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Priorities for Shared Prosperity in Nigeria

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Abstract

Nigeria has been characterised by improving economic growth with no considerable impact on the living standards of its citizens. The country has, over time, been grappling with weak economic growth, accompanied by high poverty, increasing cost of living, rising unemployment and widening income gaps. Reversing this unimpressive socioeconomic narrative requires the need for shared prosperity. As proposed and domesticated for Nigeria by the NESG in the 2023 Macroeconomic Outlook Report[1], the ***Shared Prosperity Agenda (SPA)*** entails achieving broad-based economic growth, job creation, poverty reduction, and reduced inequality for all Nigerians. The SPA framework relies on ***two (2) core objectives*** – a competitive and sustainable economy and economic prosperity for all, twelve (12) ***guiding principles,*** four (4) strategic thrusts, eight (8) ***enablers,*** and ***measurable targets.*** This article outlined the fundamental requirements to foster shared prosperity in Nigeria.

Introduction

Over time, Nigeria's economy has faced a wide range of challenges that have shaped its socioeconomic outcomes. While the economic gains and progress of early 2000, due to a wide range of economic and policy reforms, unleashed a new optimism however the overall socioeconomic performance of recent years have been abysmal. Going by different projections, the economic outlook for 2023 - 2025 remains pessimistic for Nigeria, with only moderate economic growth — which is not enough to tackle unemployment, reduce poverty incidence, and address other socioeconomic challenges. Nigeria has vast opportunities considering its resource endowments and large population size. However, the physical and human resources remain underutilised, with implications for the country's realisation of shared prosperity. Gauging the performance of the Nigerian economy overtime against the shared prosperity targets is critical to identifying the outcome-target gap and tackling the underlying drivers of the wedge between the actual and the desired states of shared prosperity in Nigeria.

First, Nigeria's quest for structural economic transformation is age-long. The country depends mainly on crude oil as its primary source of foreign exchange, although the sector contributes less than 10 percent to the national output and little to job creation. Economic growth averaged 2.2 percent from 2013 to 2022. Similarly, the Industrial sector remains underdeveloped, contributing an average of 23 percent to national output and negatively to growth over the same period. This reflects the skewed sector growth in favour of the Agricultural and Services sectors, which accounted for over 70 percent of the national output and contributed substantially and positively to economic growth in the past decade (2013-2022). Nigeria's slow pace of industrialisation is also reflected in the sub-optimal manufacturing capacity utilisation, which has hovered around 50 percent over the years. This has, in turn, undermined the potential of the Industrial sector to contribute significantly to national output, economic growth and job creation.

Furthermore, the Industrial and Manufacturing sector's contributions to the total employment as of 2017 stood at 9.6 percent and 7 percent, respectively. However, the Agricultural and Services sectors accounted for 48.2 percent and 42.2 percent of the total employment, respectively. This suggests that Nigeria requires structural economic transformation and growth led by the private sector to achieve a strong and globally competitive economy. This is imperative, considering Nigeria accounted for a meagre 0.4 percent and 0.6 percent of the global output in 1990 and 2021, respectively. Similarly, the country's share of global external trade value is low, at 0.3 percent and 0.2 percent, respectively, in 1990 and 2021. In addition, Nigeria is still ranked among the bottom 20

[1]The Report is accessible via: https://nesgroup.org/download_resource_documents/2023%20Macroeconomic%20Outlook_1674012875.pdf

countries on the Global Competitiveness Index (GCI), with its global ranking hovering around 112th and 127th between 2015 and 2017. Specifically, with 48.3 out of 100 points, Nigeria ranked 116th out of 140 countries on the GCI in 2019.

Moreover, sharing the economic pie is as complex as building the economic pie in the first place. The oil-rich Africa's largest economy is now home to many global poor, surpassing India in 2018. Nigeria is also battling the highest prevalence of severe malnutrition in Africa, with about 2 million children being affected. As of 2018, about 44 percent of children have stunted growth in the country (World Bank, 2018). Nigeria ranked 103rd out of 121 countries on the global hunger index in 2022. These unimpressive social statistics directly result from acute food insecurity, rising internally displaced persons, an unhealthy environment, and a lack of access to quality healthcare (World Bank, 2017). Consequently, Nigeria has one of the world's poorest human capital indices (education and health outcomes). Aside from the considerable health infrastructural gap, Nigeria has lost many medical professionals to brain drain, leading to personnel inadequacy in the Health sector.

The low presence of infrastructural development and wide access gap reinforces that Nigeria's economic pie remained primarily skewed in favour of the high-income class and the political elite. As of 2019, about 60 percent of Nigerians have access to electricity. Meanwhile, being connected to the national grid does not guarantee a stable power supply. Owing to the inefficiencies in the Power sector, Nigeria could only distribute about 4,000 MegaWatts (MW) to end-users, far below the installed power generation capacity of 16,384MW. The country requires investments worth US$100 billion over the next 20 years to provide a stable power supply[2]. Compounding the country's socioeconomic woes is the vast regional disparity in development outcomes. The Northern region is Nigeria's poverty capital, having the worst socioeconomic indices, including poverty, literacy rate, primary school enrolment, per capita income, mortality rates, out-of-school children, and income and gender inequality.

In addition to worsening socioeconomic conditions as highlighted above, the poor and vulnerable groups appear excluded from enjoying the economic pie. Currently, the national social register has only profiled about 50 million beneficiaries, representing about 38 percent of the 133 million Nigerians suffering from multidimensional poverty as of 2021. This suggests that leaving many people behind would continue to threaten the country's social stability and elevate insecurity, as statistics depict. In 2021, the pace of conflicts in the Northern region at 3,188 cases far outweighed the Southern region's 1,744 cases (World Bank, 2021). In 2022, Nigeria ranked 16th out of 179 countries on the Global Fragile States Index and 143rd out of 163 countries on the Global Peace Index. To curtail insecurity, the Nigerian government has, over time, spent hugely on the security architecture at the expense of social services and infrastructural development.

To this end, comprehensive and system-driven economic reforms are needed to change Nigeria's economic trajectory from a weak, non-inclusive and highly vulnerable narrative to one with the guiding principle of creating economic value and benefits for all. However, driving this economic agenda requires reforms that ensure a conducive and enabling environment for generating economic benefits and prosperity. It also requires that no one is left behind in this process. Accordingly, Nigeria needs an economic vision driven by clear, implementable, consistent policy reforms and an agenda for shared prosperity.

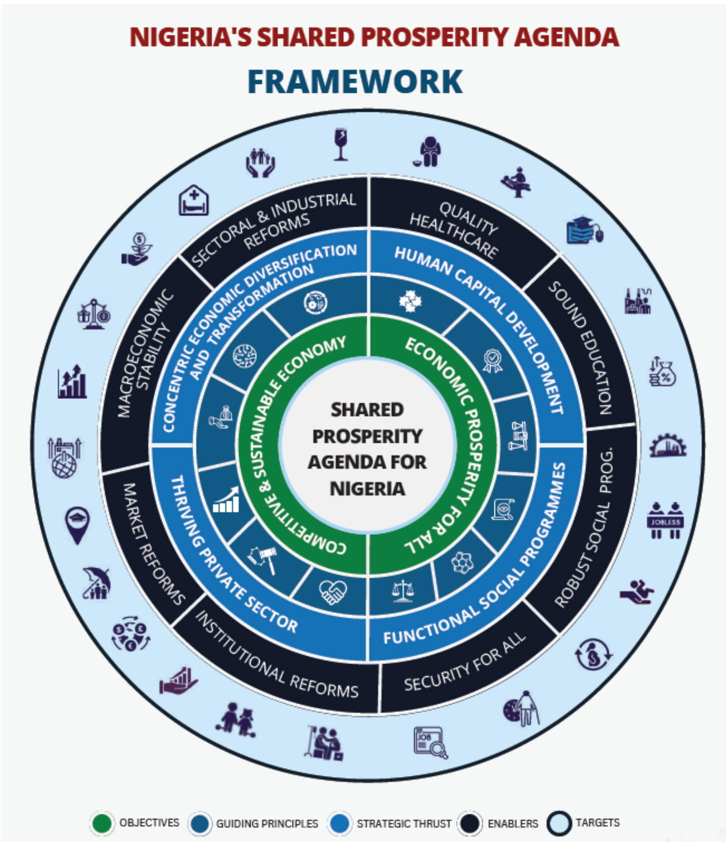
[2]See Nigeria country commercial guide, Electricity and power systems, retrieved from: www.trade.gov/country-commercial-guides/nigeria-electricity-andpower-systems

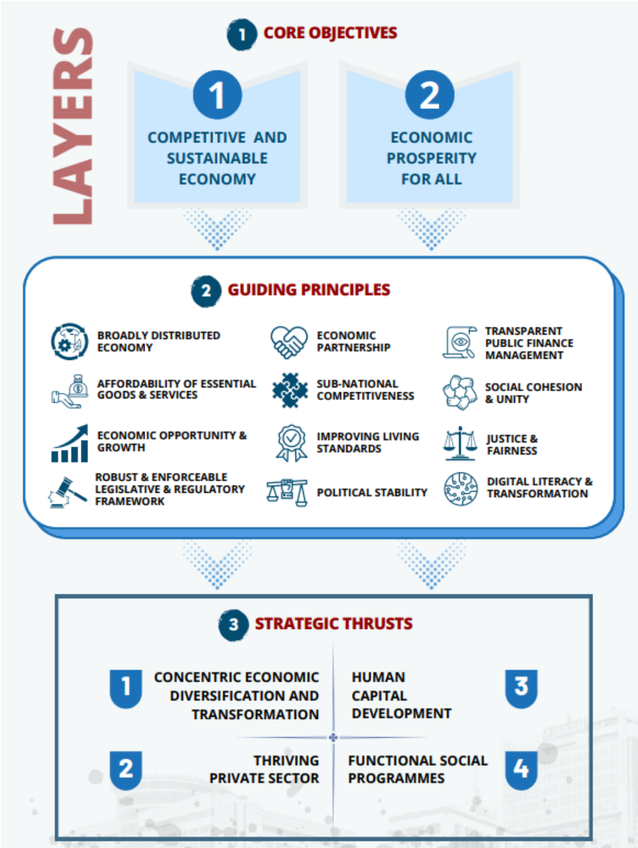
Shared Prosperity: What It Means For Nigeria

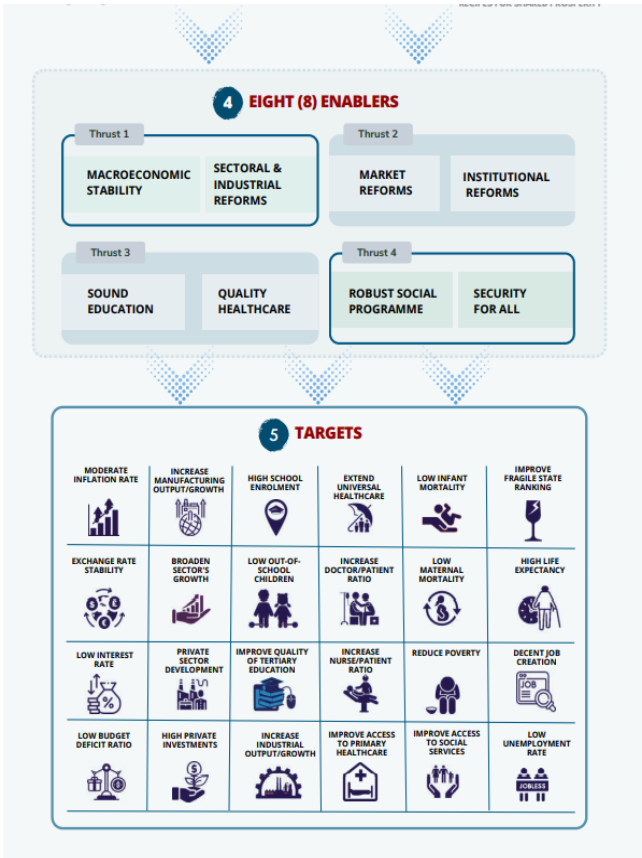
Generally, Shared Prosperity aims to address developmental imbalances, including widening economic inequalities. Due to this, Shared Prosperity's measures, strategies, and focus can be tailored for each country based on its unique characteristics and needs. In light of Nigeria's developmental needs and goals, the NESG conceives **Shared Prosperity** as a *"situation or state in which every Nigerian enjoys a decent standard of living measured by equitable access to economic opportunities, including decent jobs, quality education and health care, along with the protection of lives and properties".*

The first component is ***creating a competitive economy with high and sustainable growth.*** If realised, the targets - which align with the country's long-term development goals in the National Development Plan 2021-2025 and Nigeria's Agenda 2050 - could revitalise the private sector to drive economic wealth creation needed to be shared. The second component focuses on ***creating an equitable and inclusive society, both economically and socially.*** This component brings to life the establishment of a robust institutional structure and systems that support the construction of a united, peaceful, and prosperous nation.

The **Shared Prosperity Agenda** (SPA), as proposed by the NESG, is not only based on expanding the economic pie to be shared but also ensuring that the income disparity is narrowed. The underlying principle is not to redistribute a percentage of an existing pie but to continuously expand the size of the pie and share it to improve the citizens' quality of life. Sustainably expanding and sharing prosperity entails monetary and non-monetary dimensions of economic efficiency and well-being for the current and future generations. The SPA proposes reforms that promote broad-based economic growth, create jobs, reduce poverty and inequality, and ensure prosperity for all. If well implemented, the SPA could transform Nigeria into a prosperous country with a thriving middle-income class.







DISSECTING SHARED PROSPERITY AGENDA FOR NIGERIA

Objective 1: Competitive and Sustainable Economy

Nigeria's aspiration to build a competitive economy and achieve sustainable economic progress has not been attained. Successive administrations since the 1960s have outlined these goals - building a competitive economy and achieving sustainable economic growth - as their focal points. The state of the Nigerian economy now confirms that these goals are far from being achieved and still relevant to the country's development. In the proposed SPA framework for Nigeria, achieving these goals are essential in increasing productivity across all sectors, creating new opportunities and economic wealth. The potential outcomes of building a competitive and sustainable economy are robust economic growth, job creation and a reduction of the extreme poverty rate in Nigeria. This objective has two (2) strategic thrusts - concentric economic diversification & transformation and a thriving private sector - that are needed to achieve this core objective.

Strategic Thrust 1: Concentric Economic Diversification and Transformation

The heavy concentration of economic growth in a few sectors; Low growth and productivity across sectors of the economy; The slow pace of industrialisation and economic transformation; and low investment inflows into productive sectors of the economy. Nigeria needs to achieve broad-based growth and improved productivity across all the sectors of the economy to create wealth that will be available for all to share.

Consequently, improving the country's economic dynamics by achieving concentric economic diversification and transformation is a significant milestone in creating economic prosperity. This is so because achieving this strategic thrust - concentric economic diversification and transformation is a prerequisite for higher investments (domestic and foreign), high economic growth, and improved sectoral performance. The main enablers of this thrust are (1) Macroeconomic Stability and (2) Sectoral and Industrial Reforms. In addition, to achieve shared prosperity through concentric economic diversification and transformation in Nigeria, the NESG proposes the following recipes[3].

Action Points for Macroeconomic Stability	Action Points for Sector Reforms
Boost foreign exchange availability	Step-up industrialisation through digitalisation
Ensure appropriate pricing and management of foreign exchange	Facilitate trade by removing all export and foreign exchange restrictions
Improve government revenue to shore up the fiscal space	Develop an agricultural value chain that integrates agro-processing industries
Inflation control	Reduce infrastructural deficit by leveraging alternative financing

Strategic Thrust 2: Thriving Private Sector

Nigeria's development experience and the quest for prosperity have attested to the critical role played by the private sector in realising these dreams. In addition to creating well-functioning markets, the private sector drives economic growth, which improves social and income mobility for the poor. Improving the social and economic mobility of the poor through equitable economic opportunity distribution is critical to achieving Nigeria's Shared Prosperity. It is, therefore, critical to position the private sector as a significant player in the country's pursuit of poverty eradication and shared prosperity.

Nigeria's private sector, proxied by the Micro, Small and Medium Enterprises (MSMEs) industry, accounted for 49.7 percent of the Gross Domestic Product (GDP), 96.7 percent of firms and 87.9 percent of the labour force (SMEDAN & NBS, 2021). The ecosystem is generally expanding but is dominated by small businesses operating in the informal economy. Growing Nigeria's private sector is important for two (2) major reasons: (a) Creation of economic opportunities and prosperities; (b) Strengthen Nigeria’s pursuit of pro-poor economic outcomes such as job creation, and reducing poverty, among others.

The enablers of a thriving private sector are as follows (1) Macroeconomic Stability; (2) Market reforms, mainly accentuating the role of the private sector, appropriate pricing, and a stable business environment; and (3) Institutional reforms. In addition, to achieve shared prosperity through a thriving private sector in Nigeria, the NESG proposes the following recipes[4].

Action Points for Market Reforms	Action Points for Industrial Reforms
Review trade policies to support and deepen competition	Improve institutional efficiency
Deepen and broaden the standard of goods produced	Adequate training and re-training of law enforcement agencies
Reform the tax system for improved tax mobilisation	Expand access to legal services and create awareness of the same

[3] For full details on the recipes for shared prosperity, refer to the NESG Macroeconomic Outlook for 2023, retrievable via: https://nesgroup.org/download_resource_documents/2023%20Macroeconomic%20Outlook_1674012875.pdf
[4] Ibid

Objective 2: Economic Prosperity for All

Ensuring shared prosperity requires inclusive growth and development that bridges economic and income disparities. Promoting socioeconomic inclusion and leaving no one behind is possible by building resilience through social programs and interventions. As highlighted in Nigeria's Shared Prosperity framework, the objective of economic prosperity for all revolves around two (2) strategic thrusts - human capital development and functioning social welfare programmes.

Strategic Thrust 3: Human Capital Development

One of the major factors inhibiting Nigeria's economic development has been the brain drain and knowledge gap in human capital. Knowledge as a significant driver of economies of scale can be increased by investing in education and providing better health services, which is the nation's human capital formation. An equipped labour force, a stable economic environment, a thriving private sector and robust social welfare programmes are crucial in attaining Shared Prosperity in Nigeria. However, developed human capital will only be actualised if some fundamental enablers operate efficiently. These fundamental enablers of human capital development include:

(1) The Education sector with a target to improve access to essential skills, improve the quality of higher education, and reduce the number of Youth (aged 15-24 years) Not in Education, Employment or Training (NEET) and,

(2) The Health sector with a target to increase health service delivery, extend Universal Health coverage, and reduce infant and maternal mortality.

Unless the huge regional disparity in human capital outcomes in Nigeria is urgently addressed, the actualisation of SDG goal 3–equitable access to quality healthcare– and SDG goal 4– equitable access to quality and affordable education–would remain a daunting exercise. In addition, to achieve shared prosperity through human capital development in Nigeria, the NESG proposes the following recipes[5].

Action Points for Education	Action Points for Health
Empower Youth with skills and talent development	Encourage the digitisation of healthcare services
Improved education funding to prepare the Youth for the fourth industrial revolution	Encourage massive investment inflow into the health sector
Need to embrace digitalised learning	Better working conditions are needed to avert brain drain
Need for a school curriculum that reflects specific and dynamic industry needs	Collate relevant health-related statistics regularly for adequate planning

Strategic Thrust 4: Functional Social Programmes

Robust Social Programme underlined by social protection targeted at the most vulnerable group. Security for All eliminates all national security threats and delivers peace and national cohesion. The assertion of the Nigerian President, in the 2020 new year's message, to lift a hundred million Nigerians out of extreme poverty over the next ten years has been a wild goose chase as poverty headcount has since increased to 90 million people in 2022 from 82.9 million people in 2019 (World Bank, 2022). A major inhibiting factor has been the oblivious existence of poorly captured and weak social programmes exhibited in poor social welfare programmes and insecurity and safety.

[5] Ibid

To set the foundation for realising Shared Prosperity, Nigeria must develop and ensure a well-functioning social welfare programme, developed human capital, a competitive economic environment, and a thriving private sector considering their interrelatedness. Furthermore, a functioning social programme is contingent on essential enablers, including (1) Robust Social Programme underlined by social protection targeted at the most vulnerable group; (2) Security for All that eliminates all national security threats and delivers peace and national cohesion. In addition, to achieve shared prosperity through functional social programmes in Nigeria, the NESG proposes the following recipes[6].

Action Points for Robust Social Programmes	Action Points for Security for All
Capacity building for program delivery at scale at the sub-national level	Boost security capacity and reduce threats and counter-terrorism
Support participation in the informal sector by extending the reach of social safety nets	Explore forensic and digitalised security system
Increase the number of vulnerable Nigerians that are captured	Reform governance and minimise corruption through accountability and digitalisation
Further advances in the development and use of data systems	Partnership and coordination for rapid response

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[6] Ibid

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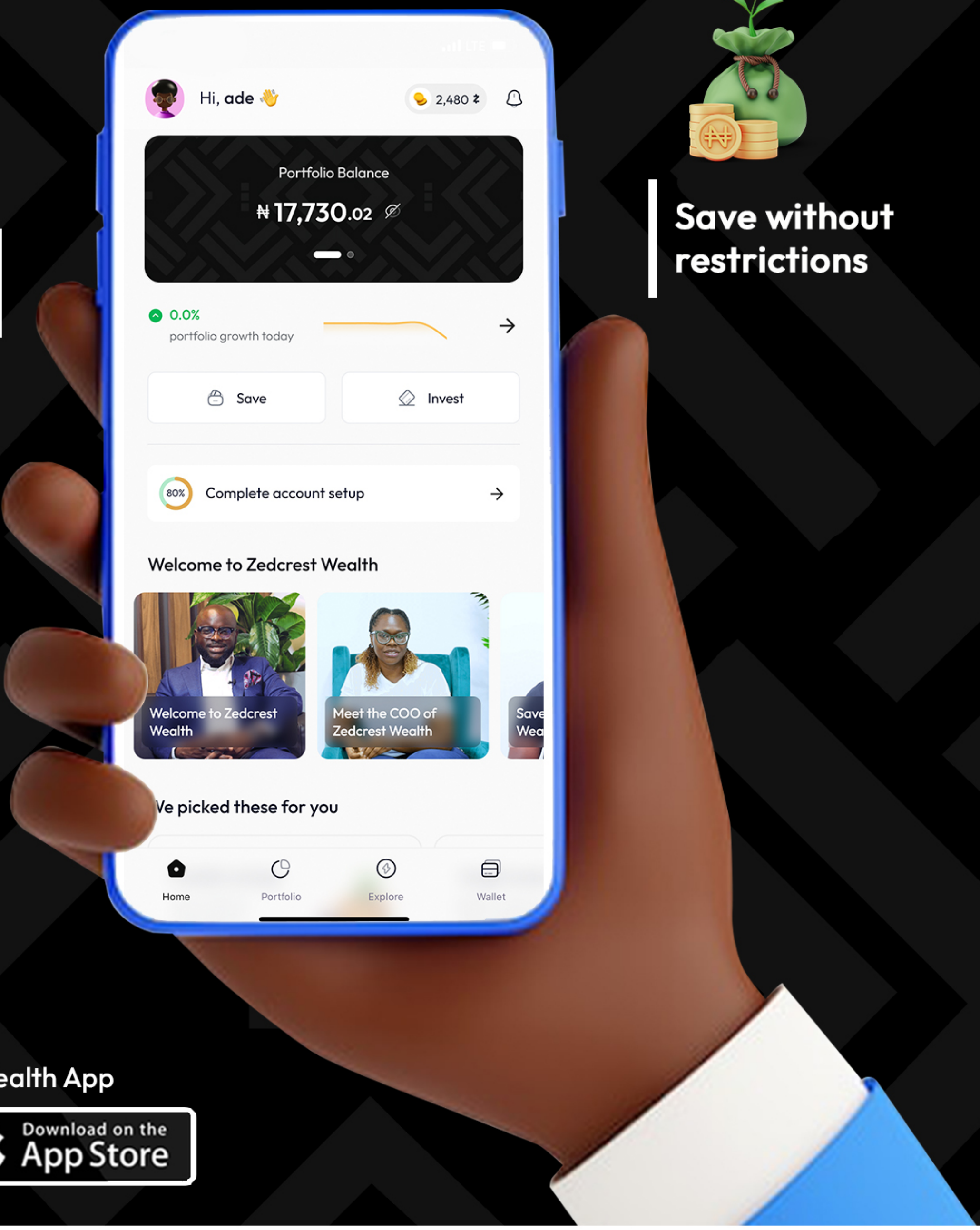

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Education: An Imperative Tool For Achieving Shared Prosperity In Nigeria[7]

NESG Research

[7] For an expanded discussion on this subject matter, refer to the NESG mini-report series, retrievable via: https://nesgroup.org/download_resource_documents/Education%20An%20Imperative%20Tool%20for%20%20Achieving%20Shared%20Prosperity%20in%20Nigeria_1686066322.pdf

Abstract

As a complex and multifaceted challenge, achieving shared prosperity in developing countries like Nigeria requires a comprehensive and structured approach. The poor and deteriorating socioeconomic outcomes over time have shown that the country's shared prosperity agenda must be reviewed. This cannot be done in isolation of a functional and inclusive education system. However, Nigerian education faces perennial challenges, such as low funding, out-of-school children crisis, and outdated school curricula, among others. This paper examined the central role of education in achieving shared prosperity in Nigeria, identified the key challenges confronting the Education sector, and proffers measures geared at revamping the deplorable state of education as part of efforts towards achieving shared prosperity in Nigeria.

Introduction

Achieving shared prosperity has become increasingly crucial as country experiences show that economic growth does not always translate into lower inequality and poverty reduction. A country that has achieved shared prosperity could be said to have made significant investments in human capital development, with the outcome being a more inclusive society. However, this is not the case in Nigeria with low human capital index stood at 0.36 points, corresponding to its ranking of 168th out of 174 countries in 2020[8]. This could be attributed to inadequate funding of education, limited capacity to harness citizens' human capital potential – resulting in brain drain, high level of school drop-outs and child labour. Consequently, weak human capital development in Nigeria has contributed to poor socio-economic outcomes. For instance, approximately 133 million Nigerians were estimated to live in multidimensional poverty in 2021, a 36 percent increase from 97.8 million in 2019 (World Bank, 2022; NBS, 2022).

Meanwhile, the NESG, in the 2023 Macroeconomic Outlook Report, proposed a Shared Prosperity Agenda tailored to the nation's specific development needs. The agenda focuses on four (4) strategic thrusts, including concentric economic diversification and transformation, a thriving private sector, functional social programmes and human capital development. As one of the critical components of human capital development, quality education is critical to achieving shared prosperity as it constitutes an important ingredient required to raise living standards, reduce poverty and narrow income gaps. To this end, achieving shared prosperity without quality and fundamentally relevant education is nothing but a mirage.

THE CENTRAL ROLE OF EDUCATION IN ACHIEVING SHARED PROSPERITY

Education is essential for inclusive growth and development, raising a nation's average standard of living and developing a skilled youth population. Below is the critical importance of education in achieving Shared Prosperity.

- **Pivotal to economic development:** Education is essential for economic development and shared prosperity. It positively impacts economic prosperity and is linked to other aspects, such as employment, health, and innovation.

- **Central to human capital development:** Investment in education is pivotal to achieving improved human capital development. It enhances productivity, technological advancements and economic growth, thereby contributing significantly to economic prosperity for individuals and the country.

[8] See https://data.worldbank.org/indicator/HD.HCI.OVRL?locations=NG

- **Important for poverty reduction:** Education is one of the fastest routes out of poverty. This is because educated individuals make informed decisions about financial management, health, earnings potential, and escaping the cycle of poverty.

- **Essential in harnessing the demographic bulge:** Education as an engine of growth is essential to harness the expected demographic bulge as the country's population rises.

- **Critical to achieving a fair and equitable society:** Education is a prerequisite for equal opportunities, gender equality, civic activities engagement, and social cohesion.

CHALLENGES IN NIGERIA'S EDUCATION SECTOR

Nigeria's education sector has faced several perennial challenges which require urgent redress to improve education outcomes. Some of these critical challenges include but are not limited to the following;

- **Low Investment:** Low investment in education is linked to many challenges, such as poor remuneration, lack of quality teachers, low-quality technical and vocational education and training programmes, poor quality education, and outdated curricula. In 2023, about 8.2 percent of the FGN budget was allocated to the Education sector (see Budget Office of the Federation, 2023). This is far from UNESCO's 25 percent benchmark (Adeleke & Alabede, 2022).

- **Outdated Curricula:** The state of the Nigerian education curricula has been identified as a prominent factor contributing to high youth unemployment. Outdated curricula have produced graduates without the necessary knowledge and skills for gainful employment. The youth unemployment rate stood at a colossal 42.5 percent in 2020 (NBS, 2021).

- **High incidence of out-of-school children:** In 2019, about 7.1 million children aged 6-17 had not attended school, and 5 million had dropped out, resulting in an estimated 12.1 million out-of-school children in 2019 (World Bank & IIEP-UNESCO, 2021). The headcount of out-of-school children has grown to 19.7 million in 2020, with Nigeria having the world's third largest population of out-of-school children after India and Pakistan (UNESCO, 2022).

- **Challenges with policy formulation and implementation:** The education sector needs help with policy formulation, implementation, and duplication of policies, leading to poor educational outcomes.

CONCLUSION AND POLICY RECOMMENDATIONS

Nigeria is currently the world's poverty capital after surpassing India in 2018. Education as a pivot for improved human capital development is essential for Nigeria to achieve shared prosperity, reduced poverty and better living standards. Poor education lowers employment opportunities and negatively affects the transition to high social status. Therefore, the government and policymakers must prioritise education by undertaking the following measures:

- **Expand resources to the education sector:** Investment in specialised fields such as Science, Technology, Engineering and Mathematics (STEM) would promote an adequately prepared young population. The Technical and Vocational Training (TVET) scheme and teacher training initiatives would also benefit from increased investment in promoting skill acquisition.

- **Empower youths with skills:** The TVET programmes are critical to skill acquisition and job creation. One such programme launched by the Federal government in 2022 is the Project T-MAX scheme, which aims to equip Nigerians with technical and vocational skills. TVET programmes can also be supported by equipping attendees with entrepreneurial skills needed for self-employment.

- **Revamp school curriculum to reflect industry needs:** There is a need to reform the school curriculum to reflect industry needs and develop competencies valuable to the private sector. There is also a need for internship schemes to be tied to specific skills to improve youths' employability potential.

- **Need to embrace digital learning:** Digital learning supports a broader reach in providing educational services and promotes independent learning. In addition, it can be pivotal in educating the out-of-school population and promoting literacy and numeracy among this group supporting inclusive education.

- **Influence socio-cultural norms for inclusive education:** There are still wide disparities in school enrolment for boys and girls. Cultural beliefs about gender roles hinder girls from receiving an education. These beliefs could be reversed through regular public sensitisation and rolling out of scholarship opportunities to outstanding male and female students at different levels of education.

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The Imperative Of Medical Entrepreneurship In Addressing Physicians' Brain Drain And Health System Strengthening In Nigeria

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Abstract

A motivated health workforce is central to strengthening health systems. Low and lower-middle-income countries face shortfall in health workers as a result of health workers' brain drain despite a projected 40 million new health jobs by 2030 globally. We seek to assess the role of medical entrepreneurship in addressing health workers' brain drain as an alternative paradigm to strengthen the health system in Nigeria. We conducted a descriptive, cross-sectional study with 300 Nigerian physicians electronically filling out questionnaires. The data were then statistically analysed. Nearly half (49.3 percent) of the respondents are ≤ 35 years of age, and 23 percent are females. Two-thirds intend to migrate, especially to middle eastern countries and the United Kingdom. The push factors are poor remuneration, a worsening economy, reduced access to training and equipment, insecurity and poor infrastructure. Most (88.3 percent) intend to engage in medical entrepreneurship, and 79.4 percent of the physicians agreed that engaging in medical entrepreneurship will prevent them from migrating. There is a need to support health workers in medical entrepreneurship to improve their income and reduce their aspiration to migrate from Nigeria. This will also encourage diaspora health workers to return or invest in Nigeria through brain gain and brain circulation and has made Nigeria a medical tourism hotspot with the consequent economic advantages.

Introduction

A motivated health workforce is central to strengthening health systems. Despite a projected 80 million-health jobs demand by 2030 globally, 65 million jobs are predicted to be supplied, creating a net deficit of 15 million workers. Low and lower-middle-income countries face this shortfall from health workers' brain drain (Jenny & Liu, 2017). The brain drain of healthcare workers is "the movement of health personnel in search of a better standard of living and life quality, higher salaries, access to advanced technology and more stable political conditions in different places worldwide (Misau, 2010).

The history of brain drain is traced to the 1940s after the world wars when European professionals migrated primarily to the United States of America, but the term 'brain drain' was coined in the 1960s in response to a large number of trained scientists, physicians and university teachers leaving developing countries. (Schnidman, 2006) The World Health Organization (WHO) estimates a global shortage of health workers at more than 4 million. Sub-Saharan Africa has the highest rate of physicians' brain drain, with an average rate of 20 percent compared to 10 percent in all regions (Docquier, 2011).

Medical entrepreneurship is a medically-oriented business model that creates new business opportunities in the healthcare industry that meet the needs, demands, and changes in medicine, biotechnology, and social entrepreneurship. (Lukman, 2023). This study aims to assess the migration intention, career change plan and medical entrepreneurship intention among Nigerian physicians and explore the role of medical entrepreneurship in strengthening the health workforce by preventing career change and migration outside the country. This can potentially increase physicians' retention, tackle brain drain and encourage brain gain and circulation.

METHODOLOGY

This study relied on a cross-sectional survey among Nigerian physicians using a semi-structured interview in google forms format. We shared the link to individual and professional WhatsApp group platforms to assess the role of medical entrepreneurship in addressing physicians' brain drain in Nigeria in December 2019, on the verge of the COVID-19 pandemic. The sample consists of three hundred (300) physicians in Nigeria selected by purposeful sampling technique. Prospective respondents filled out the questionnaires electronically anonymously. A Microsoft Excel spreadsheet version of the data was generated and exported from the google forms responses.

The data was then cleaned, coded and transferred using Statistical Product and Service Solutions (SPSS) 16.0. Descriptive statistics were obtained using frequencies, while inferential statistics were done with Chi-square and binary logistic regression tests with a p-value set at 0.05 and a confidence interval of 95 percent. We explored medical entrepreneurship intention using Shapero's model, which assesses the perceived desirability, perceived feasibility and perceived propensity to act. Each of the three has multiple questions, and each question is measured using a 5-item Likert scale (with one and five signifying 'less likely' and 'most likely' respectively). The mean of all questions under a factor indicated the score.

RESULTS

Three hundred (300) respondents electronically filled out the online questionnaire. The respondents were majorly those living in northern Nigeria. Males constituted 77 percent, while there was an equal distribution between respondents aged ≤35 years and >35 years (49.3 percent and 50.7 percent). Most respondents were married (82 percent), and 60 percent had less than three children. Most respondents got their undergraduate medical education locally, and only 15.8 percent had part or full foreign postgraduate training (see Table 1).

Table 1: Sociodemographic information

Indicators		percent (n=300)
Age (years)	*≤35 years*	148 (49.3)
	>35 years	50.7 (152)
Gender	*Female*	23 (69)
	Male	77 (231)
Marital status	*Unmarried*	18 (54)
	Married	82 (246)
Number of children	*0-2*	62.8 (108)
	≥3	37.2 (64)
Place of undergraduate education	*Nigeria*	94.3 (283)
	Foreign Country	5.7 (17)
Place of postgraduate education	*Nigeria*	85.2 (235)
	Foreign country	15.8 (44)

Source: Author's Field Survey

Most respondents work solely in public hospitals (74 percent), with the remaining having additional private medical practice, and only 29.3 percent were specialist consultants compared to 70.7 percent as either trainees, basic medical science academics or medical officers. Seventy-two percent (72 percent) practised for ten years and below, 51 percent held administration positions, and only 43 percent received a monthly remuneration of more than US$1,000. A few had entrepreneurship courses during their undergraduate, formal entrepreneurship training (22.3 percent and 12.3 percent), while 40 percent had a family entrepreneurship background, and 46.7 percent had previous entrepreneurship exposure (see Table 2).

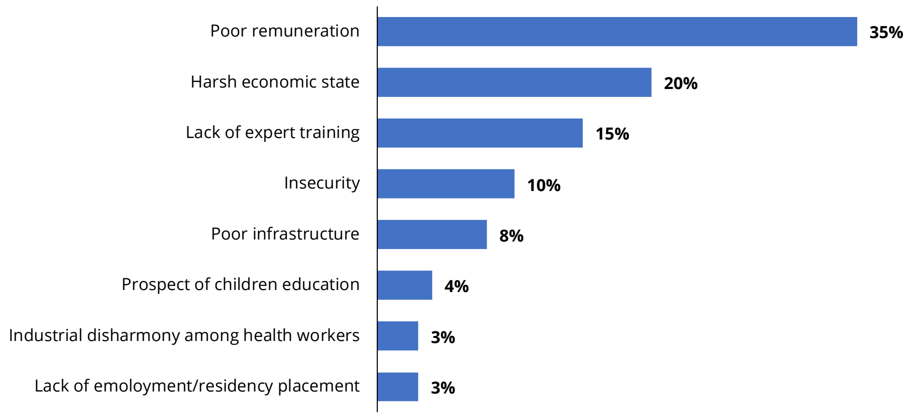
Table 2: Workplace and entrepreneurship background information

Indicators		percent(n=300)
Place of practice	*Public*	74 (222)
	Private/Additional private	26 (78)
Cadre	*Trainees, medical officers, academic non-clinical*	70.7 (212)
	Specialists (Consultants)	29.3 (88)
Years of practice	*≥10 years*	72 (216)
	>10 years	28 (84)
Monthly remuneration	*$1,000*	57 (171)
	>$1,000	43 (129)
Previous Undergraduate entrepreneurship courses	*Yes*	22.3 (67)
	No	77.7 (233)
Previous professional entrepreneurship training	*Yes*	12.3 (37)
	No	87.7 (263)
Family entrepreneurship background	*Yes*	40 (120)
	No	60 (180)
Previous entrepreneurship exposure	*Yes*	46.7 (140)
	No	53.3 (160)

Source: Author's Field Survey

Two-thirds (66.3 percent) had the intention to migrate outside Nigeria, and the major destinations are the Middle Eastern countries (Saudi Arabia - 32.2 percent, United Arab Emirates - 12.4 percent), United Kingdom (31.2 percent), United States of America (6.4 percent) and Canada (6.4 percent). The main push factors include poor remuneration, a harsh economic state in Nigeria, lack of exposure to training and sophisticated equipment, inadequate infrastructure and equipment, and insecurity. (see Figure 1). About 52.2 percent of the respondents will not be willing to migrate if the increased remuneration is not up to 300 percent.

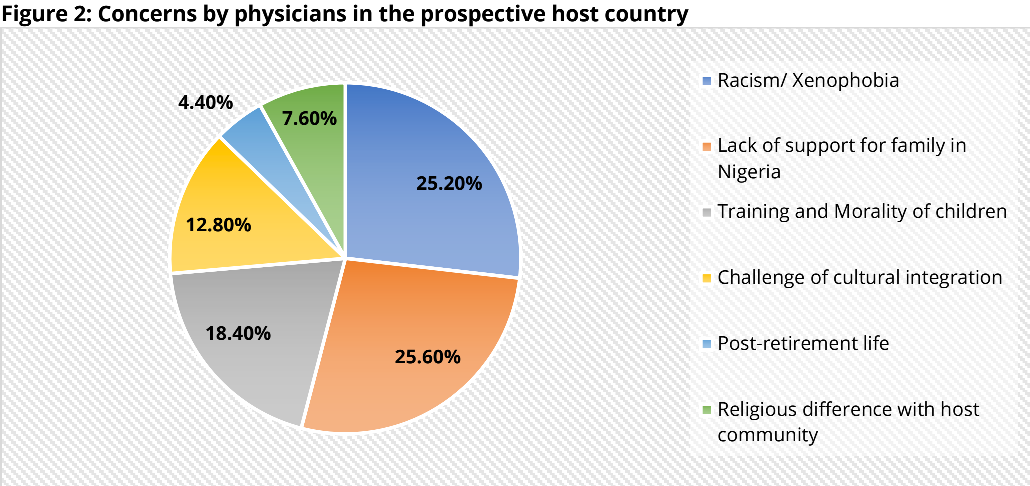
Figure 1: Push factors for migration



Source: Author's Field Survey

After migrating, the respondents' primary concerns are a lack of physical support for the family left in Nigeria, racism and xenophobia, training and moral upbringing of children, lack of cultural integration and religious difference with the host community (see Figure 2). The result showed that physicians with less than three children and those with previous entrepreneurship exposure have more intention to migrate with significant association x2 =0.08, OR 1.92 (CI 1.18-3.13 and x2=0.027, OR 2.03 (CI 1.08-3.82) respectively.

Figure 2: Concerns by physicians in the prospective host country



Source: Author's Field Survey

Only a third of the respondents (31.7 percent) planned a career change outside healthcare, and the most preferred disciplines are agribusiness (41.2 percent), trading (17.5 percent), manufacturing (88.2 percent) and export-import business (8.2 percent). Younger age groups, females, those with fewer children and junior physicians are more willing to change careers. There is a significant association between career change plan and age, gender, number of children and career position with x2 =0.023, OR 1.76 (CI 1.08-2.89, x2=0.043, OR 0.53 (CI 0.28-0.99), x2 =0.08, OR 1.92 (CI 1.18-3.13 and x2=0.027, OR 2.03 (CI 1.08-3.82) respectively.

The majority (88.3 percent) intend to engage in medical entrepreneurship. Shapero's model showed that the respondents had an increased likelihood for desirability (4.04/5) and propensity to engage (4.04/5) in medical entrepreneurship in Nigeria. The preferred medical entrepreneurship sectors include establishing a clinic or a hospital, pharmaceutical business, hospital equipment and consumables retail and medical education and training. The perception of the feasibility of medical entrepreneurship was moderate (3.16/5) in Nigeria.

The significant challenges affecting medical entrepreneurship in Nigeria include lack of access to funding (51.1 percent), high cost of doing business (23.2 percent), lack of laws to support start-ups (14.3 percent) and lack of skilled human resources (5.7 percent). Family entrepreneurship background and previous entrepreneurship experience are associated with increased willingness to engage in medical entrepreneurship with x2 =0.28, OR 2.47 (CI 1.08-5.64 and x2=0.028, OR 2.41 (CI 1.11-5.21), respectively. Engagement in Medical entrepreneurship through creating opportunities and funding will prevent brain drain and planned career change by 79.4 percent and 68.3 percent of the respondents, respectively, and nearly two-thirds (64.5 percent) will not migrate if their monthly remuneration is increased by 300 percent.

DISCUSSION

The World Health Organization (WHO) recommended a doctor-population ratio of 1:600, but the ratio has worsened in Nigeria to 1: 4,000-5,000 (Onah, 2022). Only about half of the 72,000 registered doctors practice in Nigeria, according to the Medical and Dental Council of Nigeria (MDCN), and currently, the doctor population ratio is 1:10,000 in urban areas and 1:22,000 in rural areas (Ogundipe, 2019). The number of doctors emigrating has doubled since 2016 (Nwankwo, 2019). The estimated amount African nations spend to train each doctor is US$21,000 to US$59,000. Also, nine (9) countries – Ethiopia, Kenya, Malawi, Nigeria, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe have lost about US$2 billion in training doctors who migrate to other countries. On the other hand, the UK saved US$2.7 billion by recruiting doctors from other countries (Mo Ibrahim Foundation, 2018).

Furthermore, two-thirds (66.3 percent) of the respondents in this study intend to migrate. This is slightly lower than findings from some studies in Nigeria, which reported migration intention of 88 percent (Ihua B, 2017), 74.4 percent (Ossai E, 2020) and 83.5 percent (Chime OH, 2020) but higher than other reports of 43.9 percent (Onah, 2022) and 57.4 percent (JO, 2010). This is explained because physicians' brain drain only recently hit the Northern part of Nigeria, and the trend is increasing. Meanwhile, Agribusiness, Trading, Manufacturing, and Import & Export businesses are preferred areas for a career change by physicians. Agribusiness is the predominant occupation in Nigeria, especially in the North, and the only business legalised for public servants to engage in. The government has so much interest and funding for agricultural ventures.

The migration destinations are similar to other studies (Onah, 2022); (Adebayo A, 2021), but more than half of the respondents intend to migrate to the Middle East, especially Saudi Arabia. The recent drive by the Middle Eastern countries to attract Nigerian physicians, the attractive packages, and cultural and religious similarities with some respondents might explain the preference. The colonial relationship between the United Kingdom and Nigeria and the emergence of the BREXIT, where physicians from English-speaking countries are highly in demand in the United Kingdom.

There are push and pull factors for brain drain. The push variables are those attributes that evolve within the area of origin, attracting the skilled and experts to move to other nations. While the pull attributes are unintentional and voluntary movements that provoke healthcare professionals from the immigrant nation's policies, the push elements are poor career opportunities, inadequate remuneration, poor service condition, decreased job satisfaction, civil unrest and security issues (Quartey-Papafio, 2021; Dinbabo, 2015).

The commonest push factor being financial by 54.7 percent (Remuneration and Harsh economic situation account for 34.8 percent and 19.9 percent, respectively) is instructive. The monthly remuneration of the physicians was low as 57 percent receive ≤ US$1,000 monthly (which is currently halved due to the Naira devaluation against the US dollar). Finding a way to improve the respondents' financial status will likely get half of those physicians intending to migrate instead of staying and working in Nigeria. Almost two-thirds (64.5 percent) were willing to halt their migration plan if they could generate 300 percent of their monthly remuneration in Nigeria.

Entrepreneurship is an engine of economic growth and an essential vocational option (Ngugi K, 2012). Timmons (1999) considers entrepreneurship an economic equaliser through opportunities mobilisation, offering self-sufficiency and self-determination. Medipreneurship is defined as the process of starting a new venture in healthcare and allied services (Patil N, 2016). There are different forms of Medipreneurship ventures, such as establishing a clinic or a Hospital, pharmaceutical shops, hospital and equipment and consumables retail, home healthcare services, medical Education and Training, Digital Health, medical tourism and health insurance.

Healthcare has gradually metamorphosed from an entirely social service to a business venture. There is a need for entrepreneurship to be taught at the undergraduate and postgraduate levels. Regular professional entrepreneurship training is indispensable to enable physicians and other health workers to sail across the competitive world of business and corporate governance.

Medical entrepreneurship can prevent career change and physicians' brain drain. In this study, 79.4 percent and 68.3 percent of the respondents believe that creating opportunities and funding for medical entrepreneurship will prevent them from migrating and changing their careers, respectively. In 2022, a major European research project ENDORSE (Enhancing development of entrepreneurial strategies at university locations affected by brain drain), was started in Sweden, Austria, Latvia, Germany, Poland and Greece with the sole aim of using entrepreneurship strategies to prevent brain drain.

The project was to run up to 2025, and it uses healthcare entrepreneurship and innovation training for students, entrepreneurs and academics to develop business ventures through strengthening linkages between universities, businesses and municipalities and creating regional innovation networks, especially in areas affected by brain drain. This will create an entrepreneurial environment for the participants to work in and stay. Competitive advantages will be considered in developing business models that will be successful for each area. It was realised that "to live where you want to live and work, you need to be able to make a living and therefore the need for entrepreneurship" (Mid Sweden University, 2022).

The ENDORSE model can be adapted in Nigeria and other African countries to train health workers on entrepreneurship and tackle the challenges such as lack of access to critical financing, multiple taxations, capacity development and strengthening through this project. The support can be provided to individuals, groups and cooperative societies to establish clinics and hospitals, diagnostic centres, pharmaceutical shops, medical education and training, medical equipment and consumable retail. This will prevent migration plans by health workers and encourage brain gain and brain circulation where diaspora Nigerian health workers can return and participate in the process or invest back home and also encourage medical tourism, reduce the huge foreign exchange loss of more than US$1 billion annually, and improve the micro and macro-economic indices. This project should be a deliberate multi-stakeholder engagement to address this challenge using a new paradigm instead of the proposed selective and coercive approach to ban health workers from migrating outside Nigeria.

POLICY RECOMMENDATIONS

- Review of undergraduate medical curriculum to include practical healthcare entrepreneurship courses with opportunities for internship in a healthcare business environment.

- Development of a healthcare entrepreneurship and innovation project that will include masterclasses, professional training, and mentorship programs for health workers.

- Provision of special loan facilities and grants for Healthcare entrepreneurship through the central bank of Nigeria and the Bank of Industry.

- Create a business-enabling environment for medical entrepreneurs.
- Provide Tax-waivers for healthcare businesses.
- Encourage brain gain and brain circulation by enticing diaspora health workers to return and invest in healthcare.

CONCLUSION

The health workforce in Nigeria faces a massive brain drain precipitated by a multitude of push factors and the attractiveness of the pull factors from the destination countries. The state of the economy plays a vital role in health workers' brain drain. The current reality requires new paradigms to address this challenge away from the migration banning plans selectively aimed at health workers. Medical entrepreneurship engagement by health workers can play a vital role in health workers' retention, preventing brain drain, and encouraging brain gain and brain circulation. This will improve the ratio of health workers to patients, strengthen the health system, improve the healthcare indices and make Nigeria a medical tourism hotspot with the consequent employment boost and economic advantages.

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Achieving Shared Prosperity Through Functional Social Programmes In Nigeria[9]

NESG Research

[9] For an expanded discussion on this subject matter, refer to the NESG mini-report series, retrievable via: https://nesgroup.org/download_resource_documents/Social%20Protection%20&%20Shared%20Prosperity%20in%20Nigeria%20(2)%20(2)_1686067535.pdf

Abstract

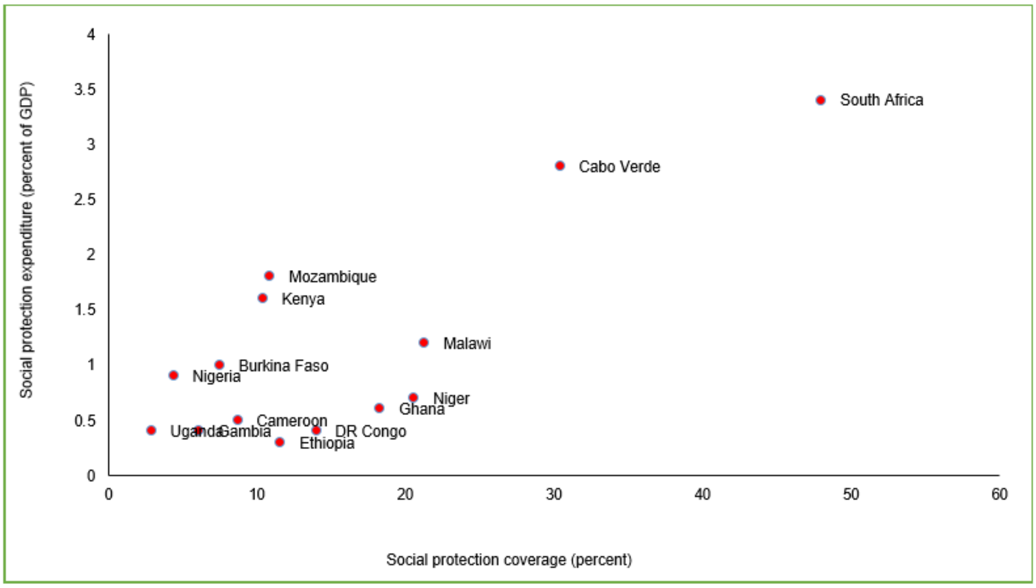
The Shared Prosperity Agenda for Nigeria, according to NESG, entails achieving broad-based economic growth, creating jobs, reducing poverty and inequality, and ensuring socioeconomic prosperity for all Nigerians. Meanwhile, a cursory look at the current state suggests that Nigeria needs to achieve shared prosperity as it has one of the worst socioeconomic indicators globally. Thus, achieving shared prosperity will remain a mirage unless social programmes are robust and functional. A functional and robust social protection system is one that is consistently run on a large-scale basis by successive administrations at all levels of government, accessible to many beneficiaries, and adequate in terms of public goods provision. Therefore, this paper proposes how functional social protection programmes could contribute towards achieving shared prosperity in Nigeria.

Introduction

Social protection or **social security,** as defined by the International Labour Organisation (ILO, 2019), refers to ***"public measures that provide benefits to guarantee income security and access to essential health care, such as unemployment insurance, disability benefits, old-age pensions, cash and in-kind transfers, and other contributory and tax-financed schemes".*** Nigeria has implemented various social protection programs, including social insurance, social assistance, and labour market policies. However, these programs have faced challenges that have limited their success. These challenges include a need for updated beneficiary databases, high financial exclusion rates, the short-term nature of programs, low receptiveness at the sub-national level, and a large informal sector with vulnerable employment.

Before the outbreak of COVID-19, less than 5 percent of Nigerians were covered by various social protection programmes as of 2015, which is significantly below the coverage rates of 48 percent and 45.2 percent in South Africa and the world, respectively (see Figure 1). The country has also not fared well in covering specific segments of the population, including persons living with disabilities (0.1 percent), retirees (7.8 percent), and vulnerable groups (0.2 percent), significantly underperforming South Africa, the global and African averages as of 2015 (see ILO, 2017). This is not unexpected as Nigeria has an inadequate national social register and lower spending on social protection programmes relative to African peers, such as South Africa, with higher coverage rates (see Figure 1). According to the Federal Ministry of Finance, Budget and National Planning, as of April 2023, the national social register had about 50 million beneficiaries, representing 38 percent of the 133 million Nigerians that are multidimensionally poor as of 2022.

Figure 1: Social protection coverage and expenditure (excluding health spending) in some African countries



Data: International Labour Organisation (2017); Chart: NESG Research

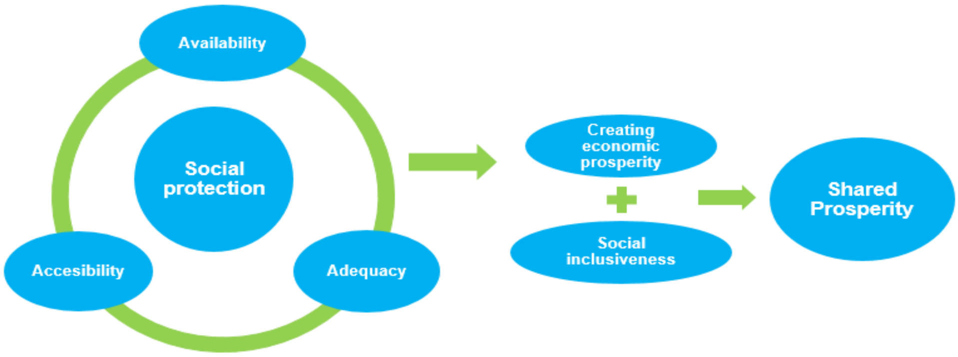
Moreover, during the COVID-19 pandemic, the weak pre-existing social protection system limited the scale-up of coverage for poor and vulnerable households. Only a small percentage of households received social safety net support through cash transfers. For instance, between March 2020 and March 2021, out of 43 million households, only 1.7 million households (representing 3.9 percent coverage rate) received social safety net support through cash transfers from either federal, state, or local government (World Bank, 2022; NBS, 2020). This overall coverage rate is not significantly higher than in pre-COVID-19, where only about 1.6 percent of households were enrolled under the National Social Safety Net Project (NASSP).

In addition, for shared prosperity to be achieved in Nigeria, there is a need for a robust social protection programme consistent across successive administrations, accessible to many beneficiaries and adequate in terms of public goods provision. Therefore, this paper proposes how functional, robust and resilient social protection could contribute towards achieving shared prosperity in Nigeria.

CONNECTING SOCIAL PROTECTION TO SHARED PROSPERITY

It is important to realise that adequate social protection is essential for providing a sense of belonging to poor and vulnerable groups, including children, persons with disabilities, and older adults. In Nigeria, inadequate protection for the poor and vulnerable groups has led to a loss of trust in the governments and public institutions. Generally, achieving shared prosperity relies on substantial progress in the vital critical levers of universal social protection, known as the "Triple A": Availability, Accessibility, and Adequacy (see Figure 2). For shared prosperity to be realised, social protection programs must be widely available through increased social investments, easily accessible through public orientation and awareness, and sufficiently adequate to cover basic needs such as housing, clothing, food, healthcare, and education.

Figure 2: Three-pronged Levers of Universal Social Protection and the Shared Prosperity Agenda



Source: NESG Research

Access to these basic necessities empowers citizens to achieve individual prosperity and contributes to overall economic prosperity. This aligns with the first aspect of the proposed Shared Prosperity Agenda (SPA) by the NESG. Additionally, social protection should be deployed to alleviate economic vulnerabilities associated with child labour, disabilities, and old-age ailments, promoting social inclusiveness.

CONCLUSION AND POLICY RECOMMENDATIONS

Nigeria is one of the Comity of Nations expected to realise almost all the Sustainable Development Goals (SDGs) and targets by 2030. The country cannot afford to be left behind in achieving the shared prosperity priorities within the SDGs Agenda. This will require continuous integration of the poor and vulnerable groups into the system through functional and resilient social protection initiatives. Nigeria needs a social protection system that can adapt to current and future challenges. Building resilient social protection schemes would require critical measures that would boost the availability, accessibility and adequacy of social protection, and they include:

- Increasing funding for social protection programs through higher public spending and external donor assistance
- Expanding social protection schemes to cover various vulnerabilities throughout individuals' lifetimes
- Ensuring that social protection benefits are delivered to the target beneficiaries at little or no cost.
- Sustaining existing social protection programs, enhancing coverage through regular updates of the national social register
- Promoting transparency and accountability in program management, conducting public sensitisation campaigns
- Recognising social protection as a constitutional duty at all levels of government is recommended.

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Building A Stairway To Shared Prosperity For All Nigerians[10]

NESG Research

[10] For an expanded discussion, refer to the NESG mini-report series, retrievable via: https://nesgroup.org/download_resource_documents/NESG%20Macro%202023%20Mini-Report%20-%20Building%20a%20Stairway%20to%20a%20Shared%20Prosperity%20for%20all%20Nigerians_Final%20(1)_1684240604.pdf

Abstract
Achieving shared prosperity in Nigeria requires a simplified roadmap to bolstering and diversifying the Nigerian economy through broad-based sectoral and productivity. Despite its large population and diverse economic structure, Nigeria has been performing poorly due to numerous structural factors, including inadequate infrastructure, obstacles to investment, lack of confidence in currency valuation, and limited foreign exchange capacity. These issues have impeded the country's productivity and also culminated in its poor economic growth. However, to achieve improved overall economic growth that will set the required foundation for creating new wealth for all Nigerians, there must be a positive growth rate and productivity across the sectors of the economy. This paper explains how Nigeria can achieve shared prosperity through sectoral and industrial reforms that pave the way for broad-based sectoral growth and productivity.

Introduction

The NESG proposed shared prosperity framework for Nigeria defines economic prosperity as expanding existing economic wealth and developing new economic wealth created by an emboldened private sector in a stable macroeconomic environment. This means bolstering the country's economy to better capitalize on its distinct advantages to boost employment, income, productivity, welfare, economic growth, and diversification. Nigeria's economy needs to perform better relative to the country's population growth rate of about 3.25 percent. The country's productivity is highly vulnerable to shocks and insufficient to create new economic opportunities with the current growth performance. The country is also experiencing rising inflation, which hit an all-time high of 22.2 percent in April 2023, the highest level seen since 2002.

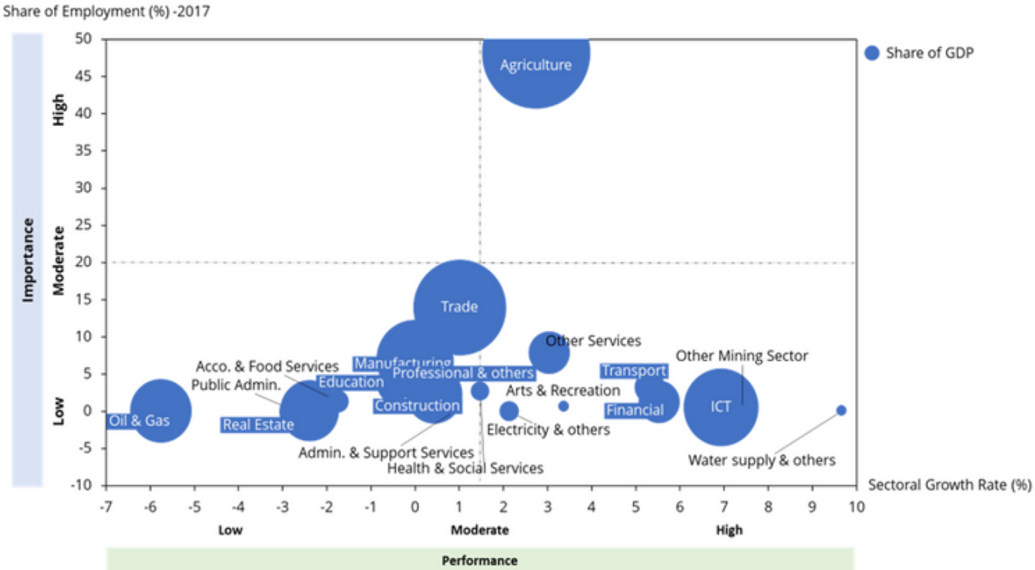
In 2020, the country's combined unemployment and underemployment rates reached 56.1 percent, while the inflation rate hit a record high of 18.91 percent in 2022. These economic challenges have resulted in a significant portion of Nigeria's population, estimated at 63 percent or 133 million people, living in multidimensional poverty (NBS, 2021). The root causes of these problems are largely attributed to poor policy choices. To achieve shared prosperity, the Nigerian government must effectively address these issues by implementing solid economic policies. However, this task is not accessible due to the magnitude and widespread nature of the problems.

PERFORMANCE OF NIGERIA'S ECONOMY BETWEEN 2015 AND 2022

Three (3) overarching themes can be used to explain the current economic situation in Nigeria, these include:

- **Low growth and productivity across the economy:** The Nigerian economy is struggling due to weak sectoral performance, particularly in Agriculture, Trade, and Manufacturing (see Figure 1). This has caused unemployment to increase from 10.4 percent in 2015 to 33.33 percent in 2020 due to slow growth in these industries, the COVID-19 pandemic, the Russia-Ukraine crisis, and policy mismatches.

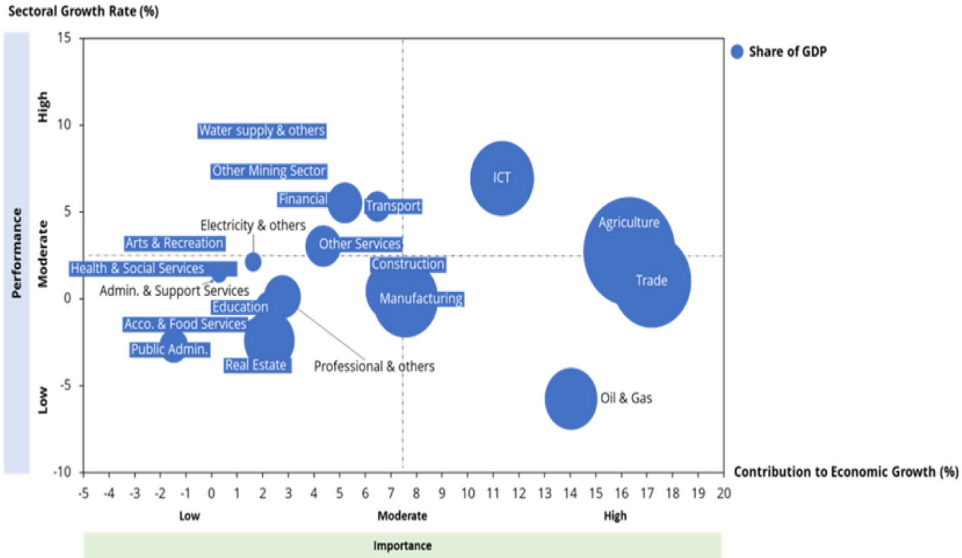
Figure 1: Sectoral Growth and Productivity of the Nigerian Economy (2015-2022)



Data: NBS, CBN Statistical Bulletin Chart: NESG Research

- **Excessive reliance on a few sectors to drive overall growth:** Nigeria's economy is dominated by a few key sectors, such as Trade, ICT, Agriculture, Oil & Gas, Construction and Manufacturing, with growth rates of less than 5 percent (see Figure 2). The average annual real growth in the GDP between 2015 and 2022 can be attributed to just four of the country's nineteen (19) broad economic sectors.

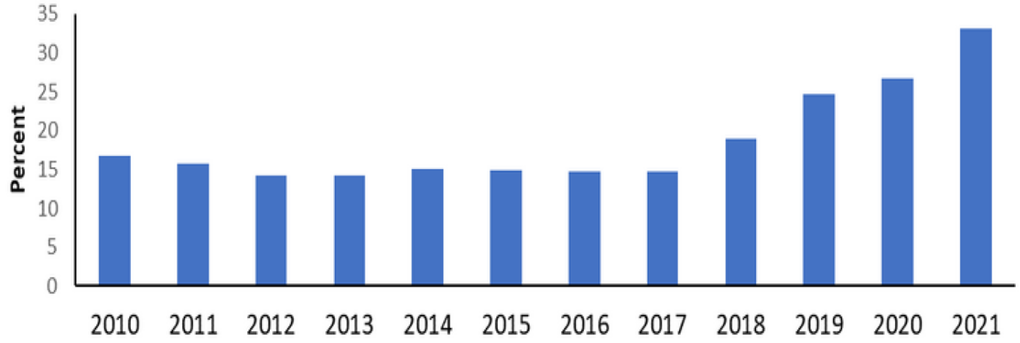
Figure 2: Importance & Performance of Sectors to Nigerian Economy (2015-2022)



Data: NBS, CBN Statistical Bulletin Chart: NESG Research

- **Weak capital flow into the economy's productive sectors:** Inefficient distribution of expenditures among productive industries is responsible for the Nigerian economy's lack of productivity and economic growth. Productivity in most vital sectors of the Nigerian economy has remained fragile despite the recent uptick in real investment as a share of GDP (see Figure 3).

Figure 3. Real Gross fixed capital formation (Percent of GDP)



Data: World Bank Chart: NESG Research

CONCLUSION AND POLICY RECOMMENDATIONS

Nigeria needs to achieve broad-based growth and improved productivity across all sectors of the economy to create wealth that will be available for all to share. The next milestone is the need to achieve concentric economic diversification and transformation, which involves the emergence of new economic activities and improvement in the existing productive structure. This will lead to higher investments, high economic growth, and improved sectoral performance. The following are key policy recommendations towards creating economic prosperity for all.

- **Strengthen Growth and Productivity**
  - **Macroeconomic Stability:** Growth-promoting policies are more likely to succeed in a stable macroeconomic environment and achieve desired economic outcomes. Under a stable macroeconomic condition, Nigeria could attract substantial investments, unleash economic potential, achieve rapid growth, and lift millions of people out of poverty as quickly as possible.
  - **Transformation and revival of the Agriculture Sector:** Government must consolidate private sector activity in the agricultural sector to bring back the 1960 era of agro-processing in Nigeria. Afterwards, developing large-scale and commercial agricultural activities must be the government's priority across all levels.

- **Expand the Sources of Growth**
  - **Diversification of the economy:** Concerted efforts should be directed at strengthening Nigeria's industrial and service sectors. Developing agro-processing and light manufacturing activities must be an anchor point for Nigeria's economic diversification agenda. Also, constraints around logistics and regulation must be addressed to unlock opportunities in the Services sector.

- **Improve Capital Inflows into the Economy**
  - **Institutions and Governance:** The most important idea is to strengthen institutions and governance in Nigeria to stabilise the macroeconomic environment and foster productive and economic activities. The following are viable approaches to strengthen institutions and governance in Nigeria (1) Build public confidence through transparency in governance, and (2) Engage the private sector in advocacy for policies and regulatory reforms.

* **Attracting investors into natural resource-based sectors:** There is a need to open the natural resources sector for private investments. The government should provide detailed information about the natural resources available and volumes across the country. This would portray some level of accountability and transparency in natural resource exploration before prospective investors (domestic and foreign).

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Manufacturing: The Key To Economic Growth And Shared Prosperity In Nigeria

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Abstract
Manufacturing is critical to driving Nigeria's economic growth and ensuring a sustainable future for its people. When backed by policies that encourage growth, manufacturing promotes shared prosperity by creating opportunities for job creation, increased productivity, and innovation. It creates an environment where economic growth benefits all members of society rather than just a select few. However, in recent years, the Nigerian economy is shifting from being primarily based on agriculture to becoming a service-led economy, but without a strong industrial base. This paper explains why such a strategy is unsustainable and advances the claim that Nigeria must prioritise the manufacturing sector to achieve its development goals. It explores the role of manufacturing in economic growth by comparing it to the agriculture and service sectors using three (3) economic metrics: Employment, GDP, and the Consumer Price Index, and argues that manufacturing remains Nigeria's most promising avenue for economic growth and shared prosperity. Furthermore, we identify the challenges of growing the manufacturing sector in Nigeria and then propose policies that can foster the development of Nigeria's industrial base.

Introduction

Agriculture is widely accepted as Nigeria's primary economic activity, but there has been rapid growth in the services sector in recent years. Although industrialisation is often cited as the primary engine of development, the growth in the manufacturing sector pales compared to the growth in the service sector (Adesoji, 2019). There has been a gradual shift towards service-oriented activities. Hence, it is argued that services sectors such as software, business processing, finance, or tourism may act as leading sectors in economic development and that the role of manufacturing will keep declining. However, several empirical studies have provided evidence that the shift from agriculture to manufacturing, and subsequently from manufacturing to services, represents the appropriate structural transformation (Su & Yao, 2017). No country has ever developed a major economy without a solid industrial base. Based on this premise, this paper argues that manufacturing is the best strategy to accelerate Nigeria's economic growth and promote shared prosperity.

THE KEY TO ECONOMIC GROWTH AND SHARED PROSPERITY

What does it mean to say, "Manufacturing is the key"? This expression implies that manufacturing is vital to Nigeria's economic prosperity. Although other sectors contribute to economic growth, manufacturing is critical to either opening the economy or kickstarting the development engine. An excellent illustration is a situation where you want to unlock the front door of your home. If you needed to get in, you could try smashing the door in, but say you had the key; using that key is the best course of action. This paper seeks to show that if the government were to stick to any other model, like placing more emphasis on the agricultural economy or service sectors, Nigeria would not be nearly as successful in its development goals as in a manufacturing-led economy. The true significance of the manufacturing sector will be illustrated in the ensuing paragraphs as manufacturing will be compared to the agriculture and service economies based on three metrics of prosperity.

(a) Employment

Agriculture accounts for 34.66 percent of total employment in Nigeria, providing a means of livelihood for many Nigerians (World Bank, 2021). While the statistics make agriculture seems like a good bet for job creation, agriculture in Nigeria has mostly been limited to subsistence farming. How land is owned—in small, scattered parcels—has kept the intensity of farming low and slowed the rate at which capital can be brought together to improve productivity and increase farmers' income. Manufacturing jobs, however, require specialised skills and generally pay higher wages than many agriculture jobs. Moreover, manufacturing holds significant untapped potential for generating employment across various sectors. We can employ manufacturing to transform the agricultural sector through value addition. This strategy would enable Nigeria to exploit its agricultural potential while creating additional jobs. For example, an agri-processor in Abuja that buys milk from farmers to make yoghurt will create additional jobs for food scientists, technologists, machine operators, and packaging personnel.

The increase in employment in the service sector often corresponds to the decline in manufacturing jobs. However, the loss of manufacturing jobs causes concern. As factories close, many middle-skilled people are forced to take low-wage employment in the service sector, which hollows out the income distribution and increases existing inequalities. Manufacturing creates more direct jobs than service sectors, requiring a larger production, assembly, and quality control workforce. These jobs often provide stable employment and higher wages, which benefits a broader range of workers. As a result of the increased demand for raw materials, apparatus, and support services, the manufacturing sector also has robust backward and forward linkages, which then multiplies employment opportunities. Moreover, with the service industry typically concentrated in cities, if the Nigerian workforce transition from agriculture to services, this will worsen the existing rural-urban divide by leaving rural residents with fewer job options and lower incomes.

(b) Gross Domestic Product

As societies evolve from an agrarian to a modern economy, the agricultural sector's contribution to Gross Domestic Product (GDP) declines while the manufacturing and service sectors grow. Firstly, manufacturing creates job opportunities for people of varying skill sets, increasing the workforce and consumer spending power. This promotes economic activities by increasing demand for goods and services across various industries. By stimulating further action along the value chains—from raw materials to finished goods—manufacturing expands Nigeria's export base and boosts our GDP. Manufacturing also strengthens economies by cascading growth in other sectors.

China recognised the need to strengthen its manufacturing base and invested in the necessary infrastructure, increasing its GDP from US$1,333.67 billion in 2001 to US$17,734.06 billion in 2021, with manufacturing accounting for nearly 32.6 percent of China's total GDP (McKay & Song, 2010; Statista, 2022). This strategy enabled the country to stabilise its economy and establish one of the greatest middle-class societies in the world. These points are also valid in favour of the service sector, which has significantly contributed to value-added growth and new jobs. However, some key manufacturing advantages, such as the enormous potential to scale economies, the generally inverse relationship between prices and demand for manufactured goods, and the prospect of exporting more to developed nations, place manufacturing as the best force for stimulating economic growth in emerging economies.

Moreover, the traditional services offered in Nigeria, such as teaching, barbing, driving, plumbing, and bartending, impede the service sector's ability to export or attain significant economies of scale. In earnest, manufacturing helps strike a fair balance between domestic competition for imported goods and the production of commodities for export. Ultimately, to get more value from our resources, we must turn them into finished goods, reducing our dependency on a single industry and minimising our vulnerability to external shocks.

(c) Consumers Price Index

The Consumers Price Index (CPI) measures the general well-being of a nation when adjusted for current living expenses. This index tracks the average monthly change in the cost of a standard basket of goods and services purchased by consumers over a certain period (Lake, 2022). As GDP focuses on the soundness of the economy as a whole, the CPI represents how well the typical person is faring. It reflects the effectiveness of current economic policies. Although agriculture and services also influence CPI, for example, in how agricultural output affects food prices, manufacturing has peculiar advantages that make this sector exert a more significant influence on price stability.

Manufacturing involves multiple production and distribution stages, enabling companies to streamline the supply chain to reduce unit costs and consumer prices. It also benefits from economies of scale that allow for mass production, which lowers unit costs and drive down the prices of goods. For instance, in 2021, the purchase of Tokunbo automobiles in Nigeria represented 3.7 percent of total imports (Oyekanmi, 2022), suggesting that many Nigerians cannot afford a new vehicle. However, the entry of Innoson Vehicle Manufacturing Company is changing that dynamic by making tear-rubber cars more affordable (Ugwueze et al., 2020). Innoson makes hundreds of cars daily to drive down the unit price of new vehicles in Nigeria; this advantage can only be feasible in the agriculture and service sectors through a robust industrial input.

CHALLENGES OF GROWING THE MANUFACTURING SECTOR IN NIGERIA

Manufacturing is vital to the prosperity of developing economies. However, developing Nigeria's manufacturing industry presents serious difficulties. This section explores the obstacles to manufacturing growth in Nigeria and their implications on Nigeria's economic growth.

a) Infrastructure Deficiencies: Manufacturers in Nigeria encounter severe infrastructure deficiencies, with power supply as the major challenge. They rely heavily on emergency power generators to ensure uninterrupted operations, inevitably increasing operating costs. This approach undermines competitiveness since production costs in Nigeria are comparatively higher than in other parts of the world. Similarly, with the transportation system, goods primarily rely on roads instead of more efficient rail networks. This lack of adequate rail lines leads to elevated operating costs. It is crucial to develop the transportation sector to a level that adequately supports the manufacturing sector and the overall economy. These infrastructure deficiencies inflate production costs, impede efficient distribution, and discourage potential investors from establishing manufacturing facilities.

b) Limited Access to Finance: Manufacturing companies have not been appealing for bank credit despite policy measures to attract credit to the sector. There is a consistent deviation from the required minimum in the commercial banks' provision of loans and advances to the manufacturing sector. Credits to manufacturing as a share of total banking credits have remained the same despite enhanced financial intermediation in the economy following the financial reforms of the 1990s. Consequently, manufacturing firms rely on internally generated revenue, which restricts their scope of operation and reduces their competitiveness in regional and international markets.

c) Chaotic Business Environment: Recognising the potential of manufacturing to foster shared prosperity, successive governments have consistently pursued policies to promote industrial growth. However, frequent policy changes and inconsistent regulations create uncertainty for manufacturers and deter long-term planning and investment. An unstable policy environment undermines investor confidence, making attracting domestic and foreign direct investment difficult. Moreover, Nigeria also faces security issues. The uncertainty caused by insecurity leads to a postponement of investment decisions by firms, which ultimately affects economic output.

d) Limited Market Integration: Manufacturers need an integrated market to expand their operations and optimise production processes. Otherwise, they face difficulty achieving economies of scale. Limited market integration also creates difficulty in sourcing primary materials from other countries, which then increases costs and causes production delays.

POLICY RECOMMENDATIONS

While manufacturing has significantly impacted advanced nations, the same cannot be said for Nigeria. Nigeria still lacks sufficient numbers of factories to realise such prospects. This is not because Nigeria does not have the talent, as it has a fast-growing young population that can drive the manufacturing industry, but rather because of the lack of political will. Nonetheless, Nigeria, like China, can alter itself and impact the global economy by manufacturing and exporting products, and to do so successfully, this paper proposes the following policies:

a) Removal of Red Tape: Leaders must create an environment that encourages long-term investments, and this involves addressing bureaucratic barriers and streamlining administrative processes. Otherwise, entrepreneurs will move their factories to places with more stable leadership, economic agendas, and market growth. By cutting through red tape, manufacturers can benefit from improved efficiency, reduced costs, and faster turnaround times, allowing them to focus on innovation, expansion, and job creation. This policy will stimulate economic growth by attracting investors to unleash Nigeria's industrial capabilities.

b) Infrastructure Development: The diversification of a country's manufacturing sector lies in its current productive structures. However, the restricted productive capacities that are a natural part of African economies limit the scope for manufacturing-led development (Steenkamp & Rooney, 2017). Nigeria must support local efforts to transform raw materials into finished products. The government should prioritise investment in infrastructure such as power generation, transportation networks, and port facilities. Public-private partnerships can be encouraged to attract private investment and expertise in infrastructure development.

c) Enhanced Access to Finance: The government should collaborate with financial institutions to create specialised financing schemes for the manufacturing sector, like low-interest loans, grants, and venture capital. One approach is to establish dedicated financial institutions or programs that cater specifically to the needs of manufacturers. For instance, the Small Business Administration (SBA) in the United States offers loans and guarantees to small manufacturers, allowing them to access capital that might otherwise be unavailable. Similarly, the Export-Import Bank of China provides credit facilities to manufacturers involved in exporting goods. The government can encourage banks to offer specialised lending products for manufacturers in Nigeria.

CONCLUSION

Despite Nigeria's effort to transition into a service economy, China has proven that establishing a robust manufacturing sector is the ideal model for developing economies, a category to which Nigeria belongs. A thriving manufacturing sector can unleash a cascade of positive economic effects. However, unless the government addresses the challenges plaguing manufacturing in Nigeria, it will be unable to contribute substantially to the economy. The sector requires adequate and functioning infrastructure to work efficiently. By investing in infrastructure, increasing access to finance, and implementing favourable policies, the government can leverage manufacturing to transform the economy, create jobs, reduce poverty, and improve living standards. With a concerted effort, Nigeria can position itself as a regional manufacturing hub and chart a sustainable path towards long-term economic prosperity.

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Market Reforms For Shared Prosperity In Nigeria: Lesson From China Growth Miracle [11]

NESG Research

[11] For an expanded discussion, refer to the NESG mini-report series, retrievable via: https://nesgroup.org/download_resource_documents/Mini%20Report%20-%20Market%20Reform_Final%20(2)_1684241715.pdf

Abstract

Nigeria's economy is characterised by elevated uncertainty which partly explains the reluctance of private investors (domestic and foreign) to commit their wealth to the Nigerian economy over the long term. This is manifested in the subdued performance of Foreign Direct Investment (FDI) inflows, which stood at US$468.1 million in 2022, down from US$4.7 billion in 2008. Moreover, Nigeria's investment as a share of nominal Gross Domestic Product (GDP) has experienced a consistent decline since 1999, from 38.3 percent to 14.7 percent in 2017. Despite the recent increase, it still falls below the 1999 performance. Nigeria's path to achieving shared prosperity requires an efficient and functional market system. This paper leans on the Chinese experience to suggest relevant market reforms that could be pursued in Nigeria.

Introduction

Economic evolution has shown that a successful market arrangement exists, with the private sector being the foundation of economic progress and shared wealth. Nigeria's economic growth has been precarious due to macroeconomic instability, including exchange rate volatility, inflationary pressures, fiscal imbalances, and financial volatility. This has led to a rising unemployment rate and many people living in poverty. A functional market system is essential for high and sustainable inclusive economic growth, as it ensures the free flow of economic activity in the supply chain for firms to prosper. However, lacking a functional market system hinders shared prosperity, leading to limited employment opportunities, high prices, a low standard of living, and poverty. The inadequate economic policy framework and diversity have contributed to policy inconsistencies and regulatory bottlenecks.

Nigeria's market system has not improved significantly over the years, with privatised public enterprises struggling to survive. The Structural Adjustment Programme (SAP) in 1986 marked a shift from a directly controlled economy to a market-driven one, with the private sector being used as a catalyst for economic growth. Other policies, such as the National Economic Empowerment and Development Strategy (NEEDS), the seven (7) Point Agenda, Vision 20-20-20, Transformation Agenda, Economic Recovery and Growth Plan (ERGP), and the National Development Plan (NDP) 2021-2025 and Agenda 2050, have limited government participation in business activities across sectors.

Moreover, Nigerian firms face low competitiveness in a globalised market due to reliance on imports, infrastructure deficits, and regulatory institutions which had led to increased fixed costs, insolvency rates. Furthermore, macroeconomic instability such as inflationary pressures, exchange rate volatility, and rising borrowing costs has exacerbated these issues, making Nigeria's economic activities uncompetitive and unprofitable for businesses.

In addition, the Nigerian economy faces challenges that hinder the business environment, erode private investor incentives, and result in subdued foreign direct investment inflows. In a bid to attract investors, the government established the Presidential Enabling Business Environment Council (PEBEC) to improve the business environment by revising the Corporate Affairs Commission (CAC) guidelines and enacting the Companies and Allied Matters Act (CAMA), 2020, repealing the CAMA 2004. However, more reform is needed to alleviate impediments to an efficient market in Nigeria.

FUNCTIONAL MARKET FOR SHARED PROSPERITY

A functional market system promotes economic growth and cost-effective production across sectors, fostering private sector development, productivity, and wealth distribution. It ensures a seamless flow of economic activities and business operations across value chains, enabling shared prosperity. For the economy to achieve shared prosperity, the market system needs to guarantee the following interrelated but distinct factors:

- **Business Opportunity:** An efficient market system brings about competition among players, drives innovation, incentivises productive efforts, and opens sectors of the economy for new opportunities.

- **Enabling Environment:** A functional market system promotes ease of doing business. It removes all market and regulatory encumbrance, promotes easy market access, ensures the availability of supporting infrastructure, guarantees security and provides regulatory clarity, among others.

- **Business Competitiveness:** An efficient market guarantees a series of comparative advantages (in terms of inputs, raw materials, capital, production, technology, distribution, market access and so on) that enhance local and international competitiveness, keep operating costs low and guarantees profitability.

- **Private Investment:** The market system needs to be attractive to investors (domestic and foreign investors, which brings about both physical and portfolio investments).

MARKET REFORM LESSONS FROM THE CHINESE ECONOMIC MIRACLE

The economic reform embarked upon by the Chinese government since 1978 chaperoned market reforms that have led to what is called the Chinese Economic Miracle. China operates a "dual-track" economy, so economic activities are still largely centrally planned. Still, it has been able to institute a market system that aids businesses (both publicly and privately), drives investments and develops a private sector that propels economic growth. Consequently, China experienced decades of double-digit growth.

As of 2010, China had become the second-largest economy in the world by nominal GDP and the largest economy by GDP Purchasing Power Parity (PPP) as of 2013. The following are key features of the market reforms implemented in China:

- **Understanding the peculiarity of the Chinese supply chain:** Market reforms are made based on a meticulous understanding of the people and how they run their supply chain, contrary to many consensus reforms of the Washington Institutions.

- **Agricultural revolution through the de-collectivisation of agricultural activities:** While still state-controlled, the government gradually liberalised the Agricultural sector with a stage-by-stage reduction in price control and still buys a significant share of agriculture output based on regulatory quota and at near market price. Meanwhile, farmers can sell the excess in the market at competitive prices.

- **Opening up to Foreign Investment with Clarity on Capital Mobility Control:** The government, however, is currently using Free Trade Zones (FTZ) as pilots for full currency convertibility and liberalisation of capital flows. Successful implementation at the FTZ level will motivate the consideration of liberalisation nationally.

- **Gradualist Approach:** The transition of economic activities from full state control to the private sector has been gradual. The government makes changes as the market evolves and is not in a hurry to make changes in the market.

- **Decentralisation of state authority:** The government allows local leaders to experiment with ways to strengthen the market in their locality, to be responsive to business needs, and to promote investments and business growth.

- **Symbiotic partnership between the public and private sector:** Because the government had historically owned and controlled businesses in the economy, there is a close partnership between the public and private sectors as economic liberalisation evolves in China.

- **Export-led growth strategy:** The government invested, established institutions and made reforms to strengthen and encourage exports. The government consistently reduced tariffs and other trade barriers to achieve this feat.

- **Price reform:** Due to the hardship of inflation on the people, the government is approaching full liberalisation and subsidy removal in phases.

- **Tax unification:** The Chinese government introduced a tax system reform in 1994 that helped unify all inventory taxes into a single Value Added Tax (VAT) of 17 percent.

CONCLUSION

Nigeria's economic trajectory needs comprehensive and system-driven market reforms to transform it from a weak, non-inclusive, and vulnerable state to one that creates economic value and benefits for all. China's market reforms serve as a lesson for developing countries, ensuring a smooth policy transition, avoiding market distortion, and delivering growth. Nigeria's market reforms are not organic, often spontaneous and erratic, with the federal government handling many reforms and state and local governments being handicapped. A comprehensive market reform with the features of Chinese market reforms is urgently needed to salvage Nigeria's crumbling socioeconomic situation.

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