertinent to note that there was a huge upsurge in the number of young unemployed able
316 bodied men who took to commercial motorcycle riding (OKADA), which could have contributed in the increase
317 in the number of self employed youths.

318 In addition to this, the Africa Peer Review Mechanism (APRM 2008) had also added that: ? Nigeria's efforts
319 to reduce poverty substantially and sustainably though effective policy and programme implementation are being
320 hampered by an apparent disconnect between the government and the citizenry. This was evident in almost all
321 the states. The CRM observed that some states are implementing sophisticated and large-scale projects like solar
322 powered security monitoring systems (Imo State) and an international airport (Akwa Ibom State). However, the
323 ordinary people appeared disillusioned about the states' vision, especially as their primary concerns were about
324 the lack of access to potable water; erratic power supply; poor health and educational facilities and so on. ? On
325 the whole, there was a perception that NEEDS programmes and projects were being used basically as conduits
326 for siphoning off public resources into private pockets, which made a mockery of the main national instrument
327 designed to bring about economic self reliance. The lack of inclusiveness, weak targeting of the poor, and political
328 motivation of NEEDS programmes, thus benefiting mostly the rich and powerful were some of the shared views
329 on the NEEDS strategy.

330 citizens realization of the entrenchment of democracy,

331 ? The CSAR reports that the poverty incidence in Nigeria has dropped from 54.4% in 2004 to 41% in Year
332 2015

333 2005. However, the feedback from Nigerians surveyed for the CSAR appears to contradict this. The CSAR
334 survey indicates that poverty levels are very high in urban centers because of high unemployment rates, although
335 poverty is mainly a rural phenomenon. The IFES survey (2007) had sought the opinion of Nigerians on what
336 they felt were "biggest problems Nigeria faces as a country-that is, the problems that are of most concern to them
337 21 . Interestingly, cited poverty and food scarcity as being the biggest problems. In the area of unemployment,
338 38% of the IFES survey respondents opined that it is one of the biggest problems in the country.

339 V.

340 7 Conclusion

341 From the discussions above, it is observed that the employment of economic diplomacy by the Obasanjo regime
342 had contributed in the improvement of certain aspects of the nation's economy. However, these achievements
343 had not resulted in the general improvements of the well being of the citizens. This study therefore agrees
344 with the APRM (2008) report had observed that Similarly, the country is having difficulty in delivering social
345 services, potable water, and energy and has been unable to manage rapid and uncontrolled urbanization, or
346 provide effective intra-and inter-urban transportation. Further, with a Gini index of 50.6, Nigeria is among the
347 top countries in the world with the widest gap between the rich and the poor.

348 Given these observations, one can conclude that improved institutional outcomes does not automatically
349 translate into poverty reduction, and improved socio-economic status of the people. Thus, it is recommended



Figure 1: A

350 that subsequent employment of economic diplomacy should be targeted at the substantial improvements of the
351 peoples' socioeconomic status.¹

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7 CONCLUSION

352 [Year et al. ()] , Gdp Year , Current Factor , Cost . 1999 3,313,563.1 2000 4,727,522.6 2001 5,374,334.8 2002
353 6,632,243.6 2003 6,061,700.0 2004 11. 2005 2006 Q1 3. 411 p. 281.

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356 [Source: CBN Annual Reports (2006)] , *Source: CBN Annual Reports* December 2006. 17.

357 [Appendices Year Nigeria's External Reserves(NMillion) (1999)] *Appendices Year Nigeria's External Reserves(NMillion)*, 317.0. 1999. 1 2000 1,090,148.0 2001 1,181,652.0 2002 1,013,514.0 2003 1,065,093.0 2004
358 2,478,620.0 2005 3,835,433.0 2006 5. 546.

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