



ACHIEVING SHARED PROSPERITY IN NIGERIA

FOUR CRITICAL THEMES

20
23 NESG
SPECIAL
REPORT










Introducing NESG Radio

The NESG Radio is a traditionally syndicated podcast that will factually and effectively inform Nigerians with curated localized content. Our weekly podcasts will help communicate critical information such as economic policies, ideas, health information, trends, and interventions to Nigerians.

For enquiries and partnerships, contact us: radio@nesgroup.org

www.nesgroup.org/radio

info@nesgroup.org | +234-01-295 2849 |      OfficialNESG

Available on



AFRICA
BUSINESS
RADIO



listen on
Spreaker



*Episodes are syndicated to radio stations across local communities in Nigeria

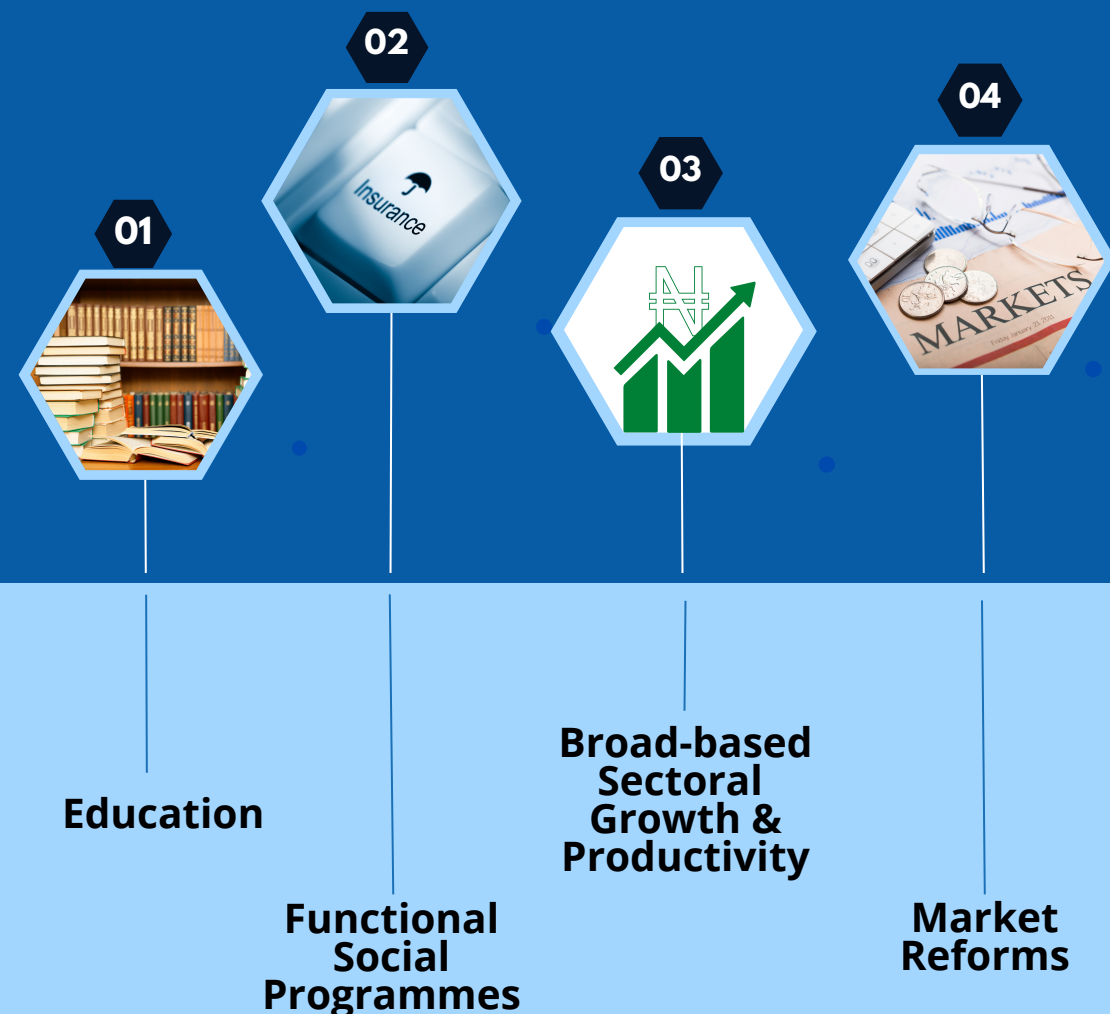
ACHIEVING SHARED PROSPERITY **IN** **NIGERIA**

FOUR CRITICAL THEMES

20
23 NESG
SPECIAL
REPORT



Critical Themes



Introduction

The Nigerian economy narrative is summarized by economic growth that does not translate into an improved standard of living for its citizens. In this regard, unemployment and poverty have been rising amidst economic growth, leading to high-income disparity. This situation is a fallout of skewed sectors' performance in favour of sectors that contribute less than 5 percent of Gross Domestic Product (GDP), macroeconomic instability and institutional deficiencies, amongst others.

Additionally, recent data released by the NBS showed that 62.9 percent (133 million) of its population is estimated to live in multidimensional poverty. Therefore, there is a dire need for shared prosperity in Nigeria.

In a bid to proffer lasting solutions and rewrite Nigeria's narrative, the Nigerian Economic Summit Group (NESG), in its 2023 Macroeconomic Outlook report, proposed an implementable Shared Prosperity Agenda (SPA) tailored to the nation's specific needs.

The SPA encapsulates a comprehensive, systemic and broad spectrum of concepts, views, and philosophies

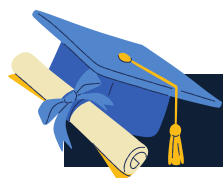
that captures existing socioeconomic context, distinctive circumstances and envisions a future for the economy by achieving specific developmental goals. In the domesticated SPA for Nigeria, as proposed by the NESG, Shared Prosperity defines a situation or state where every Nigerian has a decent standard of living measured by equitable access to economic opportunities, a low unemployment rate, high-quality education and healthcare, and the protection of lives and properties.

As a complex and multifaceted challenge, Shared Prosperity in Nigeria requires a comprehensive and structured approach. Despite Nigeria's enormous potential, given its large population and abundant natural resources, which offers the citizens the possibility of immense prosperity, achieving shared prosperity could be a daunting task.

Thus, to achieve shared prosperity in Nigeria, the SPA framework relies on two (2) core objectives—a competitive and sustainable economy & economic prosperity for all, twelve (12) guiding principles, four (4) strategic thrusts, eight (8) enablers, and (24) measurable targets (see NESG Macroeconomic Outlook 2023 for details).

Critical Themes

To leapfrog SPA in Nigeria, the NESG has espoused crucial and immediate action points in four (4) critical themes, including market reforms, education, functional social programmes and Broad-based sectoral growth.



1. EDUCATION

Education is critical to human capital development and achieving shared prosperity in Nigeria because it fosters economic growth and development. With Nigeria's population currently above 200 million, quality education will essentially raise the average standard of living, develop a well-skilled youth population and workforce, and eventually bridge the knowledge and brain drain gap in human capital development.

Over time, Nigeria's education sector has continued to operate at a sub-optimal level due to low investment, among other issues. Specifically, in 2021, education accou-

-nted for 8.5 percent of the FGN total budget and in 2023, the proposed budgetary allocation for the sector was raised to 10 percent, which is still below the UNESCO 25 percent benchmark. Achieving shared prosperity in Nigeria would therefore require gradual boosting of its annual expenditure efficiency and strategically devoting additional resources to the education sector.

No nation has achieved inclusive growth without a functioning educational system that provides quality education. The NESG report on Education: An Imperative Tool for Achieving Shared Prosperity in Nigeria highlights four (4) challenges in the education sector and proffers viable recommendations on how to jump-start the SPA through quality education.



2. FUNCTIONAL SOCIAL PROGRAMMES

Closely linked with the drive for quality education is **Functional social protection programme**. Poverty and inequality are related to low literacy rates in Nigeria, and it has been observed that food insecurity is one of the causes of the prevalent out-of-school children crisis.

Functional social protection programmes are public

measures that provide benefits to guarantee income security and access to essential healthcare, such as unemployment insurance and other contributory and tax-financed schemes.

For Nigeria, adequate social protection programmes such as social insurance, social assistance and labour market policies will guarantee income security, social security and other social benefits to the poor and individuals facing social and economic risks. Remarkably, successive administrations in Nigeria established several social protection programmes, most of which yielded little success due to low scale and coverage limit, high financial exclusion, lack of an updated database for beneficiaries, corruption, and inconsistency, among other challenges.

Establishing robust and functional social protection programmes across all sectors in Nigeria will reduce poverty and inequality and promote inclusive growth, creating shared prosperity.

Read the NESG report on **Achieving Shared Prosperity through functional social programmes** on the adequacy of social protection in Nigeria and feasible recommendations to revamp Nigeria's social programmes as a panacea for shared prosperity.

Critical Themes



3. BROAD-BASED SECTORAL GROWTH AND PRODUCTIVITY

Huge investment in the education sector and robust social protection programmes will improve Nigeria's socio-economic indicators, increasing the overall contribution of human capital to economic growth in the long run.

Beyond economic growth, economic transformation, broad-based growth and improved productivity across all economic sectors are drivers of growth in job opportunities and poverty reduction.

Furthermore, broad-based sectoral growth will hasten SPA by creating new economic activities that provide new sources of wealth for all Nigerians and improve the existing productive structure of the economy.

In the last decade (2015-2022), the country's economy has grown by an annualized 2.6 percent in real GDP despite two recessions. Over the past four decades, the GDP share of the industrial sector has declined from **60.1 percent in 1981 to 19 percent in 2022**. This poor performance resulted from low growth and productivity, excessive reliance on few sectors and the vulnerability of the country's productivity to internal and external shocks.

Nigerian's socioeconomic conditions and living standards will be improved by enhancing access to opportunity through implementing growth-promoting policies across all productive and non-productive sectors.

The NESG report on **Building a Stairway to a Shared Prosperity for all Nigerians** provided a simplified roadmap to bolstering and diversifying the Nigerian economy through broad-based sectoral growth and productivity.



4. FUNCTIONAL MARKET REFORMS

High and sustainable inclusive economic growth is only possible with a functioning market system highlights the need for **market reforms** that guarantee the unrestricted flow of economic activity across the supply chain so businesses can thrive regardless of size, industry, or origin. In addition, fun-

ctional market reforms create viable avenues for the government to efficiently and effectively generate tax revenue and optimize the use of such revenue to provide public goods and basic amenities that could foster productivity.

A Functional market system in Nigeria drives efficient and cost-effective production and service delivery across sectors of the economy, guarantees sustainable employment for the working age group, and creates business opportunities, competitive advantages and many more economic benefits required to achieve shared prosperity. In a vicious cycle pattern, in turn, the government will make extra income through a structured tax system and external trade surplus, among other profitable outcomes, which will eventually support the country's functional social nets, education sector and all other sectors of the economy. The NESG's report on **Market Reforms for Shared Prosperity in Nigeria: Lessons from China growth Miracle** provides a detailed narrative on the issues.

In conclusion, the four (4) NESG mini-reports on the critical themes for SPA hinted above are interconnected and should not be implemented in isolation. The integration of these four (4) themes will improve the living standards of all Nigerians if the recommendations proffered are tenaciously implemented.

NESG Research Reports



Visit www.nesgroup.org/research
to read for free

The NESG is an independent, non-partisan, non-sectarian organisation, committed to fostering open and continuous dialogue on Nigeria's economic development. The NESG strives to forge a mutual understanding between leaders of thought to explore, discover and support initiatives to improve Nigeria's economic policies, institutions and management.

About the NESG

Our views and positions on issues are disseminated through electronic and print media, seminars, public lectures, policy dialogues, workshops, specific high-level interactive public-private sessions and special presentations to the executive and legislative arms of government.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electronic, mechanical, photocopying, or otherwise without the prior permission of the Nigerian Economic Summit Group.

Copyright © 2023
Nigerian Economic
Summit Group

For a deeper conversation, collaboration and additional information with respect to this Report, please contact the following:

Dr. Olusegun Omisakin
Chief Economist & Head of Research
and Development
olusegun.omisakin@nesgroup.org

NESG Research & Development
research@nesgroup.org



📍 **THE SUMMIT HOUSE**
6, Oba Elegushi Street,
off Oba Adeyinka Oyekan Avenue,
Ikoyi, Lagos.
P.M.B 71347, Victoria Island, Lagos

📍 **ABUJA LIAISON OFFICE**
4th Floor, Unity Bank Tower,
Beside Reinsurance Building
Plot 785, Herbert Macaulay Way,
Central Business District, Abuja.