Nigeria is a country in West Africa.

It has borders with Benin, Niger, Chad and Cameroon.

The Capital is Abuja which is located in the centre of the country.

Another important city is Lagos which is on the south coast, bordering the Atlantic Ocean.
The Changing Economic World - Case study of an LIC or NEE - Nigeria (a NEE)

2. The importance of Nigeria - regionally and globally.

How is Nigeria important globally?

Nigeria is an NEE, a country experiencing rapid development.

In 2014, Nigeria became the world’s 21st largest economy. By 2050 it should be in the top 20.

Nigeria is predicted to have the world’s highest average GDP growth for 2010-15.

Nigeria is the 12th largest producer of oil supplying 2.7% of the world’s total.

Nigeria has also developed a very diverse economy and Lagos is a thriving global economic hub.

Nigeria plays a significant global role politically and is the 5th largest contributor to UN peacekeeping missions around the world.

How is Nigeria important regionally? (within Africa)

2014 highest GDP in Africa and the third largest manufacturing sector.

70% of the population are employed in agriculture and has the highest farm output in Africa.

Nigeria has over 19million cattle - the largest number in Africa.

Nigeria has huge potential to drive the development of the whole of Africa. President Obama has said Nigeria is “critical to the rest of the continent and if Nigeria does not get it right, Africa will not make progress”
The context is background information about Nigeria that helps you understand it better.

**Political context:**
- At the Berlin Conference, 1883, European nations carved up Africa between them and exploited their resources (colonialism) The UK had control of Nigeria.

- Nigeria gained independence from the UK in 1960 however this led to bitter power struggles and a series of dictatorships and then a civil war between 1967-1970 known as the Biafran War. Lack of political stability and corruption hugely affected the development of the country during this time.

- Since 1999 Nigeria has had a stable government which has allowed the country to develop. Elections since them have been seen as democratic and fair. Many countries including China and the US are investing in Nigeria.

- However, there is still conflict in Nigeria. The extremist organisation Boko Harem wants to abolish democracy and set up its own government in the north. 17,000 people have been killed since 2002. One of the most shocking incidents was the kidnapping of 276 schoolgirls in 2014, many of whom have not been found. The rise of such groups has been blamed on growing inequalities.

**Social context:**
- Nigeria is a multi-ethnic (e.g. Yoruba, Hausa, Fulani, Igbo ethnic groups) and multi faith (Christianity, Islam) society. This is a great strength but also a source of conflict (see Biafran War and Boko Harem notes above)

- Some ethnic boundaries have been broken down as people moved to the cities.

- Inequalities between rich and poor are an important feature of Nigerian society.
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3. The wider context within which Nigeria is placed.

Cultural context:
• See social context for different ethnic groups and religions in Nigeria.
• With such a varied population, there is a rich and varied culture.
• Nigerian music, film (Nollywood) and literature are becoming widespread in Nigeria and beyond.
• In sport, Nigeria has won the African cup of nations (football) 3 times.

Environmental Context:
The south of Nigeria is warm and wet and is mainly covered with forest. Crops such as cocoa, oil palm and rubber are also harvested. It is hard to keep cattle because of pests in the tropical climate.

The centre of Nigeria is wet and cooler. Vegetation is savannah with some woodland. There is densely populated farmland across the central part of the country.

Northern Nigeria is semi-desert - part of the Sahel region of Africa. It is hot and dry.

Throughout Nigeria, much of the natural vegetation has been replaced by farmland.
What is primary industry?
Harvesting raw materials from the land and the sea. This includes agriculture, fishing, forestry, mining.

What is secondary industry?
Manufacturing (making things) in factories.

What is tertiary industry?
Providing services such as healthcare and education, working in retail etc.

Nigeria = the largest economy in Africa and one of the fastest growing.

How is the economy in Nigeria changing?
It is changing from a mainly agricultural economy focused on farming to an industrial economy focused on manufacturing and services. Roughly a third of Nigeria’s employment is now in each of the three sectors above.

Employment in agriculture has fallen due to increasing use of machinery and better pay available in manufacturing and service jobs.

Secondary sector employment has grown in oil production, manufacturing, construction, sugar refining etc. This is because the stable government has encouraged investment especially in science and technology and an improvement in telecommunications has led to the increasing importance of Nigeria as a global city.

There has been a corresponding growth in the service sector in jobs such as finance and retail.
Manufacturing is really important to a country’s development as it turns low value raw materials into higher value goods from which the country can make more money.

Some examples of manufacturing industries currently growing in Nigeria are... processed foods, leather items, textiles, soaps and detergents.

Manufacturing accounts for... 10% of Nigeria’s GDP.

Oil processing is also extremely important in Nigeria and has driven its growth (accounts for 14% of GDP and 95% of export earnings). The discovery of oil has driven Nigeria into becoming an NEE.

This can be a problem as the Nigerian economy is vulnerable to changes in oil prices.

A second example is cement manufacturing as a rapidly urbanising country has high demands for cement. One of Nigeria’s largest manufacturing companies is Dangote cement.
Regular paid work → More people have a regular paid income → There are more people in Nigeria with purchasing power

Growth in manufacturing. → Growth in other manufacturing industries → For example companies to supply car parts to car factory

More people have jobs → More taxes → More money to spend on infrastructure

A thriving industrial sector → More foreign investment

Oil processing → Chemicals as biproducts → Other industries based on chemicals e.g. plastics
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5. The role of TNCs in industrial development.

What is a TNC?

A Transnational Corporation. What is this?

A company that has operations (factories, offices, research and development, shops) in more than one country. Many TNCs are large and have well-known brands. (AQA definition)

TNCs play a huge role in driving the development of NEEs because of the following advantages they bring to the host country (the country in which they place their factories)

- More money is spent in the economy and earnt through exporting goods.
- More jobs are created and therefore new skills learnt.
- TNCs will often invest in local infrastructure and education.
- Other local companies benefit from increased orders.

However, they also bring disadvantages for countries such as Nigeria:

- Local workers can be poorly paid and conditions are sometimes poor.
- Better paid management jobs often go to foreign workers and much of the profits may go abroad.
- Money used to attract TNCs could have been better spent investing in local companies.
- TNCs are powerful and can influence political decisions in a country.
Unilever is an Anglo-Dutch TNC that makes foods, drinks and products for the home.

It employs 1500 people in Nigeria.

It aims its products at the Nigerian market with the aim of improving quality of life.

It works with local people and has high standards of employment and looks after the environment. It claims that its palm oil comes from sustainable sources.

It has promoted improvements in health care, education and water supplies as part of a social responsibility programme.

Unilever is an example that shows how investment from TNCs can be positive for a host country such as Nigeria. An example of a “GOOD” TNC.
Shell is one of the world’s largest oil companies.

Another Anglo-Dutch company.

It has invested huge sums of money to extract oil in the Niger Delta.

Advantages:

• Big contribution to Nigeria’s economy through paying taxes and export revenues.
• 65,000 jobs plus another 250,000 in related industries.
• 91% of Shell contracts are given to Nigerian companies

Disadvantages:

Oils spills have caused water pollution and soil degradation affecting the agriculture and fishing industries in the area.

Militant groups frequently disrupt oil production.

Oil theft and sabotage cost TNCs and the government dearly.
Changing political relationships:

Before 1960 Nigeria was part of the British Empire.

Since becoming independent in 1960, Nigeria has become a member of the Commonwealth. What is the Commonwealth?

The Commonwealth is a voluntary association of 53 independent and equal sovereign states, which were mostly territories of the former British Empire. It is home to 2.2 billion citizens. Member states have no legal obligation to one another. Instead, they are united by language, history, culture, and their shared values of democracy, human rights, and the rule of law.

Nigeria is also playing an increasingly important role in many African and International organisations as its international importance grows.

One example of an African organisation is the African Union which is an economic planning and peacekeeping group.

One example of a global organisation is membership of the UN. In 2014-15 It became a temporary member of the UN Security Council.
Changing trading relationships:

Nigeria still trades with the UK but more of its trade is now with some of the world's largest economies including the USA and China.

Since the discovery of oil, oil and manufactured goods have replaced raw materials such as agricultural goods like cotton and cocoa as the main exports.

Until recently the US was the biggest importer of Nigerian oil. Since the growth of fracking in the UK, India has now taken over as Nigeria's biggest customer.

Between 2013 and 2014, exports of crude oil to India, China, Japan and South Korea have increased by 40%.
7. International Aid.

What is international aid?
Money, goods and services given by the government of one country or a multilateral institution such as the World Bank or International Monetary Fund to help the quality of life and economy of another country.

Types of aid:
- Short term emergency aid - given after a natural disaster such as an earthquake in the form of food and medical supplies etc.
- Long term aid - given to help the development of the country through education, healthcare, infrastructure projects.
- Multilateral aid - given through international organisations such as the World Bank or IMF (see above).
- Bilateral aid - given by one country to another. This may be tied.
- Tied aid - when there are conditions attached to the aid for example having to by products from the donor country.
Nigeria has experienced rapid economic growth but still receives aid because many of its population still live in poverty and have limited access to safe water, sanitation and electricity. 60% of the population live on less than $1 per day.

Poverty is the biggest problem in the north of the country.

$5 billion of aid was given to Nigeria in 2013, mainly from countries such as the UK and USA. (These are called the donor countries.

**The impacts of aid: Positive:**

- Many benefits go to people living in poverty with the most successful projects being community based supported by small charities and NGOs. The aid is all used for the project and no money is wasted.
- In 2014 The World Bank gave a US$500 million fund to support local businesses. This was designed to reduce the reliance of oil and to help develop other areas of the economy.
- Aid from the USA helps to educate and protect people against HIV/AIDS.
- The UK has funded a rural health education programme in remote areas.
- The NGO Nets for Life provides education on malaria and distributes mosquito nets.

However official government aid has been less successful.

- Aid money has been lost through corruption and some has been diverted to military uses (some have suggested)
- Countries giving aid may exert political influence.
- Nigeria relies on aid to reduce poverty rather than address it itself. This slows down development within the country.
Rapid economic development can have negative impacts on the environment:

Here are a few economic activities associated with development and some of their environmental impacts.

Economic activity: Industrial growth:

- The rapid and unregulated growth of industry has led to problems:
- In Lagos, many harmful pollutants go directly to drains and water channels which harms people and ecosystems.
- Industrial chimneys emit poisonous gases that pollute the air.
- Some industries dispose of chemical waste on nearby land, contaminating groundwater supplies.
- Large scale dams and irrigations lead to desertification.
- 70-80% of Nigeria’s forests have been destroyed by economic activities such as agriculture and industry.

Urbanisation:

- Squatter settlements are common in cities such as Lagos and infrastructure and services have not kept up. Waste disposal is a real issue as well as air pollution from traffic congestion.
- The development of new urban areas such as Abuja (the new capital city) means natural ecosystems have been replaced by concrete. Biodiversity has been reduced.
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8. The environmental impacts of economic development in Nigeria.

Commercial farming and deforestation:
- Over cultivation and overgrazing have led to land degradation and desertification.
- Water has been polluted by chemicals used in farming.
- The building of settlements and roads has destroyed habitats and species such as cheetahs and giraffes are under threat. 500 species of plant have disappeared.

Oil extraction - use the example of Shell - see TNCs.
- Oil spills in the Niger Delta have been disastrous for fresh water and marine ecosystems.
- Oil spills cause fires which put gases such as CO2 into the atmosphere. This causes acid rain which harms plants and animals.
- Examples of oil spills happened near the town of Bodo in 2008 and 9. 1million gallons of oil spilled over 20 square km. Shell paid £55million in compensation to the town - the largest amount ever given to a single community.
With increased development you would normally see improving quality of life. Some examples are…

- Reliable, better paid jobs in manufacturing or services mean a higher disposable income to spend on education, food, clothes etc.
- Improvements to infrastructure such as roads makes getting around easier.
- Better access to safe water and sanitation leads to a healthier life.
- Reliable electricity supply means people can go out at night, children can do homework, watch television etc.
- Better quality health care.

Has quality of life improved as Nigeria has developed?

Most development indicators say yes e.g. Life expectancy has gone from 46 in 1990 to 52 in 2013.

% of the population with access to safe water has increased from 46% in 1990 to 64% in 2013

Secondary school enrolment increased from 25% to 44%

However sanitation has reduced, probably due to the rapid growth of squatter settlement in cities.
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9. The effects of economic development on quality of life for the population

It must be remembered that these are average figures for the country. Large numbers of people are still living in poverty with a low quality of life. There are significant inequalities between:

- North and south. (South has a better quality of life due to big cities such as Lagos along the coast.)
- Urban and rural areas. (Urban areas tend to have more job opportunities but some live in poor conditions.)
- Educated and uneducated people. (Those who are educated will see their quality of life rapidly improve as development leads to more opportunities. Those who are not educated won't have access to these opportunities therefore the inequalities are becoming wider.

Nigeria has developed rapidly but not as rapidly as similar countries 30 years ago such as Malaysia and Singapore. What are the challenges holding it back?

- Political issues - keeping the political situation stable despite challenges such as extremist groups such as Boko Haram.
- Environmental challenges such as desertification in the north, pests and diseases in the south with the added problems of oil spills thrown in.
- Increasing social unrest as inequalities grow.
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Nigeria key facts quiz

What is the Capital of Nigeria?
Abjua

Name the most important city economically.
Lagos.

Where does Nigeria rank in terms of the size of its economy?
21st in the world.

How much of the world’s oil does Nigeria produce?
2.7%

When did Nigeria gain independence from Britain?
1960

What was the name of the civil war in Nigeria 1967-1970?
Biafran War.

Name the extremist organisation who kidnapped schoolgirls in 2014.
Boko Haram
Describe the climate and environment in the north of the country.
Hot and dry = semi desert

Describe the climate and environment in the south.
Hot and wet = rainforest

What % of Nigeria’s GDP comes from manufacturing?
10

What % of Nigeria’s export earnings come from oil?
95%

How many jobs does the TNC Unilever supply?
1500

How many jobs does the TNC Shell supply in Nigeria?
65,000 +250,000 in related industries.

Name an African organisation Nigeria is involved with.
The African Union
### Nigeria key facts quiz

**Name an international organisation Nigeria is involved with.**

UN

**Between 2013 and 2014, exports of crude oil to India, China, Japan and South Korea increased by how much?**

40%

**How many of Nigeria’s population live on less than $1 per day?**

60%

**How much aid was given to Nigeria in 2013?**

US$5 billion

**What % of Nigeria’s forests have been destroyed by economic development?**

70-80%

**Which town was affected by oil spills in 2008 and 2009?**

Bodo.