



# Nigeria

## Conclusion and policy recommendations

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## Conclusion and policy recommendations

Chart 40: Selected recommendations

### **Address security challenges:**

- Upgrade defence capabilities through adequate funding

### **Promote cohesion and inclusion:**

- Fairly distribute socio-economic amenities

### **Reduce poverty and inequality:**

- Create national social protection programme

### **Reduce fertility:**

- Involve religious leaders in family planning programmes and increase female education

### **Deepen economic and export diversification:**

- Improve business climate and macroeconomic stability

The potential of Nigeria to be a major player in the global economy due to its human and natural resource endowments remains unfulfilled. This report highlighted the development challenges faced by Nigeria and the way forward to transform the country's potential into prosperity. The analysis revealed that many factors such as policy inconsistency or discontinuity, corruption and mismanagement are holding back development and prosperity in Nigeria. In other words, the lack of visionary leadership to make the right choices and reforms is a critical reason why Nigeria is still underdeveloped after four decades of independence.

If bold and transformative actions are not taken, Nigeria will continue to lag behind in various economic and human development indicators. For instance, the findings show that, on the current development trajectory (Current Path forecast), Nigeria will likely have the highest number of poor people globally by 2050, at more than 100 million people.

In light of this distressing forecast, we simulated ambitious but realistic policy interventions across different sectors that could propel Nigeria to prosperity. Of the five intervention clusters, the Economic and Export Diversification (industrialisation) scenario has the most significant impact on development indicators, but in the short term, a revitalised agriculture sector will be the low-hanging fruit to improve Nigeria's human and economic development outcomes. Meanwhile, the Super Nigeria scenario, which combines all the intervention clusters, shows that an integrated approach or policy coordination across sectors could yield a significantly brighter future for Nigeria.

Improving Nigeria's development prospects will require effective leadership and determined implementation of development policies. Leadership is about 'serving the people; it is about taking responsibility and accountability and working for the good of society to enable the people to achieve their full potential'. [1] Nigerian leaders should set aside their personal interests and orient the public purse to serve the population and its development.



The starting point is to address the rising security challenges and separatism sentiment. Economic prosperity can only be effectively pursued if there is peace, stability and cohesion. To this end, the security forces' capability should be upgraded by providing adequate funding for enhanced operations, training, equipment and logistics to respond promptly to armed groups' attacks and to deal with the unconventional security threats in the country. Also, Nigerian security forces should treat those who defect from armed groups or criminal gangs humanely and follow fair judicial and rehabilitation processes to encourage more armed fighters and criminals to give up banditry. Nigeria desperately needs a competent and independent judiciary and the enforcement of the rule of law.

Military operations to quell violence should be accompanied by efforts to improve governance, transparency, accountability and the continued fight against corruption. This would help avoid the misuse of public funds meant for development projects and better manage the resources to address the population's needs. Unemployment, poverty, economic hardship and unequal distribution of resources are underlying factors in the kidnapping for ransom, terrorism and separatist agitations in the country. In the absence of livelihoods, many unemployed youths become more vulnerable to recruitment by armed groups and criminals.

The Nigerian government should improve social service delivery outcomes and create economic opportunities, especially in Northern Nigeria where poverty is more severe, to reduce the discrepancy between north and south in terms of human development. There should be a well-targeted national social protection programme to support the poorest and most vulnerable people to reduce inequalities and poverty, which are destabilising factors in Nigeria. In sum, the 'carrot and stick approach' would be an effective strategy to curb violence and criminal activities in the country.

The Nigerian authorities should invest in the agricultural sector to increase productivity. The first priority should be to ensure food security. Thus, effort should be made to increase crop yield through better land-use management practices and the adoption of new and climate-smart technologies. The government should facilitate access to high-yield, disease- and drought-resistant seedlings; fertiliser and credit guarantees for farmers; increased agricultural expenditure in irrigation use; improved rural roads; storage facilities; and increased R&D investments to encourage research to support agriculture productivity. Managing agricultural resources sustainably will be vital to securing food security and stability. A better land management system that addresses conflicts and disputes around land use and tenure should thus be adopted. Nigeria's federal and state governments should work for peaceful coexistence between farmers and herders by resolving disputes through dialogue and resource-sharing agreements and reforming livestock production. In this regard, the implementation of the National Livestock Transformation Plan approved in 2019 should be accelerated.

Efforts should improve access to family planning, healthcare, education, clean water and improved sanitation. Poor human capital outcomes and high population growth are threatening Nigeria's development prospects. Given the importance of religion in Nigeria's socio-cultural fabric, religious leaders can inhibit or enhance the effectiveness of family planning programmes to reduce fertility in the country. A study by Adedini et al revealed that contraceptive uptake among women who had exposure to family planning messages from religious leaders is higher than among women with no exposure in Nigeria. [2]

The government should therefore involve religious leaders in its family planning programmes. This should be supported by efforts to raise the minimum legal age for marriage and improve female education and job opportunities. A study by Van den Broeck and Maertens shows that female employment reduces fertility in rural Senegal. [3]

In addition to population management, the government should invest in Nigerian people by facilitating access to education and healthcare services. The Nigerian authorities should improve the accessibility, affordability and quality of healthcare and roll out a National Health Insurance Scheme across the entire country. This should go hand in hand with efforts to improve access to safe WaSH facilities to prevent the spread of communicable diseases. The quantity and quality of

education should be improved by tackling corruption in the education system, improving teachers' recruitment procedures and increasing funding. With a population of about 250 million, Indonesia invests US\$50 billion annually in the education sector while Nigeria, with a population of 200 million, spends less than US\$2 billion on education. [4]

Human capital development is crucial to enhance Nigeria's economic growth and reduce poverty. It is therefore critical to step up investment in the Nigerian education sector to address the human capital bottleneck. Also, the education curriculum needs to be reviewed in collaboration with the private sector and industrialists to match it with the needs of the labour market. Many industrialists in Nigeria struggle to fill job vacancies because of a shortage of skills. [5] Particular attention should therefore be given to technical and vocational education and STEM courses to address the skills gap in the economy.

The implementation of the Nigerian NIIMP should be accelerated to increase the provision of basic infrastructure in the country. Efforts should be made to increase access to energy/electricity, quality roads and rail, and broadband (ICT). The focus should be on decentralised mini- and off-grid schemes, using renewable energy to provide a reliable power supply and improving the electrification rate in urban and rural areas.

Concerning the oil sector, the government should continue its efforts to rehabilitate oil-refining infrastructure to boost local refining capacity for self-sufficiency in order to successfully and permanently remove the costly petrol subsidy, which mostly benefits the elite. Attention should be given to the Niger Delta's rehabilitation and restoration to reverse the environmental degradation and pollution caused by the oil sector and restore the livelihoods of the people dependent on this ecosystem.

In addition, the government should successfully implement its National Broadband Plan to increase broadband access and accelerate digitalisation. Digitalisation can help improve government effectiveness through e-government services. It will also help to enhance tax efficiency and boost domestic revenue mobilisation in addition to anti-corruption reforms. The introduction of e-filing in Kenya and e-invoicing in São Tomé and Príncipe, for instance, allowed authorities to expand the tax base to the informal sector and boost revenue collection efficiency. [6]

Given the high cost of infrastructure, the Nigerian authorities should create an enabling environment for PPP-led infrastructure development.

Reforms should be undertaken to deepen economic and export diversification, focusing on manufacturing for greater domestic value addition, job creation and poverty reduction. The starting point could be labour-intensive commodity-based manufacturing (vertical integration) to leverage the country's natural comparative advantage in agri-business, solid minerals and metals, and oil and gas. As comparative advantages are dynamic, in the long term, through learning by doing, capability accumulation and technology upgrading, the country could expand its manufacturing sector into the areas where it does not have a natural comparative advantage (horizontal integration).

Nigeria spends about US\$30 billion annually on imported manufactured goods, more than 50% of the total import bill.[7] A robust local manufacturing sector would capture a large part of these products. Therefore, the Nigerian authorities should continue their reform efforts to improve the business climate and economic freedom to attract domestic and foreign investment to the manufacturing industry and other non-oil sectors. Also, reforms need to be made to promote macroeconomic stability; public procurement should be strategically used to patronise domestically produced goods.

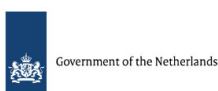
The Nigerian Export Promotion Council (NEPC) should make an effort in identifying and expanding new export markets for 'made in Nigeria' goods. In this regard, authorities should refine the National Industrial Revolution Plan in line with the AfCFTA and accelerate its implementation. The AfCFTA is an avenue for Nigeria to diversify its exports away from the hydrocarbon sector.

The policy choices and scenarios suggested in this report will amount to nothing without Nigerian authorities' concerted effort and commitment to implement them. The country has had several development plans, but the practical implementation has been disappointing. Nigeria needs a visionary and developmentally oriented governing elite to lift up the Nigerian population through sound economic development practices, social services and strong institutions.

## Endnotes

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