

# **Buhari's Foreign Policy Challenges in an Emerging New Economic Order**

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## **Abstract**

*In the contemporary international order, the position a country occupies determines to a large extent the role it plays, its influence and the level of development it may achieve in a highly competitive and chaotic international system. It is this reasons that make states strive to enhance their economic development efforts. In a bid to achieve the desired goals President Buhari embarked on aggressive economic diplomacy geared towards attracting Foreign Direct Investment (FDI); foreign aid and assistance and to secure favourable terms of trade among others. This paper utilizes secondary data and content analysis as method. It adopts system level analysis as theoretical framework. The paper argues that the administration inherited numerous challenges that are confronting the Nigerian state. These challenges are the mono-cultural nature of the Nigerian economy ,exchange rate volatility, resurgence of the activities of the Niger-Delta militants and the Boko Haram insurgency among others. However, it further argues that despite her challenges, Nigeria has the potentials of reclaiming her exalted role and hegemony in the continent and beyond. This can be achieved when the government enlarge its diplomatic space by constructively engaging with multiple actors in the global affairs. It has to be pragmatic and adjust its foreign policy of multilateralism as this will enable her withstand the challenges of globalization. The government must diversify the Nigerian economy from an oil dependent economy to an economy that is driven by agriculture, manufacturing, tourism and mining.*

**Keywords:** Democracy, Economic Development, Economic Diplomacy, Foreign Policy, Hegemony

## **Introduction**

The end of the Second World War significantly changed the international system from a multi polar world to a bipolar world with the United States of America spearheading the North Atlantic Treaty Organization (NATO) of the Western alliance and the then USSR leading the Warsaw Pact of the Eastern bloc. The international system was characterized by massive military build-up and alliances and counter alliances with minimum emphasis on economic instrument of foreign policy. With the end of the

Cold War, the international system witnessed the diminishing influence of military as a strategic instrument of foreign policy. However, it saw the utilization of the economy and economic diplomacy as a viable alternative instrument in interstate relations. States today pay more attention to economic growth and development owing to the new international economic order. This concern has led to the development of the European Union and the rise of more regional blocs such as the Association of the South East Asian Nations (ASEAN) and the emergence of new economic powers such as Brazil, Russia, India, China and South Africa (BRICS). These has forced the emergence of other new economic blocs such as the Mexico, India, Nigeria and Turkey (MINT) (Northam, 2014). This indicates that states are forming economic blocs in order to contain the roaring trends of globalization for them to be able to adapt to the competitive international environment. Nigeria not withstanding is not left out in her desire to reap the benefits states enjoy as a result of enhanced interaction and interconnectedness.

The current International Economic Order is posing credible challenges to the Nigerian state being one of the aspiring states to be among the largest 20 economies in the world by the year 2020. Unfortunately, the Nigerian economy is marred by numerous domestic challenges as well as international competition among states in the international arena. President Muhammadu Buhari promised to revamp the economy as one of his change agenda. In order to fulfill his promises to the electorates, President Buhari immediately after assuming office on 29 May, 2015 engaged in diplomatic shuttling in order to attract Foreign Direct Investment (FDI) to the country and improve trade relations with other states especially the BRICS countries, thereby obtaining foreign aid and assistance towards improving Nigeria's economic development and enhanced security and general wellbeing of the people.

However, the Buhari Administration inherited a comatose economy due to maladministration and institutionalized corruption in the country by the successive administrations. The Buhari administration is confronted with numerous socio-economic challenges that are affecting Nigeria's leadership role in the continent as well as at the international scene. These challenges among others are inherent corruption in the system, ethno-religious crisis, the resurgence of militant activities in the Niger-Delta by the Niger-Delta Avengers, Boko Haram, plummeting oil prices, and mono-cultural nature of the Nigeria's economy. For business and economic activities to flourish in the country and attract the desired investments required to improve the economy the government must concertedly surmount these challenges.

It is against this background that this paper examines the challenges of the Buhari Administration in its bid to utilize economic diplomacy in a bid to achieve economic development and launch the country on the path to sustainable development..

## **Conceptual and Theoretical Framework**

Economic diplomacy is an emerging field of study in international relations that centers on the overall economic issues and interests of states and non-state actors in the

international system. The concept of economic diplomacy is a relative term and its operationalization defies one universally accepted definition. Emeka (2009b) sees economic diplomacy as the requisite skills or strategy utilized in maintaining the interplay of internal factors with external variables to achieve the sustainable development of the national economy. According to Ajaebili, economic diplomacy: Encourages and promotes investment, protects deals from inception to signing of contracts and in fact markets an entire nation as if it's a business outfit itself. The diplomats would conduct trade events and seminars, attend trade shows, visit potential investors and be proactive in marketing the attributes of their country (2011:279).

It is on this premise that Folorunso (2015) argued that economic diplomacy is the utilization of the country's foreign policy to achieve economic benefits. In other words, economic diplomacy is basically the utilization of the foreign policy means available at the disposal of the state and non-state actors in promoting the image of their country to woo foreign investors to enhance trade through their market potentials for the overall benefit of economic growth and national development.

The concept of foreign policy like economic diplomacy is a relative term and its operationalization also defies one universally accepted definition. To Chibundu (2004) foreign policy simply implies how a country responds with other countries beyond its shores or territories. It encompasses diplomacy, the military, trade, the economy, social, cultural, educational, sporting aspects, etc. According to Mbachu (2008), foreign policy is a "set of goals and course of actions a nation wishes to pursue or pursues in respect to the demands or interactions of the internal and external settings as perceived by the decision makers". To Holsti cited in Olusola, (2015) foreign policy can be viewed as "actions of a state towards external environment and the conditions under which their actions are formulated". This implies that foreign policies are articulated by decision makers or state actors in line with the state's objectives which is determined by both internal and external factors. In view of the foregoing, foreign policy can be conceived as policies which nation-states pursue in the course of their interaction at the international level to the achieve goals or objectives set to advance their national interests which could be political, economic, social, cultural or military.

The paper adopts System Level analysis as propounded by Kenneth Waltz (1979) as its theoretical framework. The theory is predicated on the analysis that: if the individual level is the focus, then the personality, perceptions, choices and activities of individual decision makers and individual participants provide the explanation; if the state-level, or domestic, factors are the focus, then the explanation is derived from the characteristics of the state: the type of government, the type of economic system or interest groups; if the international level is the focus, then the explanation rests with the anarchic characteristics of that system or with international and regional organizations and their strengths and weaknesses (Mingst and Arreguin-Toft, 2010).

International politics to Waltz is the interplay between personalities and the domestic environment vis-a-vis international politics. The three variables are interloping. To Rosenau (1966), personality is the first and most important factor that dictates foreign

policy action. President Muhammadu Buhari is a revered personality locally and in the international scene. He has endeared himself to his people and the world due to his personality as an upright and incorruptible person. He was described by America's President Barrack Obama as a person with "high integrity" and "a very clear agenda" (Daily Independent, 2015). It is these outstanding qualities and traits of Buhari that informed world leaders to invite him to meetings aimed at charting a new course for Nigeria under his leadership. Buhari enjoys this cooperation and pledges of assistance and investments due to his personality. Nigeria may benefit from this enhanced cooperation and boost its economic potentials using these renewed commitments of world leaders.

At the state level, the Buhari administration must arrest some of the internal contradictions within. There is an intricate relationship between the domestic environment and politics at the international level. At the state level, Nigeria is facing internal challenges, which, to some extent, affect businesses and Nigeria's corporate existence as one indivisible entity. These contradictions include poverty and unemployment, insecurity, corruption, debt overhang, the need for strong institutions, especially in fiscal, financial and judicial sectors, and the need for honest leaders and good governance (Okonjo-Iweala, 2011). Bad governance at the domestic level is partly responsible for the massive exodus of Nigerians to other countries in search of greener pastures, who are sometimes caught in wrong doings and giving the country a bad image (Uhomiohbi, 2011). Nigeria cannot attain greater heights in an environment that is characterized by such backward tendencies. The country cannot project its foreign policy goals and this will have a negative effect on the nation's drive for increased Foreign Direct Investment (FDI). Investors both local and international will not have confidence in an insecure environment. Security, the fight against corruption and economic rejuvenation are the cardinal agenda of the Buhari administration which are aimed at attracting FDI. The current stance of the government in the fight against corruption and insecurity is a good omen towards making the country investor-friendly, all geared towards achieving Nigeria's foreign policy goals.

At the international level too, politics is all about power and the pursuit of national interests. The international system is anarchic and characterized by intense competition among nation-states. The Buhari administration should seek for more international cooperation from friendly nations, donor agencies and Nigerians in Diaspora. At the international level, Nigeria belongs to several organizations that are both political and economic in nature. Its position as the country with the largest population in Africa and vast mineral deposits in virtually all the states are factors which, if properly utilized by the Buhari administration, can achieve the desired goal considering the support his administration is receiving from other states.

However, Waltz's system level analysis has its own limitations. The theory fails to acknowledge the fact that international politics is anarchic and the level of competition may deprive nations from competing favorably as countries must be endowed with a strong leadership and a corresponding economy to survive at the international arena. The theory did also take cognizance of domestic actors and non-state actors in the

interplay of international politics and the assumption that national interests of state actors are predefined in terms of maximizing power suggest that the level of analysis takes an overtly top down, holistic view (Tamaki, 2015). Waltz's view that international politics is functionally coherent, and immune from inherent contradictions is not always not plausible. The International system is plagued by friction among the dominant and weak actors.

### **Nigeria's Foreign Policy Objectives**

Nigeria's quest to interact with other states beyond its boundary is defined in what is known as Nigeria's foreign policy objective. Its main thrusts are as follows: Self-preservation of the country; Defense and the maintenance of the country's independence; Economic and social wellbeing; Defense and the preservation and promotion of democratic values; Enhancing Nigeria's stance and status in the world and the Promotion of world peace (Aluko as cited in Tunde, Sanusi and Omotayo, 2015:62).

Nigeria's foreign policy objectives are predicated upon the attainment of the above stated goals. These goals are aimed at fostering Nigeria's national interests as she relates with other countries in the international community. The international environment is competitive as nation-states strive to achieve advantage over others. It is in this light, that Nigeria's foreign policy is anchored on achieving the six goals mentioned above.

### **The Post-Military Nigerian Foreign Policy Orientation (1999-2015)**

Nigeria's foreign policy since independence is tailored towards the self-preservation of the country and Nigeria's continental role. This explains why Africa is made the center-piece of Nigeria's foreign policy. That has undergone different metamorphoses in the historical evolution of the country both under civilian and military regimes. However, the paper limits itself to the examination of Nigeria's foreign under the Fourth Republic experience. In other words, the study examines the foreign policy under the Obasanjo (1999-2007), the Yar'Adua/Jonathan (2007-2011) and the Jonathan administrations(2011-2015).

The emergence of a democratically elected government on 29 May,1999 had received popular endorsement and legitimacy by the electorate. It raised the hopes and expectations of the people that the return to civilian rule would bring about the much expected positive change through their elected representatives (David, Manu and Musa, 2014:94). The return to a democratically elected government signaled the end of the long years of military interregnum and dictatorship in Nigeria's political history. On assuming office, President Obasanjo made concerted efforts aimed at repositioning the country's image from its pariah status back into the comity of nations, following the recalcitrant posture of the Abacha administration and the ostracizing of the country from the international community. Though General Abdulsalami made substantial efforts in that regard, Obasanjo consolidated on that. He engaged in shuttle diplomacy

aimed at regaining the country's image in the international system (Lateef and Hassan, 2015). The government implemented several neo-liberal policies with the aim of improving Nigeria's economic status towards attracting FDI to bolster Nigeria's economy. Some of these policies include: the privatization of the commanding heights of the economy, subsidy removal and the deregulation of the economy, among others. To boost investor confidence, Obasanjo adopted the National Economic Development Strategy (NEEDS) as a development framework. This saw the coming of foreign investors from China, Brazil, USA and Israel investing in Nigeria (Tunde, Sanusi and Omtayo, 2015). Obasanjo made use of economic diplomacy to secure debt relief and solicited for more loans through the implementation of the Bretton Woods Institution (BWI) loan conditionality (Okeke and Aniche, 2012).

Nigeria's debt profile was estimated at \$25 billion when Obasanjo took over power in 1999. It then rose to \$34 billion in 2004, with states having huge loans from both financial institutions and multilateral organizations, such as the World Bank and African Development Bank (Wapmuk and Agbalajobi, 2012:30). Obasanjo lobbied the Paris and London Clubs for the cancellation of the sum of \$18 billion while Nigeria paid \$18 billion to be debt free (Tunde, Sanusi and Omtayo, 2015). The move was widely criticized by many Nigerians as a misplacement of priorities, considering her socio-economic malaise. The perception is that, such huge resources should have been channeled to improving the wellbeing of the average Nigerian.

The successful handover of power on 29 May, 2007 to President Umaru Musa Yar'Adua by President Obasanjo marked a peaceful transition from one civilian government to another the first of its kind Nigeria's history. The main thrust of Yar'Adua's foreign policy was anchored on citizen's diplomacy. The government in an attempt to improve the economy and develop the country relied on the assistance of Nigerians both at home and in Diaspora to politically and economically improve its political and economic fortunes (Okeke and Aniche, 2014:75). Citizen diplomacy is focused on the protection of the image and integrity of Nigerians and a counter-approach to hostile states that brand Nigeria as corrupt (Adejumo, as cited in Vincent and Sunday, 2014:29). The Yar'Adua philosophy of citizen's diplomacy yielded very little impact. Some of its achievements were the unanimous selection of Baba Kaigama, an Ambassador, to the United Nations Advisory Committee for a 3-year term in 2008. It also saw the election of two Nigerians as members of the International Institute for the Unification of Private Law (UNIDROIT) and the United Nations Human Rights Council (UNHRC) (Okeke and Sunday, 2014).

However, the Yar'Adua government could not pursue its foreign policy objective due to the sickness and incapacitation of the President. The administration was short-lived due to the demise of the President. Events preceding the demise of Yar'Adua threw the country in a constitutional impasse due to a vacuum created by the absence of President Yar'Adua and the non-transmission of power to Vice President Goodluck Jonathan. The invocation of the doctrine of necessity by the National Assembly led to the transmission of power to Goodluck Jonathan as the Acting-President of the Federal Republic of Nigeria. In acting capacity, Goodluck Jonathan continued with his boss

policy of citizen diplomacy. The demise of Yar'Adua short lived his vision 2020 goals which were aimed at marking Nigeria one of the largest 20 economies in the world.

Similarly, President Goodluck Jonathan was sworn on 29 May, 2011 after his success at the April, general elections. The administration had a paradigm shift in its foreign policy posture. Its policy and economic diplomacy thrust were premised on the realization of investment through FDI. In this regard, the President spearheaded the drive to woo investors to exploit Nigeria's economic and market potentials (Tunde and Omotoyo, 2015). The foreign policy of Jonathan is different from the dominant tradition of Africa as its center piece of Nigeria's foreign policy. His foreign policy thrust is predicated on wooing the desired FDI for development. In a bid to achieve its course, Nigerian mission were properly focused and adequately funded in order to attain the foreign policy goals of the Jonathans administration (Emmanuel, n.d). President Jonathan spearheaded the campaign of wooing investors to invest in the Nigerian economy which led to the country's generation of 8.9 billion dollars in 2011, thus rendering Nigeria as the highest investment destination in the world (UNCTAD, 2012).

On citizens diplomacy president Goodluck Jonathan also saw the tarnishing of the image of Nigeria by Nigerians in the Diaspora. For example, in Indian town of Goa, banners and bill boards in 2013 carried different inscriptions with some saying; say no to Nigerians, say no to drugs owing to the incessant trafficking of drugs by Nigerians in the town (Lanre and Olumide, 2015). However, the government played a vital in pursuing citizen diplomacy and defended the interest of Nigerians in the Diaspora on several occasions. One of such is the evacuation of over 2,000 Nigerians from Libya and more than 1,000 in Egypt in 2011 and 2012 respectively, following the states implosion (Tunde, Sanusi, and Omotayo, 2015).

The Jonathans administration over the years had to contain with the activities of Boko Haram and monumental cases of corruption which to a large extent affected the administrations derive toward its investment posture owing largely to insurgency, kidnapping and general insecurity in the state.

### **Buhari's Foreign Policy: Challenges and Prospects**

The Buhari administration came into being on 29 May, 2015, following the defeat of the incumbent president Goodluck Jonathan in the 2015 general elections. The administration just like its predecessors is poised at utilizing economic diplomacy as an instrument of foreign policy. Economic revival is one of the cornerstones of Buhari's agenda during the electioneering campaign. This informed his shuttle diplomacy immediately after his swearing-in. Buhari visited the United States of America and other friendly states seeking for international support and cooperation. However, the administration's drive to utilize economic diplomacy to achieve its foreign policy is marred by numerous challenges at both domestic and international levelsthat must be addressed in order to achieve sustainable national economic development through economic rejuvenation. These challenges are in the areas of;

## **Mono Cultural Economy**

One of the main challenges of the Buhari Administration is the governments over reliance on crude oil export as a dominant source of foreign exchange. Since the discovery of oil in the 1970s, oil revenue contributes about 80% of revenue and 95% of Nigeria's export earnings thereby entrenching a mono-cultural economy due to the neglect of other vital sectors of the economy by successive governments such as agriculture and manufacturing. The manufacturing sector contributions to the Gross Domestic Product (GDP) is under 4% with over 80% of manufactured goods in Nigeria are imported (Onuoha, Ichite and George, 2015). The discovery of oil in commercial quantity in some African countries and other countries and the resort to alternative sources of energy has brought about oil glut in the global market thus forcing oil price to drop drastically in the international market. The dwindling prices of oil international market has adversely affected the prospects of sustainable growth and development of the Nigerian state. Shocks in the market prices and the refusal of Iran to cut down supply and the discovery of oil by many countries has also affected the prices of oil in the international market thereby causing oil glut in the market (Durdan, 2016). This negative development has affected the Nigerian economy negatively. More worrisome is the resurgence of the activities of the Niger Delta Avengers that has significantly reduced Nigeria's output from 2.2M barrels per day to less than 1.4M barrels per day (Raval and Fick, 2016) thereby compounding Nigeria's economic obstacles. The above scenario poses credible threats to the Buhari administration as the nation is facing low foreign exchange earnings due to the mono product nature of the economy due to oil glut at the global market.

## **Insecurity**

One of the challenges confronting contemporary Nigeria is insecurity. The general level of insecurity since the return of democracy on 29 May, 1999 has affected politics as well as the economy of the country. Politically, Nigeria's image in the comity of nations has reduced drastically due to the activities of Niger-Delta militants in the South-South, the Boko Haram insurgents in the North East and other parts of the country, the Egbesu in the South West and the Movement for the Sovereign State of Biafra in the South-East (MOSSOB) and the Indigenous People of Biafra (IPOB) and so on affected Nigeria's corporate image in the comity of nations. Nigeria is ranked the 3<sup>th</sup> most terrorized country in the globe after Iraq and Afghanistan by the Global Terrorism Index (GTI, 2015). These developments portray Nigeria's image negatively. It prompted many countries to issue travel warnings to its citizens on the dangers of travelling or doing business in some parts of the country (Adebayo, 2014:484).

Similarly, the activity of Boko Haram is hurting almost all the sectors of the economy. It affects the tourism industry, banking, agriculture, commerce and trading, the manufacturing industry, etc. The economic resources lost due to terrorism are very profound. According to a World Investment Report of the United Nations Conference on Trade and Development (UNCTAD) (2012), Nigeria lost N1.33 trillion Foreign



Direct Investment (FDI). The report indicates that “FDI flows to Nigeria fell to \$6.1 trillion (N933.3 billion) in 2010, a decline of about 29 percent from the \$8.65 billion (N1.33 trillion) realized in 2009 fiscal year due to the activities of Boko Haram” (Nwokojo, 2012:12). The activities of the Niger-Delta in the oil producing states amounted to heavy economic lost and fear of insecurity due to the kidnappings of foreign nationals. The Nigerian Extractive Industries Transparency Initiative (NEITI) estimated that Nigeria lost \$13.7 million in four years due to oil theft (Okafor; 2015). Similarly, in 2009 alone over 837 factories stopped production with about 400 factories operating below capacity (Okafor as cited in Adebayo, 2014). The resurgence of agitation by the dissident youth for a Biafran state if left unchecked will spell doom for the country and make the government’s attempt at wooing investors a futile effort. Insecurity amounts to channeling resources for the maintenance of peace. Billions of dollars are spent to provide security across the country. High rates of crime and other violent tendencies are antithetical to development. They breed fear among investors both local and international. Security is a panacea for economic development in any state. If the Nigerian business environment is serene, investors will inject their capital in the economy due to the large market potentials the nation. Though security is on the top of the Buhari’s agenda and should be pursued with much enthusiasm by addressing the security threats in the domestic environment, this, in the long run, would boost investor confidence. It distracts government’s attention away from providing the necessary infrastructural development needed for economic growth and the prosperity of the country as money is diverted for security purposes.

### **Poverty and Unemployment**

Poverty and unemployment are two of the banes of Nigeria’s underdevelopment, which are largely accentuated by the phenomena of corruption in the country. Nigeria has a large population of unemployed youth. According to Mahmud (2014), 80% of Nigerian youth are unemployed and over 70% of the country’s population live on less than one dollar per day (Osakwe, 2011:13). The Buhari Administration must strive to change this negative trend for any meaningful economic development to be achieved. Unemployment and poverty are the driving forces of crime and other activities of social miscreants in Nigeria. The poverty level in Nigeria is so precarious that majority of Nigerians lack sufficient income to take care of their basic needs of food, shelter, water, medical care and education despite its rich endowment (OXFAM, 2003 in Raheem, Ayeni and Fashedima, 2014). No state can attain genuine development where its youth are marginalized and excluded. They are the strongest and the most energetic and are the foot soldiers of development. Violence is a by- product of oppression, discrimination, social exclusion and economic deprivation. The rise in crime and violent conflicts in Nigeria since 1999 is largely attributed to the neglect and manipulation of the youth by the ruling elite. This explains the increase in crime and other violent activities, resulting in overall insecurity in the country. The alienation of youth manifests in their urge to migrate to other countries in search of greener pastures. These categories of youth often engage in nefarious activities abroad, giving Nigeria a bad image. They engage in illegal drugs trafficking, duping, prostitution, crime and other negative vices.

## **Corruption**

Monumental corruption over the years has affected the image of Nigeria in the comity of nations. The mindboggling cases of corruption that is being revealed and the rankings by relevant anti-corruption agencies worldwide attest to this. Nigeria, according to Transparency International, is one of the most corrupt countries in the world (Theophilus, Kinsley and Aondowase, 2015). In 2004, the United Nations Conference on Trade and Development (UNCTAD) concluded that Nigeria's poor image across the globe was due to corruption, thus denying it the needed Foreign Direct Investment (FDI) to promote economic growth (Fayomi, Chidozie and Ajayi, 2015:181). Corruption has impacted negatively on the Nigerian economy. It aggravates the socio-economic wellbeing of Nigerians, as well as economic stagnation and poor service delivery. In this regard, Coker, Ugwu and Adams (2012) outlined the challenges of corruption on Foreign Direct Investment thus: It leads to the underdevelopment of Nigeria due to attacks on the productive, social and other political sectors. It distorts and leads to mis-allocation in the productive sector of the economy; it affects legislation on issues such as tax incentives, tariffs and the granting of licenses and the siting of industries. It also affects the activities of customs and excise officials to mention a few. It leads to abuse in the award of contracts. This is largely due to the politicization of contract awards and the desire to collect kick-back. This can be attributed to the poor state of our roads, abandoning of sites by contractors and epileptic power supply. This results in the rising cost of businesses, as investors spend substantial amounts of their capital on the procurement and maintenance of electricity plants. It brings about under-capacity utilization or the outright closure of businesses; it leads to the over-flooding of the country with substandard generating sets, which further compounds the problems of both indigenous and foreign companies. Corruption and the mismanagement of funds lead to the loss of about 40% of Nigeria's 20 billion pounds annual oil income, with the country losing at least 100,000 barrels or 4% of national oil exports stolen daily in Nigeria (Okafor, 2015).

The consequences of corruption are enormous and impinge on the nation's economic development and national cohesion. The Buhari administration's commitment in the fight against corruption and the pledge by world leaders to repatriate looted funds are steps in the right direction. So also the recovered funds can help the administration in the provision of critical infrastructure. These include the improvement of power plants, good road network, and above all, security and an enabling environment for business to triumph. However, the sustained fight against corruption by the Buhari administration is also likely to reduce the inflow of Foreign Direct Investment in the country. This is because some investors engage in sharp practices in investment negotiations. This kind of investors might not find Nigeria conducive for investment.

## **Exchange Rate Volatility**

The major challenge of the Buhari administration is the depreciation of the value of the naira against other major world currencies. Nigeria's naira over the years has

weakened in relation to other currencies in the international market. At the international market the dollar, the euro and the pound are the major medium of exchange. Nigeria's naira exchange rate to a \$1 is around N280 (Premium Times, 2016). This suggests that the cost of goods and services will be very high due to the fact that Nigeria will require a huge amount of money to service its dependent economy due to the depreciation of the naira. To Clement (2014:268):

... Depreciation of exchange rate raises the cost of imported capital goods, which in turn, would lead to a fall in domestic investment; a depreciation arising from raising the profitability in the tradable goods sector would stimulate investment in this sector but depress investment in the non-tradable. However in an economy that is driven by Foreign Direct Investment (FDI) flows and in capital stock is optima, a real depreciation of exchange rate will result in a decline in domestic investment.

In line with the foregoing, the change in the rates of exchange amounts to reduction in the purchasing power of Nigerians. It impacts negatively on trade and commerce, thereby affecting Nigeria's balance of payment, considering the fact that the country is an import-dependent economy. Inflation is also on the increase as prices of goods and services skyrocket with slow domestic products and the inability of the local industries to compete favorably with other industries due to the high cost of production. This can be ameliorated through the establishment of import substituting industries, the banning of the importation of goods, such as rice, frozen chicken, tooth-picks, and vegetable oil, among others. This will reduce the over-dependence on imports and encourage the exports of such commodities and thus increase in foreign exchange and the foreign reserve, which is essential in international trade.

### **The Dwindling Prices of Oil at the International Market**

The global economic recession coupled with the continuous fall of the prices of oil is having negative implications on the economic growth and development of the country and the pursuit of the nation's foreign objectives. Nigeria's foreign exchange earnings depend largely on crude oil. It accounts for almost 90% of Nigeria's foreign exchange and thus determines its foreign reserve, of Nigeria which keeps depleting since 2008 (Oriakhi and Osaze, 2013). Nigeria's external reserves have dropped below the \$30 billion benchmark. This suggests a danger, as it cannot sustain a four month-import cover for Nigeria's dependent economy. The international benchmark is a six-month cover or a minimum of \$48 billion in external reserves (Leadership, 2015). This can be attributed to the fall in the prices of oil and the non-diversification of the nation's economy towards agriculture and mining sectors. Nigeria's economy is largely mono-economic and fluctuations in the prices of oil affect budget implementation.

### **Prospects of the Buhari Administration**

However, despite the numerous challenges highlighted above the Nigerian state has the potentials of reclaiming its hegemony as the “Giant of Africa”. Nigeria’s claim to be the “Giant of Africa” is highly contested with the emergence of countries like Ethiopia and South Africa posing challenges to Nigeria’s hegemony in the continent. Nigeria can only reclaim her position when good governance is entrenched in the country. Nigeria due to bad governance and massive corruption in the polity has resulted in the decline in the development of the state as resources channeled towards the development of the state ends in private pockets. Corruption has affected virtually all facets of the Nigerian economy and has rendered the country more of an importing country than an exporting country even in areas that Nigeria has comparative advantage. For instance, the Nigerian agricultural sector suffered neglect and corruption in almost all agricultural policies initiated by successive regimes. Nigeria’s food importation hits trillion of naira, as the importation of food alone stood at N4.2 trillion annually and wheat (N635 billion); rice (N356 billion); sugar (N217 billion); and fish (N97 billion) (Punch, 2012). The government needs to diversify the economy as reliance on oil revenue will no longer sustain the economy considering the dwindling prices of oil at the international market. The government must exploit the agricultural sector of the economy through the provision of improved farming tools that will be geared towards moving the country to a mechanized agriculture. The government should exploit the manufacturing, mining and tourism sectors of the economy. This can be achieved through the improvement in power generation and the granting of soft loans in order to reactivate moribund industries and factories in the country. This will to a large extent decrease the level of poverty and unemployment and improvement in human capital. The administration current drive towards the development of human capital through the proposed employment of 500, 000 unemployed youth as teachers is a welcome development. However, the government need to create more jobs most especially in the agricultural sector of the economy. This can be achieved through constructive engagement of the youth in training and retraining through the utilization of more skills acquisition centers across the country and the supply of subsidized farm implements.

Nigeria is endowed with vast mineral resources in virtually all states of the federation and needs to be harnessed in order to improve and sustain the economy. These include Coal, Gold, limestone, bitumen, tin, iron ore, salt among others (Akonji and Wakili, 2013). This indicates that the Nigerian state is blessed with abundant mineral resources that if utilized it can boost the country’s revenue generation. The Federal government should create an enabling environment that will seek collaboration between the Federal and State governments as well as foreign investors to invest in the exploration and harnessing of these mineral resources which in the long run will translate into massive industrialization of the country.

The tourism industry is another potential market that the Buhari Administration needs to improve upon as Nigeria is rich in culture. Several countries in the world depend largely on tourism as the mainstay of their economy. Thailand, Australia, and New Zealand are good example of countries that rely heavily on tourism for foreign exchange (Baker, 2013). The Nigerian government need to improve on the tourism

sector by improving on tourism sites such as the Gashaka Gumti National Park, Yankari Game Reserve, the Sukur Kingdom, the Obudu Ranch, Ikogosi Warm Spring, Okomu National Park among others. The provision of adequate security will also boost in attracting tourists into the country thereby enhancing Nigeria's revenue profile. There is no country that can develop when there is fear and general sense of insecurity among its people. Nigeria is faced with the challenges of state-sponsored insecurity, elite induced insecurity, externally fuelled insecurity, and poverty guided insecurity and politically masterminded insecurity (Mohammed, 2014). Nigeria has lost billions of naira due to insecurity. For example, the country according to a report by United Nations Conference on Trade and Development (UNCTAD) (2012) lost N1.33 trillion Foreign Direct Investment due to activities of the Boko Haram insurgents in the restive Northern Nigeria. The government must increase its commitment in enhancing its military capability to enhance both internal and external security of the country. The activities of militants and violent extremists groups over the years has exposed Nigeria's vulnerability. The state must embark on the development of indigenous technology to enhance scientific innovations towards the development of Nigeria's military capacity for national security and development. The enhanced provision of security will allay the fear of both local and international investors thereby fostering an enabling environment that will guarantee economic competitiveness, high level production that will in turn result into high industrial capacity.

Corruption is also one challenge that has to a large extent retarded the pace of Nigeria's development and dented the image of the country among the comity nations. No matter how the constitution is fashioned and powers granted to the anti-corruption agencies, the fight against corruption can only be achieved if the ruling class eschew corruption and other corruptive tendencies. The electorate should ensure that only people of proven honesty and integrity are elected or selected to occupy public offices. Transparency and accountability should be the cardinal objective of the leaders in order to ensure prudent management of the country's economy and the reduction of waste in the act of governance.

### **Conclusion and Recommendations**

The paper examined the challenges of the Buhari administration, which is geared towards the realization of economic diplomacy to achieve its foreign policy goals. The paper argued that the Buhari administration is faced with numerous challenges confronting the regime in its bid to reposition the country and boost its image in the comity of nations. Some of these challenges include: mono-cultural nature of the economy, low Gross Domestic Product (GDP) the falling prices of oil at the international market, insecurity, unemployment and poverty. Though the Buhari Administration is working assiduously in tackling some of Nigeria's internal challenges, the government needs to enlarge her diplomatic space by constructively engaging with multiple actors in global affairs. It has to be pragmatic and systematically adjust its foreign policy of multilateralism as this will enable her withstand the challenges of globalization and reclaim her purported leadership role in Africa. It is therefore recommended that the Buhari Administration should ensure the

diversification of the economy from an oil-dependent economy to a non-oil dependent economy through the improvement of other sectors, such as agriculture, solid minerals, tourism, etc. The Buhari government should enhance the security condition as well as the improvement of critical infrastructure in the country in order to boost investor confidence. The Buhari Administration should set up an independent Court in order to fast track the speedy trial and conviction of alleged cases of corruption in the country.

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