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Capacity Building Opportunities: A Panacea for Economic Development in Nigeria

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Abstract
Nigeria is indeed at critical juncture of its developmental trajectory, the economic recession of 2015-2017 coupled with the widening gap between rich and poor have shifted the emphasis of the country toward sustainable development driven by capacity building. At present Nigeria is unable to implement meaningful economic programmes with far reaching impact due to systemic weaknesses and lack of capacity at federal State and local government levels, as well as the institutional and individual levels. The paucity in capacity among these levels of governance has created vicious cycles where poverty, limited capacity on one hand and bad governance on the other put a clog to the wheel of the country’s development. The resultant effect of this is absolute marginalization of the citizens which are mired by inequality and poverty. As a result there is now a realization in Nigeria that previous efforts and approaches to capacity building have not delivered the desired results and that capacity constraints still remain one of the major obstacles to development and specifically to individual achievements. Nigeria currently is in dire need of earnest effort in the area of capacity building to develop its human resources, and strengthening Institutional and Legal framework to be able to harness its vast resources to promote rapid economic development to better the life of its citizens. The paper examines the role of capacity building as a citadel of economic development, the paper has also provided measures towards which capacity building can help to ameliorate Nigeria’s human development inadequacies. The paper concluded that it is imperative that relevant stakeholders in Nigeria should consider redesigning policies and implementation of new strategies in achieving human capacity building.

Keywords: Capacity Building, Economic Development, Opportunities, Nigeria

INTRODUCTION

Economic development is critical and necessary for African countries because it is the means through which both the productive and human capacity of a country and its institution would improve to create material wealth that will help to improve the well being of the people. According Schultz, (1960) economic development is what lifts people out of poverty and ensures a decent standard living for all. In the view of Timothy, (2000) with economic development a country will witnessed the sprawling of critical ingredients: such as healthy educated and healthy a workers, better infrastructure and good machines, advanced knowledge and powerful ideas, peaceful atmosphere and the rule of law. These will help to transform the manufacturing and agricultural sectors thereby ensuring high level of employment and income leading which promotes a decent life. By uplifting the life of the people, economic development creates beneficial outcomes and long term solutions to all social and economic problems, Mankiw, 2012. In the view of Myrdal, (1970) Economic development is so important to developing countries such that it is imperative for all leaders to aspire for it because it is what actually keeps all nations moving in a positive, productive direction which ensures all the citizens to attain their maximum potentiality in life.

In economic literatures there are so many arguments on why African countries are still underdeveloped economically, while scholars like(Johnson 1925, Lewis 1955 and Myrdal, 1970) attributed the economic underdevelopment of African countries to lack of infrastructure. Scholars like (Zvi 1996, Samuelson 1990 , Jhingan 1980 and Johnson 1970) attributed the developmental challenges facing African countries to lack of resources which is responsible for the vicious circle of poverty. However (Todaro and Stephen 1990, Schultz 1951 and Mahalanobbis 1980) are of the opinion that underdevelopment among African countries is directly connected to lack of human capacity necessary to confront the mosaic challenges facing the countries. Indeed the view of these scholars is valid and practical because presently there is a general consensus among development economists as well as in the development community that capacity development is the engine of human development and economic transformation for developing countries. According to Francis (1957), in the face of the current economic crisis facing African countries such as, food crisis, poverty, inequality and declining standard of living there a need for these countries to design and implement a robust capacity building programmes which will help to develop all sectors in order to minimize the impact and the danger pose by economic stagnation and poverty.

Nigeria is the largest economy in Africa and also the most populous country in the continent with a population of over 170 million people. Nigeria accounts for 47% of the West African population. According to Nigeria Bureau of Statistics 2018 Report, Nigeria is the biggest oil exporter in Africa, with the largest natural gas reserves on the continent. The annual real GDP growth in 2016, 2017 and 2018 was 6.3% , 3.6 and 7% respectively. The oil sector has been the main driver of growth, with services contributing about 57%, and manufacturing and agriculture respectively contributing about 9% and 21% (World Bank, 2015:219). According to the African Economic Outlook (2017:56), with a population estimated around 170 million Nigeria is the eighth-largest country in the world. The International Monetary Fund report of (2015) rates Nigerian economy as the 31st largest in the world.

As stated earlier economic development is the top most priority for all African Countries, however, for any African country to achieve economic development, the manufacturing sector in the country most play a critical role in promoting and sustaining economic development in the country. (Obioma, Kalu Alexanda & Anyanwu Uchienna, 2015:34). However in Nigeria, the manufacturing sector has very weak capacity. For example, over the last 30 years, the share of the manufacturing sector of GDP has declined from 6% in 1985 to about 4% in 2017. The decline in the capacity and productivity of the manufacturing sector in Nigeria can be attributed to the lack of critical infrastructure such as electricity and importantly due to lack of capacity of high and low manpower industrial capacity the sector. (African Economic Outlook, 2016:68). Similarly the agricultural sector in Nigeria is declining due to lack of capacity and skills for farmers to produce the needed goods which makes Nigeria to be the largest importer of rice, tomato paste and cooking oil. In the view of john 2003, agricultural capacity is important because it helps in increasing the productivity of the sector, further more in the views of Udoh (1988) and Ikharehon (2007) 2017 capacity development in Agricultural sector ensures self sufficiency and higher output due to the uses of local resources. According to Ivan (2014), Nigeria's economic development problem is not only the consequence of over-reliance on oil as argued by many scholars but is due largely to poor infrastructure, corruption, and lack of earnest effort to develop indigenous capacity to be able confront the multi sectoral challenges facing the country. Therefore as a consequence of lack of capacity there is a general lack of synergy and compliment between the agriculture and the manufacturing sector a phenomenon that helps in deepening the level of economic stagnation in Nigeria. In the views of (Alamirew 2008, Mohamedbhai 2007)and UNDP 2014) the current economic challenges facing Nigeria is not due to lack of resources but rather due to lack of capacity which is essential in transforming the key sectors of the economy.

Therefore the aim of this paper is to examine the role of capacity building as a panacea for economic development in Nigeria. The paper also provided framework within which capacity building can help to ameliorate Nigeria's human development inadequacies. The paper is divided in to four sections. The next section examines the conceptual and theoretical literature of the paper. While section three analysed the impact of capacity building to economic development, and section four concludes the paper.

CONCEPTUAL AND THEORETICAL ISSUES

As a means of enhancing the human capital base of a country, capacity building refers to a carefully implemented activity which enables people to possess the needed knowledge as well as the advanced skills that are necessary which the enable the individual to grow as well as facilitating the economic growth and development of the country at. According to UNDP (2015), capacity building essentially covers three important areas; namely the human resource development, the strengthening of managerial system, institutional development which involves the participation of the community as well as creation of the enabling environment throughout the country. From the perspective of economic development Capacity building signifies a dynamic process which creates an enabling environment that gives both individuals and institutions to develop the critical social and technical capacities to identify and analyze problem as well as proffer solution to them. In the view of Azikwe (2008), capacity building is a process by which citizens of a country irrespective of their gender are provided with adequate knowledge and skills necessary to perform their various responsibilities effectively and efficiently.

In the views of Becker (1964) and Gale (1950) capacity building is an acquired ability which enable the people to effectively utalised their intellectuals capacities, potentiality, as well their leadership abilities to promote economic growth and development. This means that Capacity building involves a comprehensive and carefully implemented programme through which people to acquire knowledge and advanced skills which are essential for the country's economic growth and development. It is a comprehensive planned programs of imparting knowledge and skills to the people which at the end of the day the recipient will effectively utalised the knowledge and skills acquired for productive endeavors that would help to solve socioeconomic problems to facilitate national development (Roy 1970, spencer (2006) and Francis 1957).

Presently there is a consensus among economists and development community on the importance of capacity building as one of the most crucial variable in promoting human development which in turn contributes to economic development. According to UNDP (2009), Capacity development emanates from the fact people are best empowered to understand and appreciate their full potential only when they are empowered through a sustainable – home-grown, long-term, and also the beneficiaries have a voice and active participation in the programme. Although despite the general consensus on the importance of capacity building in nation development, there is however serious disagreement around the term. It is seen by some as any action aimed at teaching someone to do something, or to do it better. While others see it as a process of creating new institutions on one hand on the other strengthening the existing ones. Capacity building can also focus strictly on education and training as well as improving the rights of individuals and freedom (Schutz 1950, Abramovitz,1956 and Timothy 2000). Whatever form it may take, capacity development is indeed a crucial element upon which Individuals, organisation and a country strengthen and improve its abilities to set and then achieve their development objectives within a given period of time.

Theoretical Issues

The Human Capital Theory

Economics as a subject has for a long period of time recognised the importance of human capital as citadel for promoting economic development because it signifies that there is a huge quantity of resources in people which enormously helps in promoting economic development. This important resource enables people in the economy to behave positively and also become very productive in all their undertaking than if they were not endowed with this capability (Krueger and Timothy 2000). Early economic thinkers such as Adam Smith, David Ricardo, Thomas Malthus, Alfred Marshal and John Stuart Mill have made unwavering efforts to lay a foundation toward understanding the importance of Human Capital in a broader way but in a less articulated manner. For example Adam Smith (1883), even though he did not categorically mentioned the term Human Capital, he however emphasized on the contribution of labour input at both the level of the firm as well as at macro level. As put forward by Sweetland (1996), Adam Smith has recognised that the productivity of Labour is acquired by incurring cost through education, training and apprenticeship. A long this line Marshal (1817) sees human capital as personal trait embedded in human beings such as energies, abilities an habits which combine to give an individual an upper hand in the process of production. Finally Fisher (1937) recognised the importance of human participation in the process of production which is like a formed capital which is as important as the machines.

Although Adam Smith was the pioneer in the development of the Human capital theory, noting thinks like value judgment, skills and dexterity as the major determinant of the wealth of nation (Leslie & Brinkman, 1988). However, the modern version of the human capital theory can be attributed to the works of Schultz in the early 1950s and early 1960s. In his work on human capital Schultz (1960), has made a significant effort of converting the human capital theory vaguely discussed by Adam smith and other scholars in a suggestive metaphor to a coherent theory in economics Lora and Bidle (2016). In his work Schultz (1960) has made efforts in his researches to compliment the efforts of economists in the 1950s in their attempt to find the actual source of economic growth. Therefore what actually intrigued Schultz with respect to the whole idea of human capital, was its relevance as an important variable necessary in providing insight to understanding the process of economic growth. He was of the view that the unmeasured accumulation of human capital over time was the key in explaining the puzzle of the "residual" as propounded and revealed by the research of Abramovitz,(1914)

According to Schultz (1956) what actually give rise to the development of new techniques and improvements in the labor force of a country could be looked at from the perspective of production activities, which involves the use of capital and labor. In regards to the improvement in the quality of labor, Schultz emphasized on education, training to impart skills . Also he stressed on the need to comparing the rate of return on resources invested in these activities to "those realized on capital and effort used to produce conventional inputs since any divergence in the rates of return may likely lead to increase opportunities to "increase investment in human capital Lora and Bidle (2016).

Given the above the human capital theory underpins the philosophies that human resource or human capital is critical element in facilitating economic development through improvement of individual workforce, the firm and the economy, Armstrong (2006). It further postulates that human capacity development ensures that sustainable competitive advantage is attained when the firm has human resource pool that cannot be imitated or substituted by its rivals. Thus, in very country training and developing people is a means that help to attract as well as retain human capital which is essential in ensuring better return from these investments which are expected to be in the form of performance improvement , productivity increase and the ability to innovate which emanating from enlarging the skill base and increasing knowledge and competence. Becker (1964) is of the opinion that skills, competence, innovation and knowledge are the key factors which determine whether a country will prosper. In view of all these, the paper's choice of the human capital theory arises from the fact that Nigeria and other African countries should focus on developing and nurturing their human resources through an all encompassing capacity building strategy at Individual, organisational and National levels to promote economic development in the country.

Capacity Building as a Panacea for Economic Development In Nigeria

Economists have for a long period of time established that capacity building is one of the most valuable element capable of influencing economic development of a country if it is sustained for a long period of time, (Marshal 1820, Smith 1885, Schumpeter 1958, Kuznet 1946, Schultz 1951 and Mirdal 1970). Therefore, as a means of developing the human capital stock of a country, capacity building is one of the most discussed topic among development economists and policy makers. In the view of Mahbub ul Haq, (1998) Human capacity building irelates improvement in the standards of living of the people and the economy at large. It is about knowledge and competences, of individual workforce to perform in order to produce economic value in the country. The question to ask is in what ways capacity building contributes to economic development of a country? According to UNDP 2011 there are three components upon which capacity is developed and nurtured in a country so that it will give the necessary contribution to economic development .These are; the enabling environment or the system, at the level of the organizations and within individuals. These three components spontaneously work to influence one other in a fluid way such that the impact of each depends on, as well as determines, the strength and impact of the others (Thomas 2008).

Firstly, the Enabling environment or the system, encompasses the general social system within which the individuals and organisations operates. In the view of john 2008, it covers key elements such as governance, social norms that determines how the society is governed, policies, and laws as well rules and regulations within the country. In other words it is the condusive environment prevailing in the country which set the framework for capacity development

Secondly, the organisational or the institutional level refers to the internal structure and the procedure that forms the basis within which various organizations and institutions operate in a country. The institutions /organisations of every country are very essential in facilitating economic development; therefore the nexus between institutions and the general system of a country is that the system is responsible for creating the environment within which the two components are put into action. John 2018 is of the opinion that a good alignment between organisation and the system ensures effective resources utalisation and greater potentials for growing capacity in a country.

Thirdly, the individual or workforce level signifies to the knowledge, skills and experience embedded in people which allow them to perform better in their respective organisations. According to Samson (2013) knowledge and skills are acquired formally through education and training while experience is obtained by years of work through doing and observing. In every country what actually help in developing the capacity of individuals/ workforce is the combination of organization and environmental factors.

Therefore since capacity development has been advanced as the ultimate objective of enriching the human capital base of a country, capacity development approach of a country must be carefully developed and implemented in such a way that it will bring about transformation and sustained over a period of time. This transformation should go beyond the normal performance of task at individual and organisational level but rather in a general change in mindsets and attitudes.

The diagram in figure 1 below demonstrates how capacity building development strategy will help to create mutual commitment and shared expectation and improved performance at various levels in Nigeria. In order to get the maximum desired result capacity building should be driven by clearly defined objectives at the national and organizational level. Since most policies in Nigeria are designed and implemented at national level, capacity building programme must designed to reflect the aspiration of all the 36 states of Nigeria. From the diagram in figure 1 the capacity building strategy is implemented at national level in collaboration with the state governments and is implemented at three levels namely; individual workforce level, organisational level and system/National level. At the level of individual/workforce capacity building activities bring about improvement in the performance of individual worker based on his specific area of responsibility. The capacity inputs at this level include training, on the job training, distance learning, certificate programes and continuing education. The organisational level capacity building is aimed at facilitating and accelerating the sustainable in situations within the country which can respond the need and aspiration of the people for economic development. Similarly organisational capacity building would improve the performance of the organisation in the areas of planning, management, finance and monitoring. The institutional capacity building activities will focus on strengthening the internal structure of the organisation as well as improving areas of weaknesses particularly in leadership and governance. The key inputs here include trainings, mentoring technical assistance in order to develop system and operational procedure, documents, tools and hiring of staff to fill the organisational crucial manpower needs. While the system or national level capacity building refers to support programmes at national levels and the states. The aim of capacity building at this level is to improve the external environment within which the individuals and the organizations operate. Capacity building at this level is essential because is shaped how organisations and states interacts as well as ensuring policies and standard are adhered to for national development. The activities covered under this component include setting standard and guidelines at national and states levels, institutional reforms, service delivery guidelines as well as collaboration with key state holders

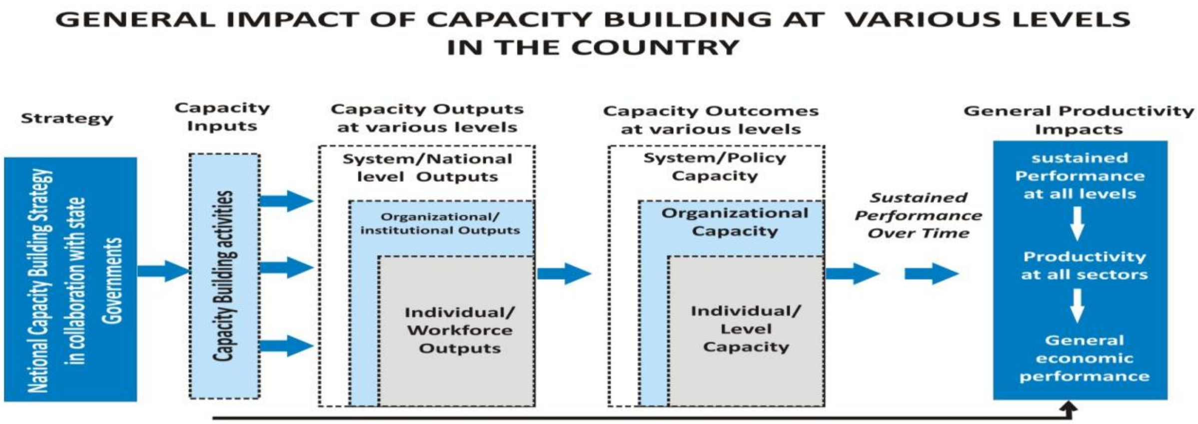

Fig 1 Impacts of capacity building

Beyond enriching the human capital based of a country meaningful and sustained capacity building strategy stimulated and fostered at both national and states levels in Nigeria can be a very important recipe for facilitating economic development. From the earlier discussion on how capacity building development strategy will help to create mutual commitment and shared expectation and improved performance at various levels in Nigeria using the information in fig 2. The relationship between capacity building and economic development in Nigeria is explained

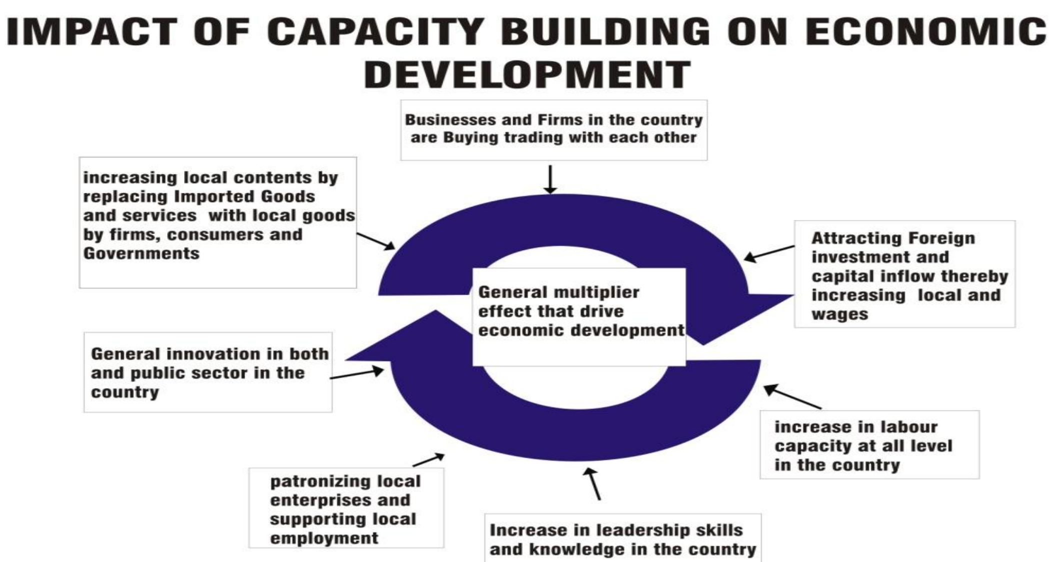

Fig 2 Capacity Building and Economic Development

A cursory look at the diagram in fig 2 above, it clearly demonstrates how innovation, increasing local contents, increase in leadership skills, prioritizing local enterprises, supporting local employment as well as increase in local capacity combine and play a critical role in increasing the level of foreign investment and capital inflow and high income. The importance of innovation and increasing local contents in a country like Nigeria that depends heavily on importation as a source of consumer and industrial goods should not be underestimated because it will help significantly in promoting self sufficiency in Nigeria.

In summary the general economic multiplier effect of (i) high income distribution (ii) increasing local contents (iii) increase in local capacity and innovation (iv) increasing the level of foreign investment and capital inflow and (v) prioritizing local enterprises in Nigeria will help to promote economic development in Nigeria. There are many strategies that will help to promote economic development n a country and the most sustainable is through the development capacity development which essential in developing the human capital stock of a country.

CONCLUSION

Human capital occupies an important position in the process of development of any country because like natural resources and physical capital human capital should considered as an important treasure capable of steering a nations economy to attain economic development. At present there are many African countries especially Nigeria that have enormous natural resources and powerful endowment enough to propel their economy into the path of development but hitherto these countries are still wallowing in economic crisis and underdevelopment. On the other hand resources poor countries such as Singapore, Taiwan and Britain for example, are able to defy all odds and attained economic development simple because of their ability to develop their human capital resources.

Given all these it is high time for African countries especially Nigeria to seriously re strategised and embark on a very serious effort of developing human capacity through a carefully designed capacity building programme at individual, organisational and system levels through the creation and cultivating the enabling environment through which people can acquire new ideas, skills, competence and positive attitudes. The tools for acquiring all these opportunities include education, training, education, mentoring and facilitation as well as leadership and management skills which are essential for organisations and at national level there is adherence, adaptation and policy implementation and monitoring. It should be noted that the emphasis on capacity building in Nigeria arises from the fact that human capacity is an indispensable exercise through which individuals, organisations and the system will keep pace to the modern challenges in the ever changing world.

Therefore the ability of any country to kick starts the process of economic development depends largely on its human capital stock and human capacity building. The Human capacity building of any country primarily depends on the kind of skills and knowledge acquired as well as how it is applied to the socio-economic development of the country. Finally, although this paper centered entirely on the contributions of human capacity building to economic development, the paper is not downplaying the positive roles of other key variables such as resources and infrastructure. Therefore to achieve economic development in Nigeria there is a need to compliment human capital development with infrastructural development resources endowment as ingredients for economic development.

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