

# Chapter 6

## Managing Urbanisation Through Planned Government Expenditure Evidence from Nigeria

**Adam Konto Kyari**  
University of Dammam, Saudi Arabia

### ABSTRACT

*Over the past 50 years the world has witnessed a very rapid urban growth and projections have shown that by the year 2050 two-third of the world population will be living in urban centres, with Africa's urban population projected to reach 67% from its current 40%. Nigeria, being the most populous country in Africa, is projected to have an urban population of 67%. There are number of challenges that go with urbanisation. This chapter examined the effectiveness of Nigeria's budgetary expenditure in managing Nigeria's urbanisation threats. The chapter found that Nigeria's urbanisation management strategy is more of system maintenance based than system development, and therefore, in spite of the huge expenditure government incurred over the years, the urban challenges Nigeria is facing are still alarming. Accordingly, the chapter concludes by recommending that Nigeria plan its urban expenditure in to ensure that it is sustainable.*

### 1. INTRODUCTION

The global influx of people from rural to urban areas over the past 50 years was enormous. From just over 746 Million people in 1950, global urban population has increased to about 3.9 billion in 2014 (United Nations, 2014). This trend is expected to continue and by the year 2050, the United Nations (2014) estimated the global urban population to reach about 6.3 billion (about 66% of the world's population).

Triggered by factors such as employment opportunities, education spread, industrialisation and social factors, urbanisation in Nigeria has posed serious challenges to the government including poverty (Ayedun et al, 2011), urban sprawl (Olotuah and Adesiji, 2005), crimes and insecurity (Oyeleye, 2013),

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unemployment (Oyeleye, 2013), and environmental hazards (Odjugo, 2011). In order to overcome these challenges, the Nigerian government have, over the years, invested huge amount of money in housing, food sufficiency, environmental protection, job creation, and security, among others.

The main objective of this chapter is to investigate the effectiveness of budgetary expenditure of the Federal government of Nigeria<sup>1</sup> in tackling the challenges posed by urbanisation. The specific objectives of the chapter are: first to analyse the trend of government expenditure on containing urbanisation problems in Nigeria. Second, to investigate whether such expenditures have adequately met the purpose for which they were incurred and third to discuss the steps government should take to effectively utilise its spending in managing the nation's urban challenges.

The rest of the chapter is divided into three sections. The first section gives an overview of the challenges of urbanisation in Nigeria. This is followed by an analysis of the capital expenditure pattern of the government. Section three discusses the effectiveness of government expenditure in managing urban challenges in Nigeria. Section four concludes the chapter.

## **2. URBANISATION AND URBAN CHALLENGES IN NIGERIA**

With a current urban population rate of 48%, Nigeria is ranked ninth in the world and first in Africa (World Bank, 2016) and, by the year 2050, Nigeria's urban population is expected to rise to 67% (United Nations, 2014). Unlike most African countries where urbanisation growth is confined to a single commercial centre of the nation, Nigeria has not just one but a number of urbanised cities of considerable size and importance. Most of these cities, according to Ronald and Abe (1992), were larger than most of the capital cities of other African countries.

While it was a thing of joy in the 1970s, urbanisation in Nigeria today is a burden. Nigeria, just like any other developing country, is facing a lot of urban challenges. Such challenges, as identified above, posse serious socio-economic consequences to the Nigerian nation.

### **2.1. High Rate of Unemployment**

Due to the high level of migrants from the rural to urban Nigeria, unemployment in Nigeria is rapidly growing. According to the National Bureau of Statistics (2016), the rate of unemployment in Nigeria has increased from 8.2% in the second quarter of 2015 to 9.9% in the third quarter of the same year. In absolute terms, the number of unemployed Nigerians grew from a total of 529,923 in the second quarter to 1,454,620 in the third quarter of 2015. This has serious socio-economic consequences on the urban centres.

Economic impact of high unemployment rate in Nigeria is diverse. First, underutilizing of available labour force which led to Nigeria producing less than what it ought to have produced had its entire work-force was utilised. Similarly, there are losses of human capital as during the period of long unemployment workers are likely to lose their skills. Moreover, unemployment could results to income inequality between the employed and unemployed, thus compounding the social inequality.

Over the years, successive governments in Nigeria have budgeted huge amount of money on programs and projects aimed at job creation. For example, in the agricultural sector alone, Nigeria targeted to create 3.5 million jobs in 2013. To achieve this, a total of N81.20 billion was budgeted in that year.

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