

Prioritizing Human Development Index (HDI) Over GDP in Nigeria's Political Economy Strategy

By

The Institute for Development Synergy,

Abuja, FCT, Nigeria.

Executive Summary

Nigeria's development strategy has historically emphasized economic growth measured by Gross Domestic Product (GDP). However, economic growth has not translated into broad-based improvements in citizens' welfare. Despite Nigeria's large economy, poverty, unemployment, poor educational outcomes, and weak healthcare persist.

This policy brief argues that Nigeria should adopt a political economy framework focused on improving the Human Development Index (HDI) rather than depending solely on GDP. HDI measures development through health, education, and income, which are key components of human well-being.

A shift toward HDI-centered policymaking will promote inclusive development, strengthen governance, reduce inequality, and improve long-term national stability.

Introduction

Development in Nigeria has often been assessed using GDP growth. While GDP remains an important economic indicator, it does not reflect citizens' living conditions. Economic growth without improvements in human welfare leads to inequality, social tension, and governance challenges.

Nigeria's development challenge today is not simply economic growth, but human development. A political economy strategy that focuses on human development offers a more durable pathway for national transformation.

Understanding GDP and HDI

Gross Domestic Product (GDP)

GDP measures the total value of goods and services produced in a country within a specific period. It reflects the size of the economy and the level of economic activity.

GDP-focused policies emphasize:

- Economic expansion
- Industrial growth

- Revenue generation
- Market productivity

However, GDP does not measure:

- Poverty levels
- Inequality
- Education quality
- Health service access
- Standard of living

As a result, GDP growth may occur without improvements in citizens' welfare.

Human Development Index (HDI)

The Human Development Index measures development based on three key indicators:

- Health (life expectancy)
- Education (years of schooling)
- Income (standard of living)

HDI focuses on people-centered development and reflects the actual quality of life of citizens.

Why HDI-Focused Political Economy Policy is Preferable for Nigeria

1. Promotes Inclusive Growth

Nigeria's GDP growth has not translated into widespread prosperity. Economic gains are often concentrated among limited sectors and groups. HDI-focused policies encourage equitable access to education, healthcare, and economic opportunities.

This leads to shared prosperity and broad development.

2. Strengthens Governance and Political Stability

Low human development contributes to societal unrest, insecurity, and political instability. Improving HDI enhances citizen welfare, reduces inequality, and strengthens trust in government.

Better human development outcomes add to national stability and stronger governance systems.

3. Builds Human Capital for Sustainable Development

Human capital is essential for long-run economic transformation. Investment in education and healthcare improves workforce output and innovation.

HDI-focused policies, therefore, create sustainable economic growth.

4. Reduces Poverty More Effectively

GDP growth does not necessarily reduce poverty. However, improvements in education, health, and income directly confront the root causes of poverty.

HDI-centered policies, therefore, offer a more effective poverty-reduction strategy.

5. Encourages Balanced Regional Development

Nigeria experiences significant regional development disparities. HDI-focused policies encourage the equitable distribution of social services and infrastructure across regions.

This reduces inequality and strengthens national cohesion.

Political Economy Effects on Nigeria

Adopting an HDI-centered political economy strategy would:

- Shift budget priorities toward social sectors.
- Promote citizen-focused governance
- Strengthen democratic accountability
- Improve policy outcomes

This approach harmonizes development with citizen welfare and national stability.

Policy Recommendations

1. Adopt HDI as a Core Development Indicator

Government should:

- Integrate HDI into national planning.
- Set measurable HDI targets.
- Track annual progress

2. Increase Investment in Education

- Improve education infrastructure
- Strengthen teacher training

- Expand technical and vocational education.
- Promote digital learning

3. Expand Health Services Access

- Strengthen primary healthcare
- Expand health insurance coverage.
- Improve rural health services delivery.

4. Promote Inclusive Economic Policies

- Support small and medium enterprises.
- Expand youth employment programs.
- Strengthen rural development initiatives.

5. Strengthen Social Protection Systems

- Conditional cash transfers
- Social safety nets
- Food security programs

Expected Outcomes

Adopting HDI-centered political economy policies will result in:

- Reduced poverty
- Improved education outcomes
- Better health services access
- Increased productivity
- Stronger governance
- Sustainable development

Conclusion

Nigeria's development challenge is not simply about growing the economy but about improving citizens' lives. While GDP remains an important measure of economic performance, it does not capture the full picture of development.

A political economy strategy that focuses on the Human Development Index delivers a more comprehensive and sustainable approach to national development. By focusing on health, education, and income, Nigeria can achieve inclusive growth, strengthen governance, and improve citizen welfare.

Nigeria's future development must therefore prioritize people-centered growth propelled by improvements in human development.

Selected References

- Human Development Report (2023)
- Nigeria Development Update (2023)
- Poverty and Inequality Report (2023)
- Sustainable Development Goals Framework
- Nigeria Economic and Governance Reports