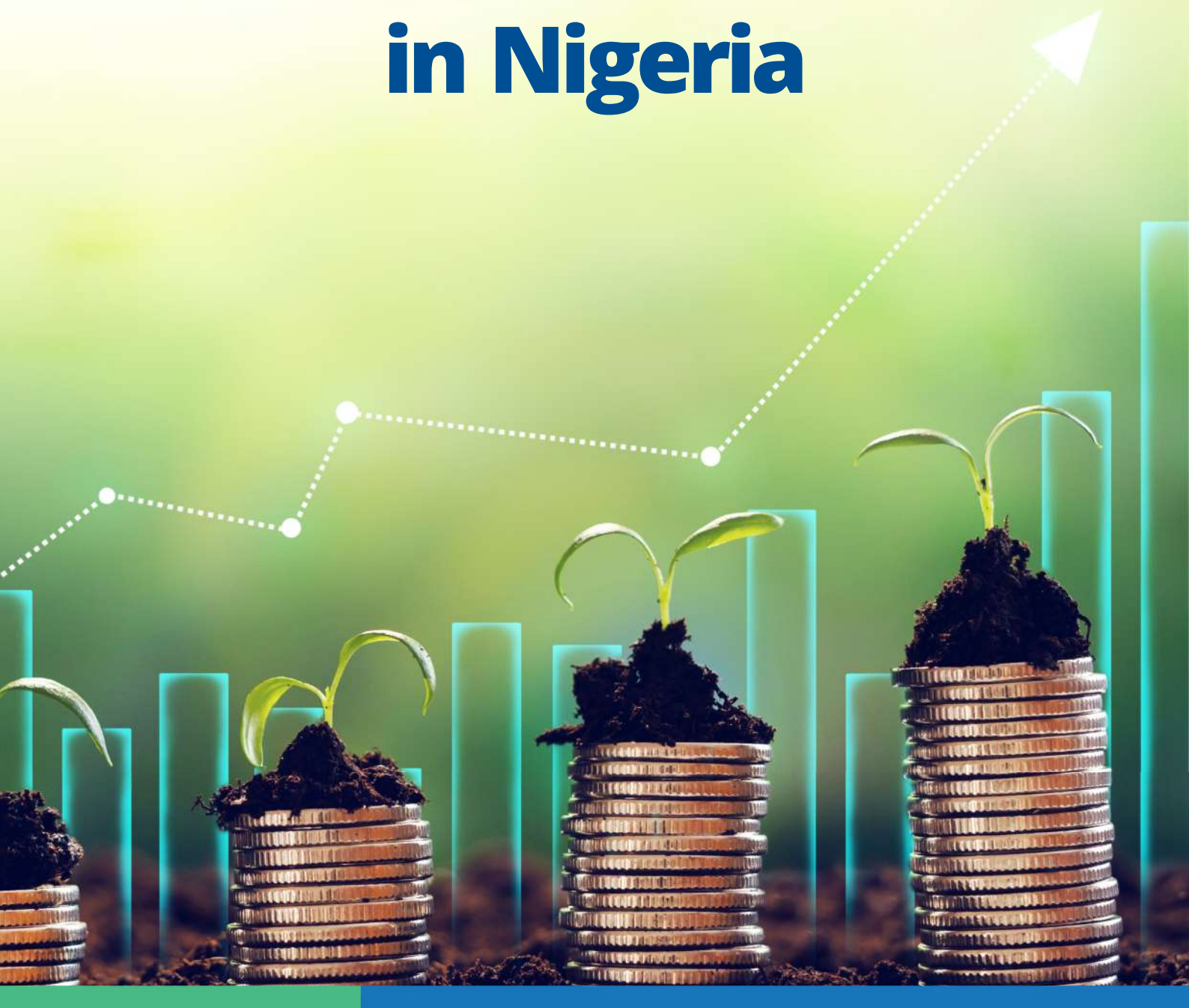


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Achieving Economic Transformation in Nigeria



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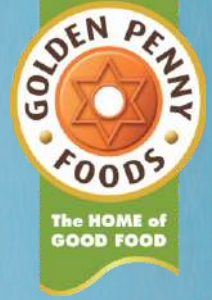
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Pathways for Achieving a US\$4 Trillion Economy in Nigeria

NESG Research¹



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Abstract

Nigeria is at a crossroads, brimming with potential yet grappling with the complexities of its historical socioeconomic performance. Endowed with abundant human capital and vast economic resources, Nigeria's current position on critical socioeconomic indicators has not been impressive, compelling it to chart a transformative course towards a brighter future. This article paints a vivid picture of Nigeria's transformed and inclusive future. By 2035, Nigeria's economy is poised to rank among the top 15 global economies, boasting a Gross Domestic Product (GDP) of US\$4 trillion and a per capita income of US\$14,041.5, thereby propelling the country into the high-income category. To this end, the current paper presents three pathways for Nigeria to achieve economic transformation: economic diversification and sophistication, innovation and digital transformation, and sub-national economic integration strategies.

Introduction

Endowed with substantial human capital and economic resources, Nigeria has historically faced suboptimal socioeconomic performance. Critical macroeconomic and social indicators underscore the compelling need for a thorough and all-encompassing rejuvenation of the economy. The impetus behind achieving a US\$4 trillion economy by 2035 is rooted in the acknowledgement of Nigeria's immense potential, abundant resources, and the necessity to expedite economic development to meet the burgeoning demands of its populace. In an era characterised by rapid global economic changes, digital disruptions, and evolving geopolitical dynamics, Nigeria's vision for 2035 is set against a backdrop of formidable challenges and unparalleled opportunities. The global community's commitment to sustainable development and the imperative of economic inclusion further underscores the significance of this pursuit.

As the government navigates the path to economic transformation and inclusion, the specific objective of this article is to dissect three distinct pathways for achieving economic transformation and inclusion in Nigeria. It will highlight viable pathways for Nigeria to achieve its goal of becoming a US\$4 trillion economy by 2035 while ensuring sustainable economic transformation and inclusion. This comprehensive analysis encompasses the multifaceted dimensions of economic transformation and inclusion, acknowledging Nigeria's distinct domestic challenges and opportunities and considering evolving dynamics within Africa and on the global stage. The proposed pathways are intrinsically linked to the strategic objectives outlined in the President's 8-point agenda, Nigeria Agenda 2050 and the African Union's Africa Agenda 2063.

The Envisioned Nigeria in 2035

Socioeconomic Projections to 2035

The ambition to hit US\$4 trillion in nominal GDP by 2035 in Nigeria serves as a bedrock to achieving a sustained double-digit real GDP growth rate over the next decade until 2035, which should be in the range of 10-15 percent per annum. This is achievable considering the historical experience of Nigeria's aspirational peers, such as China. The policy priority for the government includes developing a framework for the intergovernmental economic relationship, inter-state infrastructural development, establishing regional economic commissions, developing regional shared services and clustering, and strengthening regional value chain development. During the initial stage of its economic transformation, China maintained an average real GDP growth rate of 10.3 percent (from 1982 to 2011). Similarly, Japan and Germany maintained average growths of 10.5 percent (1956 to 1973) and 9.2 percent (1951 to 1960), respectively. **Table 1** presents the trajectory of critical socioeconomic variables in Nigeria until 2035.

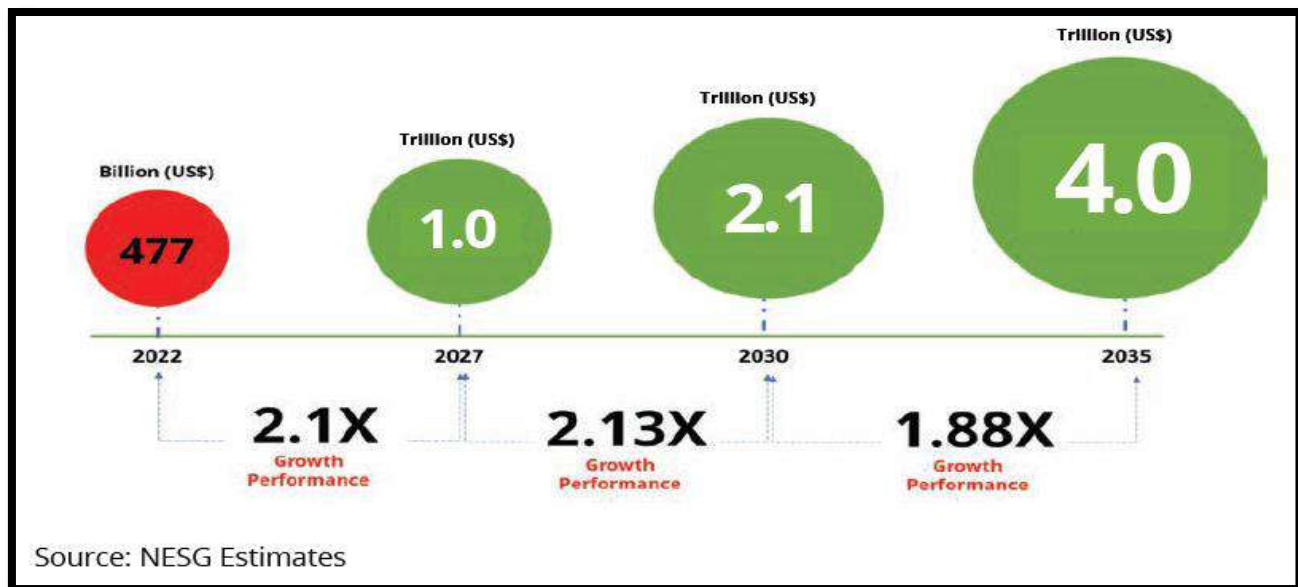
Table 1: Trajectory of Major Socioeconomic Indicators

	Economic Outcomes	2023	2027	2031	2035
GDP Size	GDP (Nominal US\$Bn)	414	1,000	2,500	4,000
	GDP (Nominal N'Trn)	240	800	2,000	3,200
	Nominal US\$ GDP Growth (%)	-	24.82	25.96	12.48
	Real GDP Growth (%)*	3.1	8.6	14.1	13.5
	Per Capita Income (US\$)	1,863.2	4,105.4	9,453.2	14,041.5
Investment	Investment (% of GDP)	33.8	34.6	35.6	36.3
	<i>Government</i>	6.1	6.3	6.6	7.2
	<i>Private</i>	27.7	28.1	29.0	29.3
Economic Structure	Agriculture (% of GDP)	22.3	20.1	17.7	16.7
	Industrial (% of GDP)	19.8	25.3	29.7	33.1
	<i>Manufacturing (% of GDP)</i>	9.4	14.1	16.6	19.8
	Services (% of GDP)	57.9	54.6	52.6	50.2
Employment	Job Creation (Mn)**	-	8.1	11.7	12.2
	Informal employment (%)	91.4	77.6	43.1	29.3
	Labour Productivity (US\$/hr)	9.2	16.7	29.4	39.5
	Lab. Force (% in Agric.)	34.9	28.8	17.8	11.7
Poverty & Inequality	Poverty (% of the population)	42.8	29.46	17.70	8.06
	Inequality Reduction. (Income)	35.1	34.2	29.1	28.5

Source: NESG Estimates | * represents outcomes based on periodic averages after 2023, which are as follows: 2024-2027, 2028-2031 and 2032-2035. | ** represents outcomes based on periodic cumulative figures after 2023, which are as follows: 2024-2027, 2028-2031 and 2032-2035.

While the strategic paths aim to achieve a US\$4 trillion economy by 2035, they are also expected to drive improvement across socioeconomic indicators. Irrespective of the strategic path, this study anticipates specific mutations in the fundamental structure of the economy that accompany a transforming economy. Moreover, this study recognises the possibility of potential differences in the outcomes across the strategies. Economic Diversification and Sophistication Strategy (EDSS) could be better at driving a highly competitive Manufacturing sector; Innovation and Digital Transformation Strategy (IDTS) could deliver a better Services sector, while the Sub-National Economic Integration Strategy (SEIS) could strongly influence the Mining and Agriculture sectors. Nonetheless, the strengths of each of the strategies are modelled and expected to deliver robust sectors and inter-sectoral value chain development without necessarily yielding different results. Moving towards the US\$4 trillion economy, and based on the country's political cycle, the Nigerian economy could cross critical milestones of US\$1 trillion, US\$2.5 trillion, and US\$4 trillion by 2027, 2031, and 2035, respectively (see **Figure 1**). Furthermore, Nigeria's per capita income is expected to cross US\$5,000, US\$10,000, and US\$14,000 by 2028, 2032, and 2035, respectively.

Figure 1: Nigeria's Projected Nominal GDP to 2035



Funding the Envisioned Nigeria

Expanding from less than a US\$500 billion economy to a US\$4 trillion GDP by 2035 has cost implications. Over the next 10 – 13 years, the Nigerian economy needs to mobilise a cumulative total of US\$8.82 trillion. This comprises 18.8 percent (US\$1.66 trillion) of investment directly from the government, specifically on capital and infrastructure investment. The remaining 81.2 percent (US\$7.16 trillion) will be mobilised through the private sector, comprising existing and new capital accumulation and domestic and foreign investment flow. As such, the government needs to spend US\$185.16 billion and mobilise US\$841.00 billion in private investment over the next four years (2024-2027) to set the pace for a transformed economy. Subsequently, the government needs to spend US\$501.46 billion and mobilise US\$2.24 trillion in private investment between 2028-2031. In the following cycle (2032-2035), the government must spend US\$957.04 billion while mobilising US\$4.05 trillion in private investment.

On average, the government has to spend US\$138.49 billion annually to achieve the envisioned US\$4 trillion GDP by 2035. With a cumulative funding need of US\$8.82 trillion within the next 10-13 years and an average of US\$737.16 billion annually, financing Nigeria's US\$4 trillion GDP by 2023 appears daunting; however, not impossible. Nigeria needs to massively mobilise savings to drive investment, as is the case for most countries that have experienced economic transformation over the past five decades. But then, the continual erosion of the value of earnings due to the persistent inflationary pressure has limited Nigeria's capacity to mobilise adequate savings.

Recent fuel subsidy removal and the exchange rate devaluation accompanying the unification of the foreign exchange markets have nearly wiped out the middle class, as most people spend over 80 percent of their earnings on food and transport with little to zero room for savings. Hence, the government must attract capital from diverse sources to drive investment. The following highlights funding strategies and mechanisms the Nigerian government can adopt to mobilise resources and finance investments to drive economic transformation and inclusion. While some are operational, the institutional framework for their efficient utilisation must be strengthened.

- **Sovereign Wealth Fund (SWF):** Establish a well-governed SWF to accumulate and prudently manage oil and other natural resources revenue. Utilise the SWF to finance critical infrastructure projects and strategic investments.

- **Public-Private Partnerships (PPPs):** Expand the use of PPPs to attract private sector investments in crucial infrastructure projects. Leverage private sector expertise and resources to fund and develop infrastructure.
- **Domestic and International Bonds:** Issue bonds in domestic and international markets to raise capital for infrastructure development. Utilise bond proceeds to finance large-scale projects with long-term paybacks.
- **Development Finance Institutions (DFIs):** Collaborate with DFIs to access concessional finance and technical assistance for priority sectors. Leverage the expertise and resources of DFIs to fund projects with social and economic impacts.
- **Public Investment Funds:** Create dedicated investment funds for specific sectors, such as agriculture, technology, or renewable energy. Attract private sector co-investment and provide targeted financing for sector-specific growth.
- **Multilateral and Bilateral Cooperation:** Collaborate with international financial institutions and bilateral partners to access concessional loans, grants, and technical expertise. Engage in mutually beneficial partnerships to support economic transformation initiatives.
- **Infrastructure Bonds:** Issue infrastructure bonds specifically earmarked for financing large-scale infrastructure projects. Attract investors interested in long-term, low-risk investments tied to infrastructure.
- **Road (Infrastructure) Annuity Plan:** This involves grouping infrastructure facilities into packages to be bid for by private consortia to design, build and maintain in exchange for an annuity payment.
- **Tax Increment Financing (TIF):** Implement TIF mechanisms to fund infrastructure projects using future incremental tax revenues. Channel increased tax revenues generated by project-related economic growth back into the investments.
- **Resource Mobilisation and Diversification:** Diversify revenue sources by reducing dependence on oil revenue. Mobilise domestic resources through effective tax collection and anti-corruption measures.
- **Infrastructure Concessions and Asset Recycling:** Explore opportunities for asset recycling by leasing or selling underutilised government assets. Use proceeds to finance new infrastructure projects.

Pathways towards Achieving the Envisioned Nigeria in 2035

With a visionary alignment of policies and strategic optimism, Nigeria's economy possesses the potential to soar to US\$4 trillion within the same time frame. Such growth promises expanded access to economic opportunities, uplifting millions from the depths of poverty. According to the World Bank Group (2024), more than half of Nigeria's population is living in poverty as of 2024. Meanwhile, as Nigeria navigates its path towards a US\$4 trillion economy, poverty would recede by an average of 10 million individuals annually. This remarkable trajectory embodies more than economic expansion; it signifies a metamorphosis. Nigeria emerges not only as an African industrial epicentre but also as a global economic powerhouse characterised by its exceptional competitiveness. This transformation embodies diversity, underpinned by economic sophistication, a commitment to knowledge-driven progress, and embracing digital innovation.

Therefore, the NESG proposes the following policy strategies for Nigeria to transform its economy and achieve a US\$4 trillion economy by 2035.

- Export Diversification and Sophistication Strategy – To become a global export hub and regional integration champion of AfCFTA.
- Innovation and Digital Transformation Strategy – To become a central global innovation hub and exporter of knowledge products to the world.
- Subnational Economic Integration Strategy – To develop competitive and viable regions/sub-national economies.

While each strategy appears distinct in its framing, they are non-mutually exclusive. **Table 2** presents the opportunities and growth drivers open to Nigeria to explore and the policy priorities and focus areas for Nigeria on achieving a US\$4 trillion economy by 2035. The strategic paths are non-mutually exclusive in that all the growth drivers, policy priorities, and focus areas are essential for Nigeria to achieve a US\$4 trillion economy by 2035. They, however, differ in their overarching goals, philosophical background, target opportunities, and priority placed on the policies and focus areas (in terms of finance, human capital, time and other resources).

Table 2: Target Opportunities and Policy Priorities for Nigeria

Target Opportunity and Growth Drivers	Policies Priorities and Focus Areas
<ul style="list-style-type: none"> • Large market size • Considerable working age and youth population • Growing entrepreneurship ecosystem • Fast-evolving innovation and technology ecosystem • Coastal positioning (access to the sea) • Geographic location (opportunity to be the supply hub for sub-Saharan Africa) • Land mass for agriculture • Atmospheric advantage (favourable weather for agriculture, opportunity to for renewable energy hub) • Diverse mineral and natural resource endowment (crude oil, gas, gold, lithium, etc.) • Membership of the AfCFTA 	<ul style="list-style-type: none"> • Industrialisation enhancing infrastructure • Targeting employment elastic sectors' growth • Product diversification and sophistication • Product value chain development • Market Reform & Competitiveness • Transformation readiness enhancement • Startup and entrepreneurial development ecosystem • Digital infrastructure development • Industrially relevant skills and education • Innovation in healthcare services • Framework for the intergovernmental economic relationship • Regional infrastructural development • Regional economic commissions • Regional shared services and clustering • Regional value chain development

(1) Export Diversification and Sophistication Strategy (EDSS) (Making Nigerian Market Competitive)

By making the Nigerian economy globally competitive, the EDSS pathway entails achieving export diversification and economic sophistication through rapid industrialisation. Industrialisation will solely position Nigeria to take advantage of the global trade value chain by manufacturing diverse and high-value products for export. This involves the establishment of a competitive market economy for manufacturing companies to evolve and produce various goods with various levels of sophistication and value-addition. In the face of persistent external vulnerability, the EDSS allows Nigeria to strengthen its external exposure, take advantage of the AfCFTA agreement, its geographic location, the market size with potential for massive job creation (predominantly blue-collar jobs) and so on (see **Table 3**).

Table 3: Heat Presentation of Target Opportunities Across Strategies

Target Opportunities	Export Diversification and Sophistication Strategy	Innovation and Digital Transformation Strategy	Subnational Economic Integration Strategy
International Market (AfCFTA)			
Geographic Location			
Coastal Positioning			
Large Market Size			
Fast-evolving Innovation & Technology Ecosystem			
Large Working Age & Youth Population			
Growing Entrepreneurship Ecosystem			
Atmospheric Advantage (Farming, energy)			
Diverse Mineral and Natural Resources			
Land Mass			



Going by this path, the government will aim for Nigeria to be a global export hub leading the way in the AfCFTA implementation. The major drivers of this strategy will be companies, especially those in the manufacturing sector. As such, the government will focus policies and interventions on supporting companies involved in large-scale production, such as providing industrialisation-enhancing infrastructure, targeting employment-elastic sectors' growth, promoting product diversification and sophistication, market reforms and competitiveness, and value-chain development (see **Table 4**).

Table 4: Heat Presentation of Priority of Policies Across Strategies

Target Policies and Focus Areas	Export Diversification and Sophistication Strategy	Innovation and Digital Transformation Strategy	Subnational Economic Integration Strategy
Industrialisation enhancing infrastructure			
Targeting employment elastic sectors' growth			
Product diversification and sophistication			
Product value chain development			
Market Reform & Competitiveness			
Transformation readiness enhancement			
Startup and entrepreneurial development ecosystem			
Digital infrastructure development			
Industrially relevant skills and education			
Innovation in healthcare services			
Framework for the intergovernmental economic relationship			
Regional infrastructural development			
Regional economic commissions			
Regional shared services and clustering			
Regional value chain development			



(2) Innovation and Digital Transformation Strategy (IDTS) (Developing The People)

Developing the People as an economic transformation agenda involves the development of globally competitive citizens offering various products and services worldwide. This agenda will be anchored on achieving Innovation and Digital Transformation. It involves an intense and broad-based drive for citizens' capacity building and the development of a workforce with a pool of 21st-century industry-relevant skills to leapfrog into the evolving world of innovation and the fourth industrial revolution. This economic transformation strategy will tap into the vibrant and youthful Nigerian population, fast-evolving innovation & technology ecosystem, and growing entrepreneurship ecosystem (see **Table 3**). According to the National Bureau of Statistics (2023), about 91 percent of employed Nigerians work in the informal sector. This strategy is particularly well-suited to help Nigeria effectively reap demographic dividends. The major development drivers under the IDTS are the citizens, startups, entrepreneurs and SMEs whose innovations will propel economic transformation. The government's adoption of this strategy is for Nigeria to become a significant global innovation hub and exporter of knowledge products. The government will provide a favourable environment for knowledge (innovation) development and scale-up of millions of small businesses and startups. This includes investment in transformation readiness enhancement initiatives to drive innovation, digital infrastructure, industrially relevant skills and education, innovation in healthcare services, and support for the startup and entrepreneurial development ecosystem (see **Table 4**).

(3) Sub-National Economic Integration Strategy (SEIS)

This pathway stresses optimising Nigeria's abundant human and natural resources at the sub-national levels or states. The sub-national Economic Integration involves a deliberate attempt to tap into the mineral and natural endowments and economic advantages of all regions, states and local governments in Nigeria. Economic activities in Nigeria are often concentrated, which has created undue poverty concentration and massive rural-urban migration. The SEIS emphasises the need for collaboration between the Federal Government and State Governments through integration among states to develop the local economies and improve economic opportunities for the people. This strategy requires state and resources mapping, which

aims at developing competitive and viable regions/sub-national economies that optimally exploit the resources of each region/state alongside the export market to create an equitable spread of opportunities across the country (see **Table 3**). The policy priority for the government includes developing a framework for the intergovernmental economic relationship, inter-state infrastructural development, establishing regional economic commissions, developing regional shared services and clustering, and strengthening regional value chain development (see **Table 4**).

Policy Imperatives

To achieve the economic transformation and inclusion agenda, the government must deliberately ensure that the necessary foundation is laid in the short to medium term to optimise economic benefits and outcomes. Successful offtake of an economic transformation agenda rests on the following priorities:

- **Provide a National Economic Policy Guideline:** Nigeria needs to optimise the federal system of government it practises, given the peculiarity of opportunities and economic challenges faced by the different regions. The government need to develop a framework to communicate the specific policy actions of the government to MDA as well as the specific role of subnational governments in the government's reform endeavours. This is important for proper policy implementation, policy and regulatory consistency and driving a long-term agenda.
- **Provide Investment Promotion Framework:** Given that the investment target is heavy on the private sector, the government must identify the specific investment it seeks to promote across sectors. This is important for the private sector to know where and how to tap into the government's drive for transformation.
- **Implement Civil and Public Service Reforms:** Effective economic transformation rests on civil and public servants' readiness to carry out the government's plans to the letter. Implementing previous plans suffered setbacks due to improper, saboteur and un-nationalistic disposition towards policy implementation by public and civil servants. Many of the recommendations of the Oronsaye Report on Civil Service Reform continue to be relevant. For instance, there is a need to institute a performance and merit-based management of MDAs and harmonise their activities to drive the implementation of the government's plans effectively.
- **Ensure Macroeconomic Stability and Policy Coordination:** Given the expected commitment from the private sector, the decisions of the government and MDAs need to signal confidence in the macroeconomic space. The private sector needs to commit to the economy in the long term and support economic diversification and socially inclusive economic growth.
- **Implement Capital Mobility Reform:** One of the banes to foreign investment inflows in Nigeria is the ad hoc nature of capital transfer policy and regulation and the entire financial system. The government needs to provide clarity concerning cross border movement of capital. Without this, private investments from foreign investors will be limited.
- **Strengthen the regulatory framework for PPP:** The Public-Private- Partnerships (PPP) funding model has become a significant avenue to mobilise resources to finance infrastructural development. The government needs to establish a legislative framework for PPP arrangements to thrive and create a legal backup for PPP projects in the face of changing government.
- **Improve the Security Situation:** The government must mobilise a cumulative estimate of US\$7.16 trillion in private investment over the next 10-13 years to achieve a US\$4 trillion economy by 2035. To encourage a private sector investment of that magnitude, lives and properties must be safe. Continued elevation of security threats and crimes will be a disincentive and limit private investments.

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Rising Energy Costs: A Bane to Nigeria's Manufacturing Sector Transformation

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Abstract

The manufacturing sector is indispensable for realising Nigeria's age-long economic transformation quest. However, the rising cost of energy, a critical input factor, continues to raise production costs and undermine the manufacturing sector's competitiveness. This paper explores Vietnam's manufacturing success to draw lessons Nigeria can leverage to become a manufacturing powerhouse in Africa and the world. The paper discusses five episodes in the relationship between energy costs and manufacturing sector growth between 2015Q2 and 2024Q1, with the general conclusion that rising energy costs inhibit manufacturing sector growth in Nigeria. Taking cues from Vietnam, Nigeria should formulate a comprehensive national strategy to reduce energy costs, diversify its energy mix towards renewable energy, and leverage public-private partnerships to mobilise the necessary funding for energy infrastructure projects.

Introduction

Manufacturing is pivotal in economic transformation and industrialisation, particularly in developing and emerging economies like Nigeria. As the country seeks to reduce its reliance on oil revenues, sustained industrial growth is crucial for creating employment opportunities, enhancing productivity, and improving the standard of living (Afolabi and Ogunjimi, 2020; Afolabi, 2022). However, Nigeria's manufacturing sector is energy-intensive and faces many challenges that stifle its growth, competitiveness, and potential to spearhead its economic transformation. One of the most significant challenges is the high and fluctuating energy cost. Energy constitutes a fundamental input for manufacturing processes, and its availability, affordability, and reliability directly affect the sector's competitiveness and overall contribution to Gross Domestic Product (GDP) (Asaleye et al., 2021). Energy costs represent a considerable proportion of the operational expenditure incurred by manufacturers and directly impact production capacity, pricing strategies, and profit margins.

Unfortunately, Nigeria's energy landscape has historically been characterised by inefficiencies, including an unreliable power supply from the national grid and high costs of alternative energy sources such as Premium Motor Spirit (PMS), diesel, and gas. These challenges result in increased production costs for manufacturers, constrained capacity utilisation, limited technological advancement, and reduced global competitiveness (Babatunde and Afolabi, 2024). Despite abundant natural energy resources, including oil, gas, and renewable energy potentials, Nigeria has encountered difficulties meeting its manufacturing sector's energy demands (Iwashokun et al., 2020).

The recent policy changes introduced by the current Nigerian administration, particularly the removal of the fuel subsidy, have introduced new dynamics into the already complex relationship between energy costs and manufacturing. To illustrate, the price of petrol (PMS) increased from an average of N238.11 in May 2023 to N770.54 in July 2024, while diesel prices rose significantly from N844.28 to N1379.48 over the same period (NBS, 2024). The fluctuating fuel prices, compounded by inadequate supply and hoarding by energy firms, have led to the frequent resurgence of fuel queues. These not only result in the loss of valuable working hours but also adversely affect labour productivity and hinder efforts to achieve economic transformation. While the recent policy reform is designed to address market inefficiencies and encourage a more liberalised energy sector, its immediate impact on the cost structure of manufacturers is significant and complex.

Consequently, this paper explores the impact of rising energy costs on Nigeria's manufacturing sector and draws lessons from Vietnam to mitigate these challenges and promote sectoral growth. This is critical in the Nigerian context, where many manufacturing firms have been forced to look beyond the unreliable national grid to power their operations. Unlike in many other countries, where manufacturing sectors primarily depend on stable electricity from centralised power systems, Nigerian manufacturers rely heavily on self-generated electricity, predominantly through diesel-powered generators. The high and fluctuating cost of diesel, which

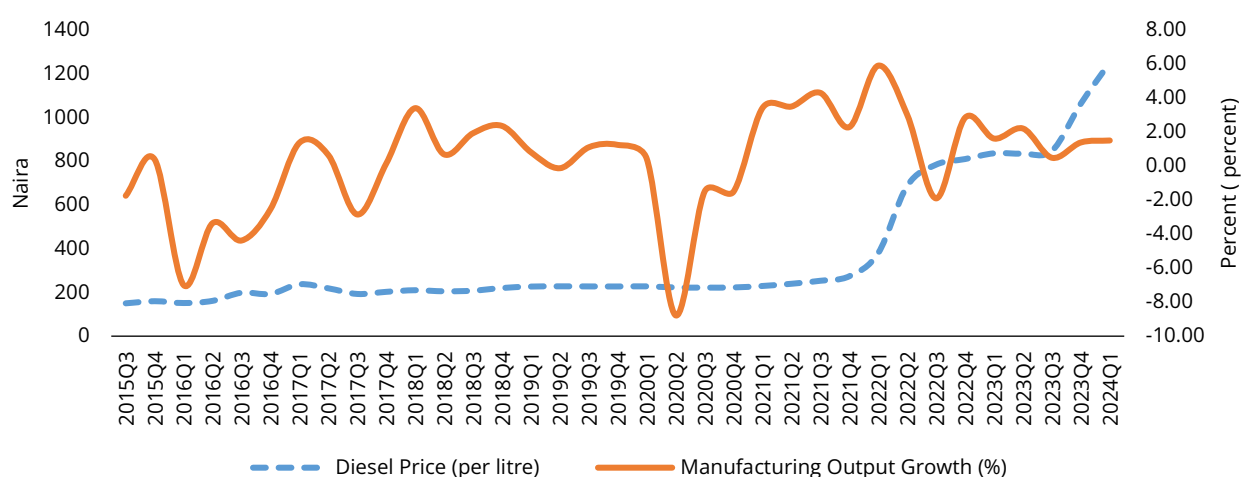
has seen sharp increases due to market dynamics and the recent deregulation of fuel prices, has introduced a distinct set of challenges that have not been fully captured in the existing studies (Iwashokun et al., 2020; Asaleyey et al., 2021). This paper takes cues from Vietnam's experience due to its successful transition from a low-income, agrarian economy into one of the fastest-growing manufacturing hubs in Southeast Asia and a key player in global supply chains for electronics, textiles, and machinery.

Energy and Manufacturing Landscapes in Nigeria and Vietnam

Figure 1 illustrates the trend of diesel prices and manufacturing output growth in Nigeria from 2015Q3 to 2024Q1, which can be grouped into five key episodes. The first episode (2015Q3-2016Q4) was marked by negative manufacturing output growth, coinciding with an upward trend in diesel prices. This period was defined by Nigeria's economic recession, caused by a sharp drop in global oil prices, currency depreciation, and rising inflation. Diesel prices, crucial for running generators due to unreliable electricity supply, drove up production costs, exacerbating the economic slowdown and dragging down manufacturing output. In the second episode (2017Q1-2019Q4), the manufacturing sector began to recover, with positive output growth recorded in most quarters despite fluctuating diesel prices. This recovery was driven by Nigeria's exit from recession in 2017, supported by government policies and an improved global oil market. Although diesel prices remained elevated, manufacturers adapted by improving operational efficiencies and adjusting pricing strategies to maintain growth.

The third episode (2018Q1-2019Q4) was characterised by relatively stable diesel prices of around N200-N230 per litre, but manufacturing output growth remained inconsistent. While stable diesel prices provided manufacturers with some planning certainty, growth was constrained by deeper structural issues such as poor infrastructure, foreign exchange instability, and reliance on costly self-generated energy. The fourth episode (2020Q1-2021Q4) saw a sharp economic shock due to the COVID-19 pandemic, resulting in a steep decline in manufacturing output (-8.78 percent in 2020Q2), even though diesel prices remained high. However, the sector rebounded in 2021 as lockdowns eased, trade resumed, and government stimulus helped reignite growth. The fifth episode (2022Q1-2024Q1) was marked by soaring diesel prices, which climbed from N379.80 to over N1,250 per litre. Despite these unprecedented price increases, manufacturing output exhibited mixed growth, with some quarters showing resilience and others struggling due to unsustainable energy costs. This highlights the urgent need for Nigeria to transition towards more reliable and affordable energy sources to reduce dependence on diesel and ensure sustainable growth in the manufacturing sector.

Figure 1: Trend of Diesel Price and Manufacturing Sector Growth



Source: National Bureau of Statistics (NBS), 2024

Vietnam has transitioned from being an agrarian economy to a critical global manufacturing powerhouse. **Table 1** compares its energy and manufacturing profile with Nigeria's. The comparative data reveals significant disparities between Vietnam and Nigeria regarding their energy and manufacturing sectors. Vietnam's energy mix is diverse and robust, with substantial contributions from coal (124.31 TWh), hydropower (76.79 TWh), and solar (25.46 TWh), resulting in 100 percent electricity access and high per capita electricity generation of 2,688 kWh. In contrast, Nigeria heavily relies on natural gas (32.30 TWh) and struggles with only 59.5 percent electricity access, leading to a low per capita electricity generation of 182 kWh. Vietnam's manufacturing sector also accounts for 86 percent of its merchandise exports. It contributes 25 percent to GDP, growing at 8.2 percent annually, whereas Nigeria's manufacturing exports comprise just 5 percent of its merchandise exports and contribute 14 percent to GDP, with a lower growth rate of 2.4 percent. These figures underscore Vietnam's successful economic transformation through manufacturing, highlighting Nigeria's urgent need for reforms and investment in its energy infrastructure and industrial policies to enhance its economic development.

Table 1: Energy and Manufacturing Profile and Nigeria and Vietnam

Category	Vietnam	Nigeria
Energy Mix (2023)	Coal: 124.31TWh	Gas: 32.30TWh
	Hydropower: 76.79TWh	Hydropower: 8.28TWh
	Solar: 25.46TWh	Solar: 0.05TWh
	Gas: 26.52TWh	
	Wind: 10.02TWh	
Electricity Access (2021)	100 percent	59.5 percent
Per capita electricity generation (2023)	2,688kWh	182kWh
Energy use (2021)	12,399kWh	2548kWh
Manufactures exports (percent of merchandise exports) (2022)	86 percent	5 percent
Manufactures imports (percent of merchandise imports) (2022)	75 percent	45 percent
Manufacturing, value added (percent of GDP) (2022)	25 percent	14 percent
Manufacturing, value added (annual percent growth) (2022)	8.2 percent	2.4 percent

Source: Our World in Data & World Development Indicators

Economic Transformation through Manufacturing: Lessons for Nigeria from Vietnam's Success

Vietnam's economic transformation over the past few decades illustrates how a strategic focus on manufacturing can propel a nation from low-income status to a competitive player in the global market. It is important to note that Vietnam is rich in coal and sources much of its electricity from this natural resource. Vietnam's government has played a crucial role in maintaining low energy costs, significantly contributing to the country's rise as a global manufacturing powerhouse. Vietnam ensures manufacturers benefit from lower operational costs by implementing direct energy subsidies for industrial users, especially those in energy-intensive sectors such as electronics, textiles, and consumer goods (Iram and Malik, 2017; Eckardt et al., 2018).

These subsidies often provide industrial consumers with energy at rates below those paid by residential users, making the country a competitive destination for foreign investment. In addition to subsidies, the government also established long-term energy contracts that offer price stability, protecting manufacturers from the volatility of global energy markets. This predictability in energy costs is essential for manufacturers planning long-term investments. Moreover, the government introduced regulatory frameworks that promote energy efficiency and offered tax breaks and incentives to companies that adopt energy-saving technologies (Rand and Tarp, 2020). These measures allow manufacturers to reduce their energy consumption while maintaining high production levels, further enhancing Vietnam's attractiveness as a manufacturing hub.

In addition to government policies and subsidies, Vietnam implemented a strategy to diversify its energy mix, given the risks of over-reliance on traditional energy sources such as coal and hydropower (International Trade Administration, 2024). Historically dependent on coal and hydropower, Vietnam aggressively expanded its renewable energy sector, particularly solar and wind power, to reduce its vulnerability to energy supply disruptions and price fluctuations. Its rapid renewable energy development has been a cornerstone of its strategy to manage energy costs and support its manufacturing sector. Over the past decade, Vietnam has emerged as a leader in Southeast Asia's renewable energy market, driven by favourable government policies such as the feed-in tariff (FIT) scheme, which guarantees long-term, above-market prices for energy produced from renewable sources. This policy has attracted significant domestic and international investment in solar and wind energy projects, leading to a surge in renewable energy capacity.

The country's geographic advantages, including high solar irradiance and a long coastline, make it well-suited for renewable energy development. This diversification of energy sources enhances Vietnam's energy security and stabilises energy prices for manufacturers. It also has the dual benefit of reducing dependence on imported fuels and aligning the country with global sustainability trends, making Vietnam a more attractive destination for multinational companies seeking to lower their carbon footprints. In addition, the Vietnamese government focused on expanding energy generation capacity by building both traditional power plants and renewable energy facilities to meet growing industrial demand (Electricity and Renewable Energy Authority and Danish Energy Agency, 2022). The government also upgraded its transmission and distribution networks to reduce energy losses and improve the reliability of power delivery to manufacturers. The government leveraged public-private partnerships to finance these infrastructure improvements and attract foreign investment and expertise. The result is a modern, resilient energy grid that supports the high demand of Vietnam's growing manufacturing base.

Conclusion and Policy Recommendations

Nigeria's path to economic transformation through manufacturing can benefit significantly from the lessons from Vietnam's success. The following recommendations could ensure Nigeria replicates Vietnam's success to become an African and global manufacturing powerhouse:

- Nigeria should formulate a comprehensive national strategy that directly targets reducing energy costs for industrial users, particularly manufacturing. This strategy should prioritise establishing long-term energy

contracts for manufacturers to provide stability and operational expense predictability. It should be reviewed and adjusted regularly based on energy market trends to maintain effectiveness. This would make Nigeria a more attractive destination for foreign investment, especially in energy-intensive manufacturing sectors.

- Like Vietnam, Nigeria should diversify its energy mix beyond traditional sources like oil and gas. Vietnam's push towards renewable energy (solar and wind) significantly contributed to stabilising its energy costs. With its rich renewable energy potential (solar, wind, and hydropower), Nigeria can prioritise the development of these sectors through government incentives like feed-in tariffs and attractive investment policies to draw local and international investors into renewable energy projects.
- The energy infrastructure in Nigeria needs to be modernised through investments in power plants, renewable energy facilities, and upgraded transmission and distribution networks to ensure reliable power for manufacturers. Nigeria must prioritise similar investments by upgrading its national grid, reducing transmission losses, and increasing the reliability of power delivery to industries. Public-Private Partnerships (PPPs) can be instrumental in mobilising the necessary funding and technical expertise for such infrastructure projects, as demonstrated in the case of Vietnam.

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Addressing Food Insecurity in Nigeria: A Practical Guide to Disbursing Government Cash Transfers and Food Aid to Vulnerable Citizens

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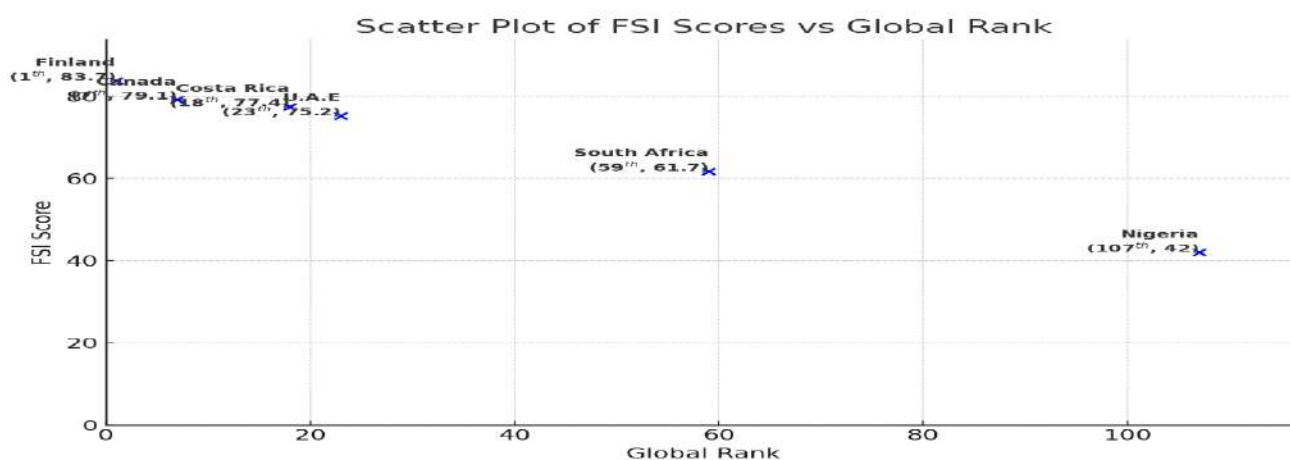
Abstract

Due to many Nigerians' deteriorating food security status, this study provides a practical guide to assist the government in identifying highly food-insecure households across the country. Using Maxwell and Caldwell's coping strategies index approach, this study found that food insecurity is more concentrated in rural areas than in urban areas. It was also found that the coping strategies employed by households in both communities include eating less preferred food, limiting meal consumption and buying food on credit. Based on the findings, the study proposes an effective and accountable approach for targeting highly food-insecure households across Nigeria's 774 local government areas.

Introduction

Food insecurity is a big challenge that has plagued Nigeria for years and a significant impediment to its achievement of the United Nations' Sustainable Development Goals (UNSDGs) 1 and 2. The Food and Agriculture Organisation (FAO, 2015) defined food insecurity as a situation whereby people lack nutritious food intake for vitality and supplements against starvation. Food insecurity compels households to adopt a range of dangerous and severe coping strategies, which may negatively impact their well-being (Maxwell & Caldwell, 2008; Sassi, 2021). Climate change, the COVID-19 pandemic, regional conflicts and poor government policy drive the incidence of food insecurity in Nigeria (FAO, 2024; Mukhtar, 2019).

Figure 1: Comparative FSI ranking of Nigeria and regional top countries in food security, 2022[†]



[†]Note: Top regional FSI countries according to The Economist's 2022 data include Finland (Europe), Canada (North America), Costa Rica (Latin America), South Africa (Sub-Saharan Africa), U. A. E (Middle East & North Africa), and Japan (Asia & Pacific).

Source: Data from The Economist (2022)

Nigeria's Food Security Index (FSI) performance, relative to that of other countries across various world regions, is alarming (**Figure 1**). In 2022, Nigeria ranked the 6th most food-insecure country in the world along with Burkina Faso and Madagascar (5th), Sierra Leone (4th), Yemen (3rd), Haiti (2nd), and Syria (1st) [The Economist, 2022]. Nigeria's food security ranking took a turn for the worse globally in 2024, moving up to the second position behind the Democratic Republic of the Congo (FAO, 2024). Regional conflicts and insecurity, including farmer-herder conflicts, kidnapping, Boko Haram insurgency, and banditry, have led to mass displacement of rural farmers (Azad & Kaila, 2018). This displacement has resulted in low agricultural output, food shortages, food inflation and, consequently, food insecurity in Nigeria (FEWS NET, 2024; Dooshima et al., 2023).

Studies (Azad & Kaila, 2018; FEWS NET, 2024) have shown that states in northern Nigeria fare worse in food insecurity compared to those in the southern part of the country - with a higher share of households who cannot afford a healthy diet concentrated more in the north than in the south. For 2022, FAO (2024) estimated US\$3.83 as the cost of a healthy diet per person per day in Nigeria. By the end of that year, 172 million Nigerian citizens were unable to afford a healthy diet (FAO, 2024). The government would have been required to spend approximately \$659 million to provide for these individuals.

Following the hardship caused by food insecurity in Nigeria and the government's unsuccessful attempts to identify and support its food-insecure citizens, the country has experienced protests on numerous occasions. This includes the August 2024 10-day nationwide hunger protest (THISDAY, 2024). The government faces several challenges, including the inability to identify deserving food-insecure citizens due to insufficient data on vulnerable households. Additionally, the government struggles with ineffective means of reaching food-insecure citizens and ensuring accountability in support programmes.

If not addressed, food insecurity can put the country's human capital at risk while denying millions of citizens' access to education and other capital investments that make living worthwhile, particularly as food inflation continues to take a toll on households' income (NBS, 2024). According to Brinkman et al. (2010), the persistence of food insecurity implies that it will be challenging for poorer households to afford healthy diets without severely cutting back on investments in education and health. This, in turn, can further exacerbate poverty among this household group.

This study serves as a pilot scheme for identifying food-insecure households in Nigeria. The outcome of this research will assist the government in profiling vulnerable families deserving of palliative programmes, such as cash transfers and food aid, as a short-term solution to address food insecurity and hunger in the country. The study also proposes an effective and accountable approach to implementing aid and support programmes for food-insecure citizens, which can be replicated in all the states in Nigeria.

Methodology and Data

The study was conducted in two local government areas in Ibadan, Oyo state, Nigeria. The two local government areas included Ibadan North-West and Ido local government areas. The sample selected from the two local government areas was split equally between rural and urban households (HH), comprising 100 adult female respondents. Female respondents were chosen because women usually know more about HH consumption needs and patterns than men (Maxwell & Caldwell, 2008).

HH's food security status was computed using information about the severity of the coping strategies they used to provide food for themselves in the past seven days (**Appendix A1**). For instance, a high coping strategies score (or index) is associated with high food insecurity and vice versa. This approach to measuring food (in)security was developed by Maxwell and Caldwell (2008).

The Coping Strategies Index (CSI) approach (**Appendix A1**) utilises a series of questions to calculate the severity of shortfalls in HH food consumption and to help determine whether the HH food security status is declining or improving over time. This approach is handy and is widely adopted among contemporary researchers (e.g. Azad & Kaila, 2018; Sassi, 2021). Besides, the CSI approach enables users to identify vulnerable HH experiencing severe food insecurity accurately, pinpointing those needing assistance.

To determine HH's food security status empirically based on the data collection procedures described above, the i^{th} respondent's food security status (FSS) in the study was defined by the following equation:

$$FSS_i = f(CSI_i) = \sum_{k=1}^n B_{i,k} W_k \quad (1)$$

Equation 1 implies that the FSS of the i^{th} respondent is a function of the severity of their CSI, defined as the summation of the product of the various specific coping behaviours ($B_{i,k}$) and the corresponding weight attached to them (W_k). W measures the severity of specific (k) coping behaviour, ranging from least severe (1) to very severe (4) coping behaviours (see **Appendix A1**). The value computed for the i^{th} respondent in equation 1 was then used to identify vulnerable HH, where the sample or group mean CSI (GMCSI) score is the threshold CSI. CSI above the threshold means high food insecurity (see **Table 1**).

Table 1: Grouping HH's FSS based on the severity of their CSI scores

	Group 1 (Least food-insecure)	Group 2 (Moderately food-insecure)	Group 3 (Highly food-insecure)
FSS	$CSI_i < GMCSI_i$	$CSI_i = GMCSI_i$	$CSI_i > GMCSI_i$
CSI score	Least severe	Moderately severe	Very severe

Results

Description of Respondents' Characteristics

The modal observations for the socio-economic and demographic distribution of the sample reveal that the majority of the HH, for both rural and urban respondents, were headed by males aged between 41-50 years (see **Table 2**). The majority of the HH heads in rural areas lacked tertiary educational qualifications. However, they worked as salary earners, similar to their urban counterparts. Notably, the modal educational qualification for urban HH heads was a diploma from a college of education or polytechnic.

More than half of the HH in the sample were landlords. Their spouses primarily worked as traders in rural areas and as teachers in urban areas. The average income of the HH heads in urban areas was approximately twice that of their rural counterparts. Notably, a significant percentage of rural HH heads earned less than 70,000 per month. More than half of the HH in rural areas had a family size of five, while in urban areas, the majority had a family size of three. The HH in both areas also ate at least twice a day.

Table 2: Summary statistics

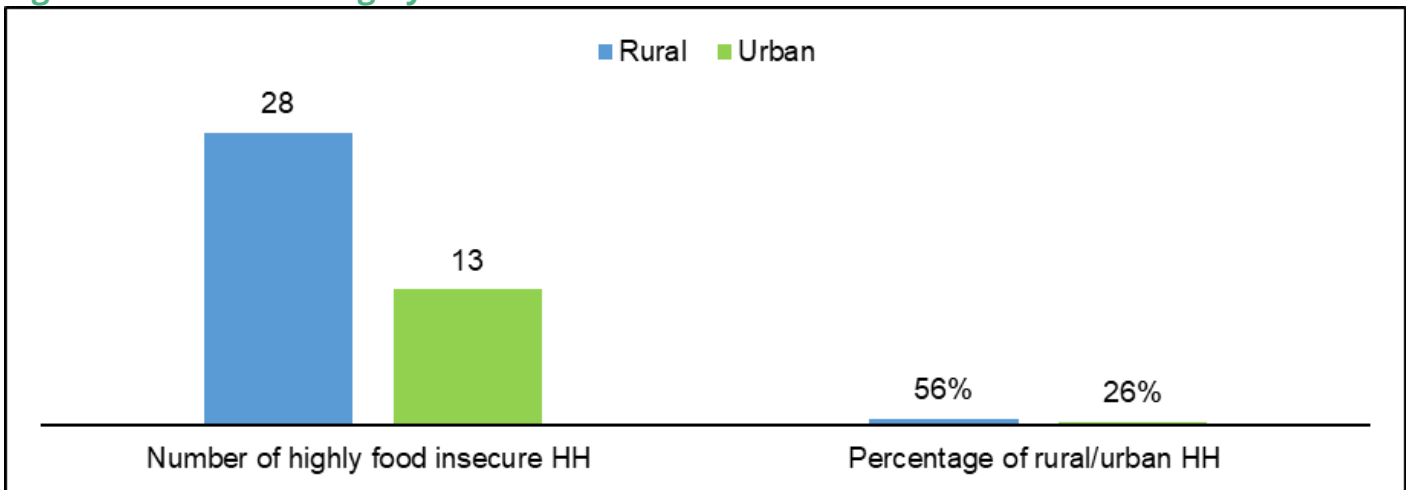
HH head variables	Modal observation		Modal observation	
	Rural	Frequency of total	Urban	Frequency of total
Gender	Male	40 (50)	Male	36 (50)
Age	41-50 years	15 (50)	41-50 years	17 (50)
Education	Primary/Secondary	36 (50)	College/Polytechnic	27 (50)
Occupation	Salary earner	27 (50)	Salary earner	31 (50)
Spouse income	Has income source	47 (50)	Has income source	36 (50)
Land ownership	Landlord	26 (50)	Landlord	25 (50)
Average mealtime	At least twice a day	33 (50)	At least twice a day	37 (50)
Average income	Less than N70,000	35 (50)	Less than N150,00	38 (50)
HH size	5	27 (50)	Less than N150,00	24 (50)

Source: Field survey (Author, 2024)

Number and Distribution of Highly Food-insecure HH

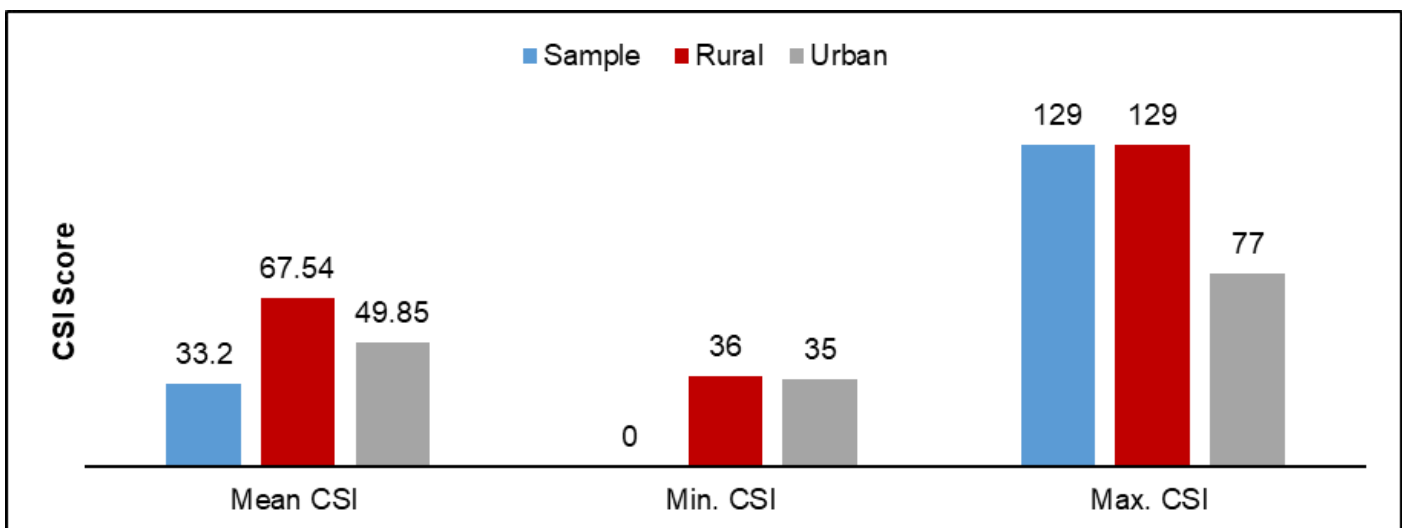
The GMCSI score (33.2) from the sample (see **Figure 3**), which provides the threshold for HH FSS, indicates that 41 HH were highly food-insecure, with 28 HH and 13 HH in the rural and urban communities, respectively. The highly food-insecure HH in the rural area were more than twice the urban dwellers, accounting for about 56 percent of the sample (see **Figure 2**).

Figure 2: Number of highly food-insecure HH



Source: Author (2024)

Figure 3: CSI score of highly food-insecure HH vs. GMCSI score

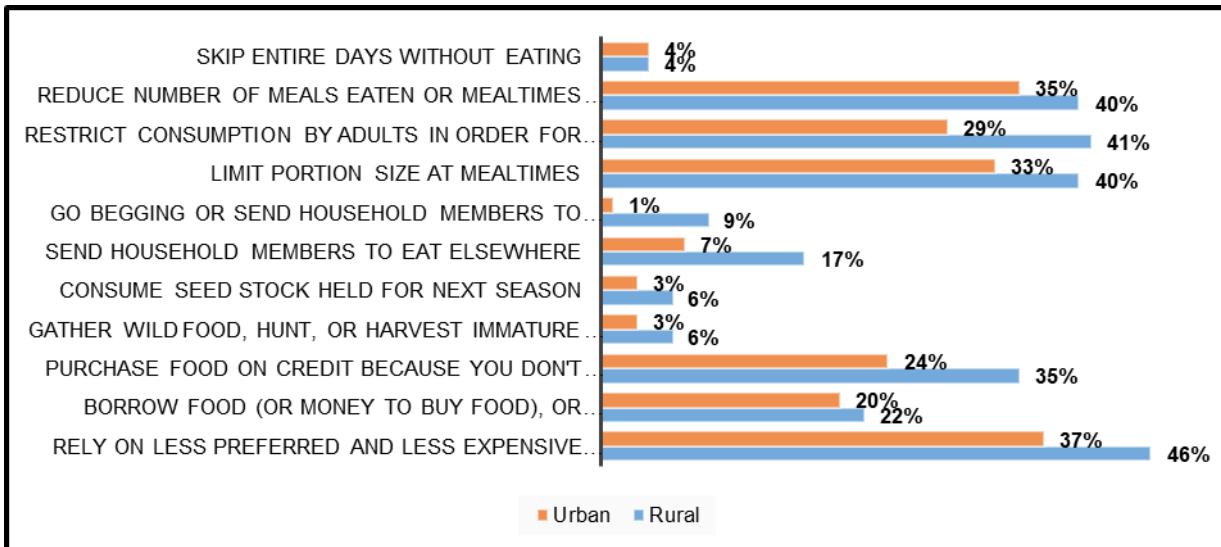


Source: Author (2024)

Coping Behaviours/Strategies Used by HH in the Sample in the Past Seven Days

The coping strategies employed by HH, in their order of frequency, include reliance on less preferred food, practised by 83 percent of the sample; reduction in the number of meals or mealtime per day (75 percent); limit in the portions of meals (73 percent); restrictions in adults' meal consumption (70 percent); and purchase of food on credit (69 percent). As seen in **Figure 4**, these coping behaviours were practised more in rural than urban areas.

Figure 4: HH coping strategies and percentage of the sample that has used them at least once in the past seven days

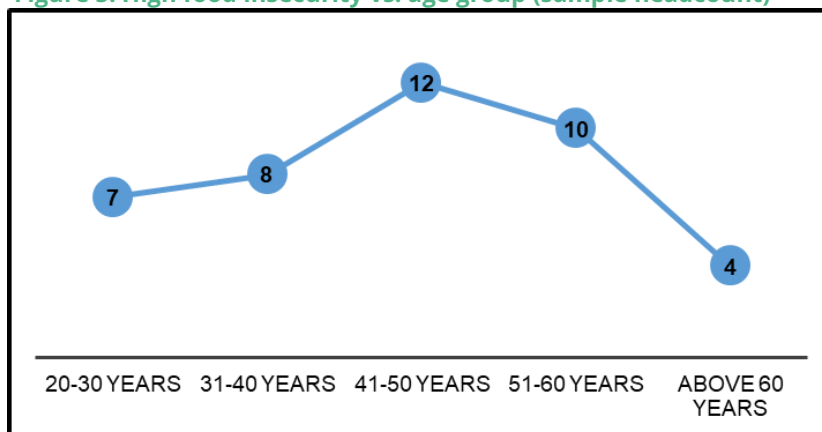


Source: Author (2024)

Food Insecurity across Different Social, Economic and Demographic Contexts

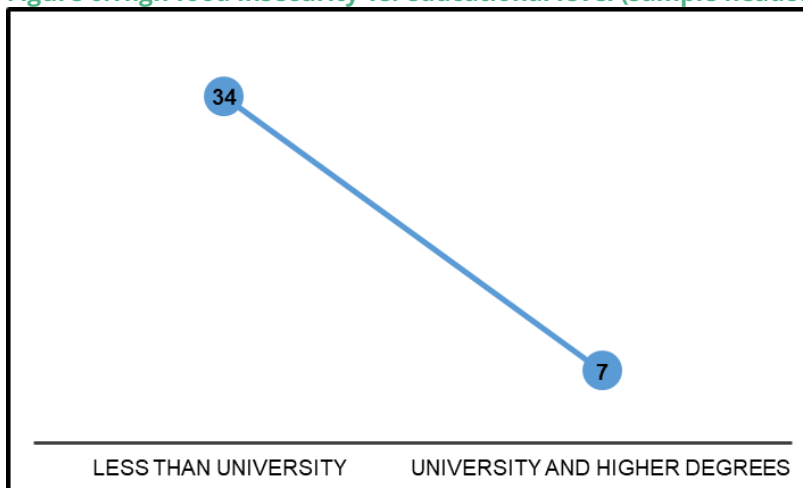
The FSS of the 41 highly food-insecure HH identified in the sample are compared in four contexts: across age group, educational level, average monthly income, and asset ownership. As seen in **Figure 5**, food insecurity tends to rise with age and is more pronounced among the age groups 41-50 and 51-60 years. Above these age groups, HH FSS improved. This is evident as the HH heads in the sample, predominantly aged between 41 and 50, often restricted and limited their own food consumption to ensure that younger HH members received adequate nutrition.

Figure 5: High food insecurity vs. age group (sample headcount)



Source: Author (2024)

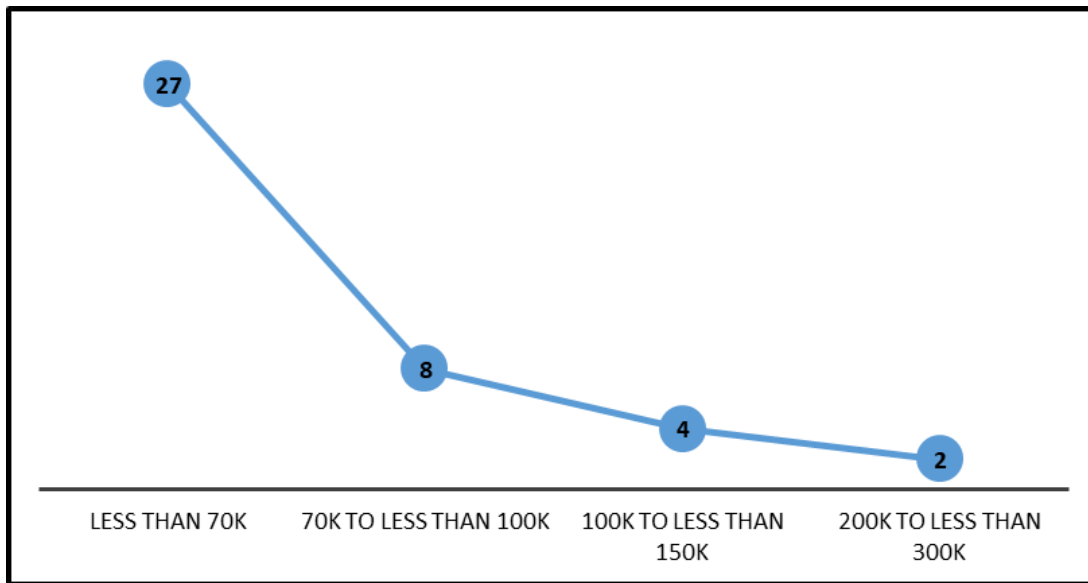
Figure 6: High food insecurity vs. educational level (sample headcount)



Source: Author (2024)

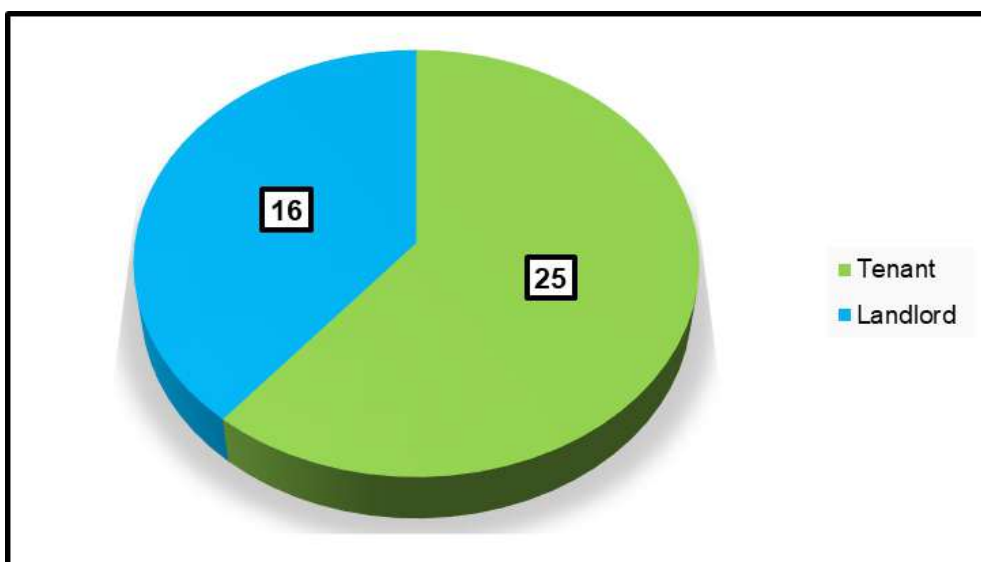
Data from the sample also reveals that HH food insecurity decreases as the educational attainment of the HH head increases. This is attributed to better job opportunities and higher average HH incomes (see **Figures 6 and 7**). Similarly, landlord respondents experienced declining food insecurity as they could generate sufficient income and savings to meet their HH's food needs. Notably, only 16 landlord respondents were highly food-insecure, compared to 25 highly food-insecure tenant respondents (see **Figure 8**).

Figure 7: High food insecurity vs. average monthly income (sample headcount)



Source: Author (2024)

Figure 8: High food insecurity vs. land ownership (sample headcount)



Source: Author (2024)

Conclusion and Policy Implications

This study showed that food insecurity is a significant challenge among rural and urban households in Nigeria, with members of the rural communities bearing a higher brunt of food insecurity than their urban counterparts. While coping strategies such as buying food on credit, limiting portions of meals, and food consumption restrictions for adult members of households were considered culturally normal by

respondents, consistently eating less preferred food and limiting portions of food at mealtime could mean that these household are not eating healthy and nutritious diets or getting sufficient calorie intake per day.

Empirical evidence from this study suggests that an average household requires at least ₦200,000 per month to meet their feeding obligations. It was found that food insecurity intensifies when average monthly income falls below ₦70,000 and subsides when income reaches ₦200,000 to less than ₦300,000. To mitigate food insecurity, the government may consider providing highly food-insecure households with a minimum of ₦200,000 per month in the form of cash transfers or food assistance.

While this study acknowledges the existence of the Conditional Cash Transfer (CCT) programme, an initiative by the Federal Government to provide financial support to targeted poor and vulnerable Nigerian households (NASSCO, 2024), previous studies (e.g., Paul, 2023) have identified several challenges with the CCT program, including the misallocation of funds by beneficiaries, poorly defined exit and entry periods, arbitrary beneficiary selection, and inadequate monitoring and evaluation mechanisms.

Moreover, data evidence from this study indicates that the ₦70,000 national minimum wage in Nigeria is lower than the ₦200,000 per month estimated in this current study. The findings of this study also suggest that it is high time the government of Nigeria considered the implementation of a living wage to enable Nigerian workers and their dependents to reach a basic and decent standard of living. Unlike the legislated minimum wage, a living wage helps lift the working poor out of poverty (Swaffield et al., 2018).

To identify vulnerable households that are highly food-insecure, the government should conduct a prototype of this survey across all the 774 local government areas (LGAs) in Nigeria on a quarterly basis. This will help the government to determine whether households' food security status across these LGAs is improving or deteriorating. Moreover, to ensure transparency and accountability in the identification process, the government should target vulnerable households whose monthly bank statements are less than ₦200,000 and have valid National Identification Numbers (NINs). These households should be identified using the quarterly coping strategy index reports from the 774 local government areas (LGAs).

Although international organisations like the Famine Early Warning System Network (FEWS NET) provide monthly reports on current and projected food insecurity, leveraging data on weather conditions, agricultural outputs, and market prices to inform policymakers worldwide, including Nigeria, their reports primarily focus on early warning and analysis rather than offering pragmatic solutions for identifying and supporting food-insecure households in the short term, which this study specifically addressed.

Lastly, to address food insecurity in Nigeria in the long term, the government is advised to invest in security and infrastructure, particularly in rural areas. This investment will incentivise farmers displaced from their farmland to return and resume agricultural production rather than seek employment opportunities in cities.

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Appendices

Appendix A1: Household coping behaviours (strategies) and severity weights*

Coping behaviours (B)	0	1	2	3	4	5	6	7	NA	Weight (W)
In the past 7 days counting backwards from today, if there have been times when you did not have enough food or money to buy food, how many days has your household had to:										
Rely on less preferred/less expensive foods										1
Borrow food (or money to buy food), rely on help from a friend, colleague or relative										3
Purchase food on credit because you don't have money to pay immediately										2
Gather wild food, hunt, or harvest immature crops										3
Consume seed stock held for next season										3
Send household members to eat elsewhere, e.g. with neighbours										3
Go begging or send household members to beg for what to eat										4
Limit portion size at mealtimes										1
Restrict consumption by adults for small children to eat										2
Reduce the number of meals eaten or mealtimes in a day										2
Skip entire days without eating										4

*Note, 0=None in those past 7 days, 1=once in those past 7 days, 2=twice in those past 7 days, 3=three times in those past 7 days, 4=four times in those past 7 days, 5=five times in those past 7 days, 6=six times in those past 7 days,



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The Gender Parity Imperative: Policy Actions for Inclusive Development in Nigeria

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Lagos State University, Ojo



Abstract

Gender issues in Nigeria predominate despite efforts to address them through structural and policy reforms. This paper examines the roots of gender inequality in Nigeria and its effect on national development. It also offers actionable recommendations to advance gender equity and ensure a more inclusive and prosperous future for all Nigerians. These gender inequality issues are exacerbated by regional disparities within Nigeria, with women in rural and Northern areas especially disadvantaged. Critical barriers to achieving gender equality include cultural norms, economic obstacles, and the poor enforcement of existing gender laws. The recommendations to solve these problems include community-level sensitisation programmes engaging community leaders, more robust law enforcement, and comprehensive education reforms implementing gender-responsive curricula. Intensifying support systems for gender-based violence (GBV) victims through special courts and shelters is also crucial. It is estimated that closing the gender gap could boost the global economy by US\$7 trillion (UN Women, 2024). Therefore, achieving gender equality is a moral imperative and the key to unlocking Nigeria's growth potential. This intricate approach is essential for driving inclusive national development and ensuring women can contribute fully to economic and social prosperity in Nigeria.

Introduction

Gender inequality stands as a critical barrier to achieving sustainable development in Nigeria, diminishing economic advancement, hindering innovation, and perpetuating cycles of poverty. Despite legal reforms and policies targeted at addressing these issues, systemic barriers, cultural norms, and economic hindrances continue to restrict the advancement of women and girls across the nation. Patriarchal values, deeply ingrained in many regions and institutional spheres, inhibit the total participation of women in public life and reinforce conservative gender roles. Child marriage, Female Genital Mutilation, and domestic violence are examples of such cultural standards that restrict women's bodily autonomy. Furthermore, the constitutional and foundational frameworks of Nigeria, though hypothetically supportive of gender equality, lack the administrative mechanisms necessary to pilot implementation that can effectively achieve gender equality.

The socio-economic barriers that Nigerian women face further aggravate this imbalance. Restricted access to financial resources, education, and employment opportunities limit the ability of Nigerian women to break away from poverty and engender cycles of socio-economic disenfranchisement. Although laws like the Violence Against Persons Prohibition (VAPP) Act and the National Gender Policy (NGP) are in place, implementation remains weak due to certain factors, especially at the grassroots, where cultural opposition and lack of political will from women are lingering challenges.

Tackling gender inequality is not merely a moral imperative but a socio-economic and developmental necessity. Solving systemic barriers towards the participation of young women in Africa's workforce will drive an estimated US\$287 billion to its economy by 2030, boosting GDP by 5 percent (Mastercard Foundation, 2024). Beyond economic benefits, gender equality strengthens institutions, enhances governance, and improves societal welfare.

Nigeria and Gender Inequality: Current State and Issues

Gender inequality permeates all areas of Nigerian society. Although the Nigerian government has made progress through legal reforms and targeted social measures, the nation still ranks 161 out of 193 countries in the 2022 UNDP Gender Inequality Index (GII). The educational, economic, and political sectors reflect significant disparities, particularly in rural and Northern Nigeria.

1. Education: In Nigeria, cultural and religious expectations severely hamper education accessibility for the girl child. The World Bank (2019) reported the overall school enrollment Gender Parity Index (GPI) in Nigeria as 1.01. However, this masks severe regional differences. For instance, nearly two-thirds of women in the North West and North East regions have yet to have an education, compared to less than 15 percent in the South-

South. Over 70.8 percent of women aged 20-29 in the Northwest are unable to read and write compared to 9.7 percent in the Southeast (Idoko, 2021), which means that significant disparities exist amongst regions, adding to poverty cycles and economic dependence.

In addition, Nigeria ranks 138th out of 146 countries in the 2024 WEF Global Gender Gap Report. To improve education access for the girl child, however, through the Girls Education Project Phase III (GEP3), the Federal Government of Nigeria and six northern states engaged with UNICEF and the Foreign, Commonwealth, and Development Office (FCDO) of the United Kingdom to better access to learning, particularly for girls, and to begin to pivot their life opportunities through education (UN SDG, 2023).

2. Labour Market Participation: Although the WEF (2024) Global Gender Gap Report ranks Nigeria 49th out of 146 countries in terms of economic participation and opportunity, the involvement of women in the Nigerian labour market remains at 56 percent, and for men, it is 80 percent. Moreover, the gender pay gap significantly affects women in Nigeria, as they earn an average of 45 percent less than men in similar jobs (ActionAid Nigeria, 2024). Nonetheless, the dedication of the Nigerian government to increasing women's economic power is evident in its creation of the WEE Policy to serve as a blueprint for the economic interventions of women in diverse areas, including finance, entrepreneurship, and technology, and drive a pathway to comprehensively transforming Nigerian women from limited economic power to having the vital skills, resources, and opportunities necessary to access and compete equitably in markets, as well as the agency to control and benefit from economic activities (IOM, 2023).

3. Safety: In Nigeria, one in three women has experienced physical violence, 9 percent have experienced sexual violence (UNICEF, 2022), and about 20 million women have undergone female genital mutilation (UNICEF, 2013). These distinct examples demonstrate the prevalence of Gender-based violence (GBV) in Nigerian society, and responding to these issues, the federal government passed the Violence Against Persons (Prohibition) Act (VAPP) 2015, which penalises various forms of violence, including physical and sexual violence, and female genital mutilation (VAAP Act, 2015). However, implementation has been slow; only a fraction of Nigerian states has domesticated the law.

4. Politics and Legislature: The participation of Nigerian women in politics remains subpar. Women occupy only 3 percent of Senate seats and 4 percent of House of Representatives seats in the 2023 elections (Nkereuwem, 2023). According to Alliance for Africa (2018), although a National Gender Policy formulated a 35 percent Affirmative Action for Women in 2006 to increase the involvement of women in governance, the continuous marginalisation of women undermines the creation and implementation of gender-specific policies that target gender inequality. If more Nigerian women who experience firsthand this inequality had opportunities to lead and legislate, there would be more emphasis on gender equality. Consequently, this would drive Nigeria on the path of transformation to a better and more equitable society.

Policy Recommendations for Achieving Gender Equality

Achieving gender equality and unlocking Nigeria's full growth potential would require a comprehensive and multi-dimensional strategy. The following tactical strategies can address the gender imbalance in Nigeria:

1. Local Sensitisation Programmes: As cultural resistance is one of the significant challenges to achieving gender equality in Nigeria, grassroots initiatives, such as Community-based workshops, that engage traditional and religious leaders in dialogue are vital to changing community attitudes toward the rights of women and girls. Public sensitisation campaigns tailored to accommodate cultural nuances while promoting

gender equality should be embarked upon. The proposed campaigns should focus on the economic and social advantages of women's empowerment and target local areas where cultural norms are most change-resistant. Mass media initiatives like radio programmes can also effectively reach underserved areas, educating the public on gender equality laws and the rights of women and the girl-child.

2. Domestication and Enforcement of Gender Laws: The Nigerian government should ensure the complete domestication and implementation of existing gender equality laws, including the VAPP Act and the NGP, are implemented by all states. Many Nigerian states have yet to domesticate these enactments. Therefore, the federal and state governments should have an established partnership. Furthermore, states that domesticate and successfully implement gender policies should receive fiscal stimulus such as increased federal grants. Also, as a deterrent, sanctions should be imposed on states that fail to protect the rights of women and girls. Tracking agencies should be created across all regions of the federation to ensure harmonious enforcement of the laws and to identify lagging states.

3. Gender-Responsive Education Reformation: Education reformation is vital to solving gender inequality in Nigeria. Schools should inculcate gender-responsive content in their curricula, teaching respect for the rights of women and girls, gender-based violence prevention, and gender equality, focusing on changing societal perceptions towards gender roles. Gender-based education should also include vocational training, ensuring that women and girls gain experiential skills that prepare them for the labour market.

4. Strengthening Support Systems for GBV Victims: Gender-based violence remains one of the significant challenges for women in Nigeria. The government should establish special courts to handle GBV cases. These courts will ensure accelerated legal proceedings. Additionally, more shelters and counselling centres, funded through national budgetary allocations, should be provided for survivors, especially in underserved areas. These centres should offer prompt shelter, legal aid, and psychological counselling to help the affected women rebuild.

Conclusion

Gender inequality remains a composite and persistent problem in Nigeria. Solving gender inequality in Nigeria is a developmental necessity and a pathway to realising the nation's socio-economic potential. By focusing on law enforcement, cultural engagement, education reformation, economic empowerment, and political inclusion, Nigeria can unlock the prospects of its female population. Achieving gender equality would require a multi-dimensional approach, integrating grassroots sensitisation, robust law enforcement, and strategic investments in education and social infrastructure.

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Harnessing Human Capital: A Non-Traditional Education Model for Economic Transformation

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Abstract

Economic transformation is often attributed to capital investment, trade policies, and technological innovation. However, this perspective neglects the fundamental role of human capital in addressing the complex socioeconomic challenges of the 21st century. This conventional economic model tends to emphasise finite, static resources, overlooking human potential as a critical driver of economic growth. This study examines the essential role of fully harnessing human capital, particularly through an education system that drives inclusivity, flexibility, and adaptability in achieving Nigeria's economic transformation goal. It underscores the need to reimagine education as a dynamic force that equips Nigerians with economically relevant skills, focusing on broadening access to non-traditional forms of education, such as talent development hubs and vocational training centres. These approaches will unlock Nigeria's vast, untapped human potential, promoting more equitable and sustained economic growth. The study recommends prioritising and establishing these non-traditional educational models to harness human capital effectively. It concludes that by shifting the focus from static, non-human resources to its citizens' dynamic, productive capacities, Nigeria can create an inclusive and sustainable economic environment that ensures the collective intellectual and productive power of the population drives sustainable economic development.

Introduction

According to a report by the Nigerian Economic Summit Group (NESG), Nigeria is poised for a bold economic transformation, aiming to achieve a US\$4 trillion economy by 2035 (NESG, 2023). While this ambitious vision is grounded in a comprehensive framework of sustained reforms and strategic investments, it extends beyond economic expansion to mitigation of structural inequalities, embracing inclusive growth through harnessing Nigeria's enormous untapped human capital and poverty reduction, which are deemed essential for catalysing long-term economic growth and societal transformation.

Human capital is the collective skills, knowledge, and experience possessed by individuals. It is a critical asset for any economy. It represents the potential for innovation, productivity, and inclusive growth. However, the Nigerian economy faces the challenge of underutilising this vital resource. Hiles (2023) asserts that as Nigeria continues to face a multitude of challenges, a chief cause of the persisting challenges is failure to prioritise investment in growing talents (human capital), appreciating it, attracting and retaining it. Failure to harness this large pool of untapped human capital has led to increasing poverty, stark inequalities, and tepid economic growth.

Underutilisation of human capital occurs when individuals are not fully engaged in productive activities that capitalise on their skills and capabilities. This phenomenon can have detrimental effects on economic growth, social mobility, and general quality of life. Understanding the causes of underutilisation and implementing strategies to reverse it is essential for achieving economic transformation in Nigeria.

Education is widely recognised as a fundamental driver of economic development. Kopnina (2020) stated that education is a tool to steady the economy, empower, and liberate. Education significantly boosts economic productivity and promotes economic advancements, leading to growth across various sectors. (Pal, 2023; Ozturk, 2008; Hanushek & Woessmann, 2020) While external factors such as capital investment, infrastructure, trade policies, and political stability are crucial, the foundational role of inclusive, flexible and adaptable education in transforming economies cannot be overlooked.

Access to this type of education based on their potential is a fundamental driver of economic transformation, enhancing social mobility, productivity, job opportunities, innovation, and sustainable growth. This means that an education system must embrace everyone regardless of their backgrounds. It is crucial for promoting inclusion and preparing them for success in an increasingly connected world. Through this inclusive, flexible and adaptable approach, the economy can truly thrive and flourish. (Azuka, Wei, Ikechukwu, & Nwachukwu, 2024).

This study argues that inclusive, flexible and adaptable education ensures access to diverse talent and potential where every individual, regardless of their background or circumstances, is empowered to be a productive member of the nation. This means creating educational paths and opportunities that allow citizens with different talents and potentials to develop skills and knowledge relevant to personal and national needs and the economy's demands.

The lack of adequate attention to this kind of education calls for urgent and comprehensive policy reforms and intervention in education to create an alternative and sustainable path towards economic transformation. Given the current dire state of the country riddled with socioeconomic challenges, Nigeria's prospects for meaningful economic transformation seem far from realisation, and the window of opportunity is closing. Without radical policy change, Nigeria risks remaining trapped in economic stagnation for years to come.

Maximising Human Capital through Inclusive, Flexible and Adaptable Education for Nigeria's Economic Transformation

Human capital development through an inclusive, flexible, and adaptable non-traditional education system is indispensable to drive economic transformation in Nigeria. Traditional education systems are foundational but no longer sufficient to harness Nigeria's diverse population fully. The rigid structures of conventional education often fail to accommodate individuals' varied learning needs, career aspirations, and talents, leaving significant gaps in workforce readiness and economic productivity.

Research shows that education is crucial for national development. However, systems lacking inclusivity and adaptability limit their potential to bring about innovation and economic growth. According to scholars like Ozturk (2008), Woessmann (2016), and Kaur & Kaur (2022), investment in human capital through various skill development pathways is essential for economic transformation. Such investment improves productivity, creativity, and entrepreneurship, making non-traditional education a key lever for economic progress. Salmi and d'Addio (2020) emphasise that inclusive education, providing equitable access to all, regardless of gender, socioeconomic background, or ethnicity, is critical in enhancing economic inclusion for underrepresented groups, thereby achieving a more sustainable and inclusive economic ecosystem.

Nigeria's future economic prosperity is tied to its ability to harness human capital effectively. A system designed with inclusivity and adaptability can lay the foundation for economic transformation. Engaging in tailored education and training enhances human capital formation, promoting inclusivity essential for economic transformation, according to Joshua (2017). Also, closing rural-urban opportunity gaps through adaptable education can significantly impact national economic development.

With a large youth population, Nigeria's education system must move beyond traditional classroom settings. It should focus on holistic learning, developing diverse human talents and preparing individuals for lifelong impact. Embracing vocational training, individualised learning pathways, and talent development can create a workforce better equipped for the changing demands of the economy. Attracting, developing, and retaining a motivated and productive population is critical for building a high-performance sector. According to Ogogo (2024), this is essential for economic transformation.

Despite having a youthful population (about 70 percent under 30 and 42 percent under 15) (Akinyemi, 2023), Nigeria struggles with high unemployment and underemployment, undermining its economic potential. The unemployment rate increased from 5.0 percent in the previous quarter to 5.3 percent in Q1 2024. Also, the Not in Education, Employment, or Training (NEET) rate increased from 13.7 percent in Q3 2023 to 14.4 percent in Q1 2024. (National Bureau of Statistics, 2024), reflects a misalignment between education and the needs of the economy. The current system certifies graduates but fails to provide the practical skills needed in critical sectors like technology, agriculture, and healthcare.

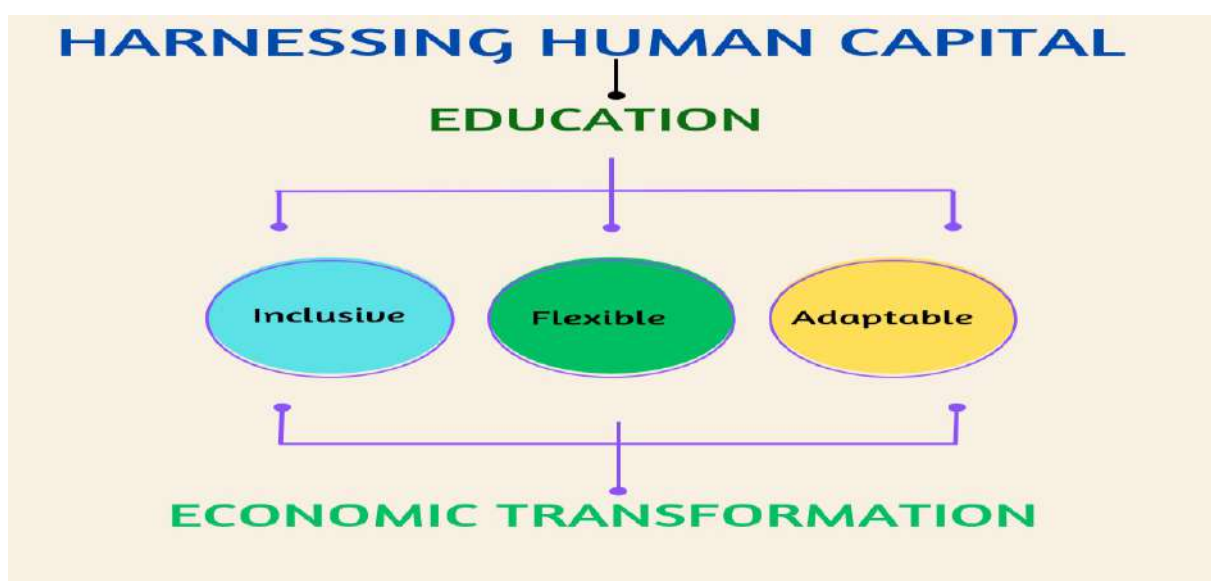
The solution lies in redesigning Nigeria's education system to be inclusive and flexible enough to meet the economy's needs. An inclusive, non-traditional education system must cater to all segments of society, including urban elites and rural communities. This type of education adapts to the needs of the economy, ensuring that underutilised groups, such as youth, women, and people with disabilities, have access to skill-building opportunities. This aligns with Nigeria's plan to teach vocational skills in primary schools starting in 2025. By democratising education, Nigeria can unlock its latent human capital and create pathways for all citizens to contribute meaningfully to the economy.

Flexibility within the education system is crucial. The current system's rigidity, which emphasises formal qualifications and traditional career paths, does not reflect the fluid nature of today's job market. In an era of rapid technological advancements, the education system must evolve to accommodate different learning paths, allowing individuals to move into hubs and centres where they can contribute productively to the economy.

Adaptability is another vital component of educational reform. Nigeria's unpredictable economy, driven by technological disruptions and shifting market dynamics, requires a system that prepares students for today's jobs and future challenges. As the federal government revealed at the 68th National Council on Education meeting, the new curriculum ensures that students graduate with at least two skills they can apply to the economy (Okeke, 2024). Shifting from rote memorisation to developing critical thinking, problem-solving, and innovation is key to this adaptability. Regular curriculum updates must reflect global trends and national priorities to equip graduates with the resilience needed for an uncertain future.

A non-traditional education model that embraces inclusivity, flexibility, and adaptability is crucial for Nigeria's economic transformation (see **Figure 1**). This model offers diverse learning methods, allowing individuals to choose paths that best suit their circumstances. Adaptability keeps learners relevant and competitive, even in a rapidly changing world. A democratised education system must be accessible and equitable for all, regardless of socioeconomic status or geography, ensuring no group is excluded.

Figure 1: Non-Traditional Education Model to Achieve Economic Transformation



Note: Chart showing how inclusive, flexible and adaptive education will help harness human capital for economic transformation.

Source: Authors' Formulation

This model recognises that learning vis-à-vis human capital development can take many forms, whether through traditional classroom settings or non-traditional ways. By offering diverse modes of delivery, flexible education empowers learners to choose the pathway that best suits their aspirations and circumstances. This adaptability is essential in our ever-changing world. It allows individuals to remain relevant, skilled, and competitive, no matter how the world around them changes.

Germany's dual vocational training system is an exemplary model from which Nigeria could learn. Students split their time between classroom instruction and on-the-job training in their chosen fields. It ensures that learners gain theoretical knowledge and practical skills directly applicable to the workforce. As a result, Germany boasts one of Europe's lowest youth unemployment rates, 6.8 percent, as of August 2024. (Statista, 2024)

Neglecting human capital development is a moral failure, and denying citizens access to developing their potential condemns them to a life of limitation, unable to realise their potential. The consequences of this neglect reverberate through Nigerian society, perpetuating poverty and inequality. Inclusive, flexible, and adaptable education is essential for individual fulfilment and for Nigeria's economic salvation, elevating citizens from the margins and equipping them with the tools to contribute meaningfully to the economy.

Policy Recommendation

While the federal and state governments have implemented reforms in curriculum design and the introduction of vocational training, these efforts often remain fragmented and insufficient to address the broader challenges of creating a dynamic and competitive workforce that will help Nigeria achieve economic transformation. The following recommendations are outlined to address the limitations identified:

1. Link Education Policy with Economic Strategy: Education policies at national and subnational levels must be strategically aligned with the broader economic objectives of Nigeria. The education model argued for in this study transcends traditional boundaries to embrace non-conventional models tailored to Nigeria's economic priorities, including agriculture, technological advancement, industrialisation, etc. Such alignment will ensure the development of a skilled and adaptable workforce capable of addressing the nation's current and future economic demands. This inclusive strategy will ensure that Nigeria's human capital is fully mobilised, resulting in higher productivity, improved standards of living, and economic progress. It must be stated that this strategy is not merely about educational reform; it is about crafting a robust economic future where Nigeria can develop a resilient and adaptive workforce capable of thriving and driving the nation's economic goals.

2. Creation of Talent Development Hubs: Central to the idea of a non-traditional, inclusive, flexible and adaptable education system is the creation of talent hubs across all regions of Nigeria. These hubs will serve as incubation centres for creativity, innovation, and skills development, offering learners access to the resources and expertise needed to explore their unique talents and interests. These hubs are designed to attract, develop, and retain talent, thereby contributing to regional and national competitiveness. These hubs will provide incubation spaces, mentorship, training, and practical exposure. (Kabelele, Banele, and Gomera, 2023). Unlike conventional schools, which often follow rigid curriculums, talent hubs are designed to be fluid and adaptable, responding to the learners' particular needs and the economy's demands. Nigeria, with its diverse population and regions, such hubs would provide a tailored approach to education, enabling learners from different backgrounds to develop skills in areas where they show potential.

For instance, a talent development hub in Aba, Abia state, might focus on entrepreneurship, and another one in Abuja may have a hub in technology, which will equip young people with coding, digital marketing, and

business innovation skills. Also, a hub in the agricultural regions of northern Nigeria might emphasise sustainable farming techniques, agribusiness, and supply chain management. By decentralising education in this way, talent development hubs will ensure that education is inclusive and relevant to the economy. These hubs will create an ecosystem that nurtures innovation and skill acquisition to drive economic transformation.

3. Expansion of Vocational Centers: In Nigeria, where unemployment is high and many university graduates struggle to find work, vocational education offers a powerful alternative. As a critical component of a flexible and adaptable education system, these centres will provide practical, hands-on training in various trades and industries, enabling learners to acquire marketable skills outside the traditional academic track. Vocational centres offer short, targeted courses that allow learners to quickly gain the skills needed to be productive in the economy. For example, vocational centres could train electricians, plumbers, auto mechanics, or artisans. These professions are always in demand but often undervalued within the formal education system. Unlike the rigid pathways typical of traditional education, vocational centres ensure that individuals are equipped and ready to contribute effectively to the economy. This strategic expansion will enhance employment opportunities and bolster the nation's economic resilience by nurturing a skilled and adaptable workforce.

Conclusion

Harnessing human capital through an inclusive, flexible and adaptable non-traditional education model remains one of the primary engines of Nigeria's economic transformation. By recalibrating the national and subnational focus towards the dynamic, productive capacities of her citizens, Nigeria transcends the current economic limitations and creates an economic environment that is both inclusive and sustainable, ensuring that the collective intellectual and productive power of the citizens becomes the driving force for an enduring economic change. To realise this vision, the government needs to align policies strategically with broader economic goals and create talent development hubs and vocational centres, which are instrumental in equipping the workforce with the necessary skills and competencies tailored to the demands of various sectors of the economy, thereby enhancing economic contribution and economic prosperity.

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Achieving Economic Transformation in Nigeria: Leveraging tailored Policies, Institutional Reforms, and Infrastructure Development

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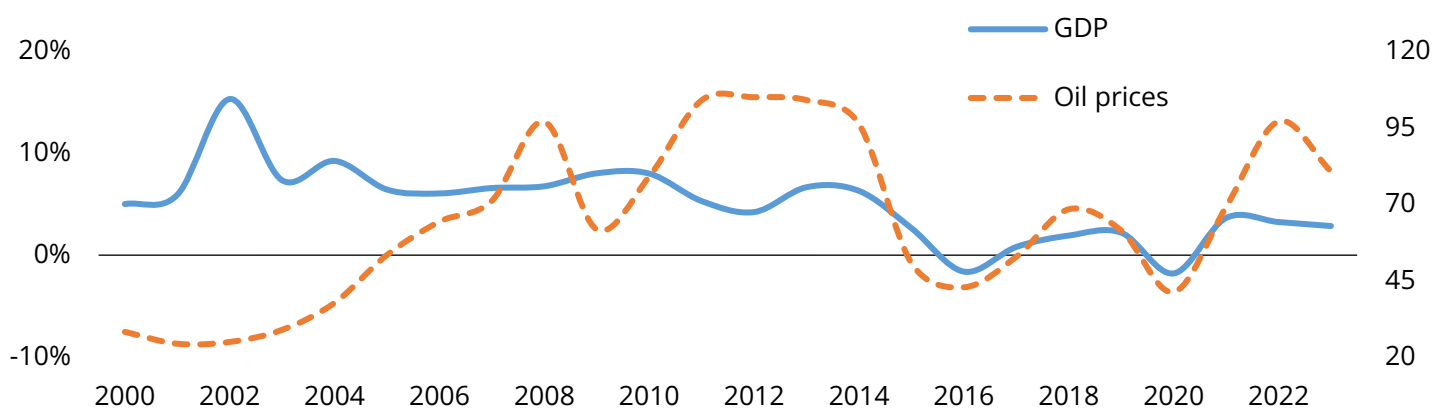
Abstract

This study analyses how Nigeria can achieve economic transformation in Nigeria. The study is structured into three areas of focus: (i) conceptualisation of economic transformation in developing countries, (ii) critique of Nigeria's effort towards economic transformation and the challenges faced, and (iii) review of comparable countries to identify successful policies that can serve as guardrails for Nigeria. The study adopts the PESTEL framework to review past economic transformation efforts and finds that policies are not being tailored to the Nigerian context, lack a relevant institutional framework, and lack political willpower to execute policies successfully. The study then offers solutions to these issues by analysing comparable countries that have had successful transformations to identify the key drivers and enablers of the transformation effort. It concludes by providing a 3-step policy recommendation built on the Growth Identification and Facilitation Framework (GIFF) to address the failings of previous policy actions by focusing on Nigeria's comparative advantage.

Introduction

Nigeria's mono-resource economy is heavily reliant on oil, accounting for 6 percent of GDP and 80 percent of public revenue in 2023. This leaves the country vulnerable to oil price and supply fluctuations (see **Figure 1**). There have been many attempts via policy actions to transform the Nigerian economy from a resource-dependent one into an industrialised economy. However, these policies have been largely unsuccessful due to their one-size-fits-all approach that is not reflective of Nigeria's unique context and a lack of strong institutions and political willpower to drive and sustain the necessary reforms.

Figure 1: Nigeria's GDP growth in relation to Oil price (US\$/barrel) fluctuations



Source: World Bank, National Bureau of Statistics

As growth rates decreased and GDP per capita flattened around 2020, the government deployed several fiscal and monetary actions to stabilise the economy and unlock increased productivity, however, these actions have been largely unsuccessful. Inflationary pressure continues to persist following the removal of the legacy fuel subsidy, which also resulted in diminished purchasing power, and an ill-timed currency devaluation was unsuccessful in stabilising the exchange rate. Now more than ever, Nigeria needs to transform its economy to mitigate risks associated with oil price volatility and foster long-term economic stability.

This paper is organised into five sections, section one comprises the introductory background of the study. Section two covers the literature review and theoretical conceptualisation of economic transformation, focusing on developing countries. Section three uses the PESTEL framework to review Nigeria's past

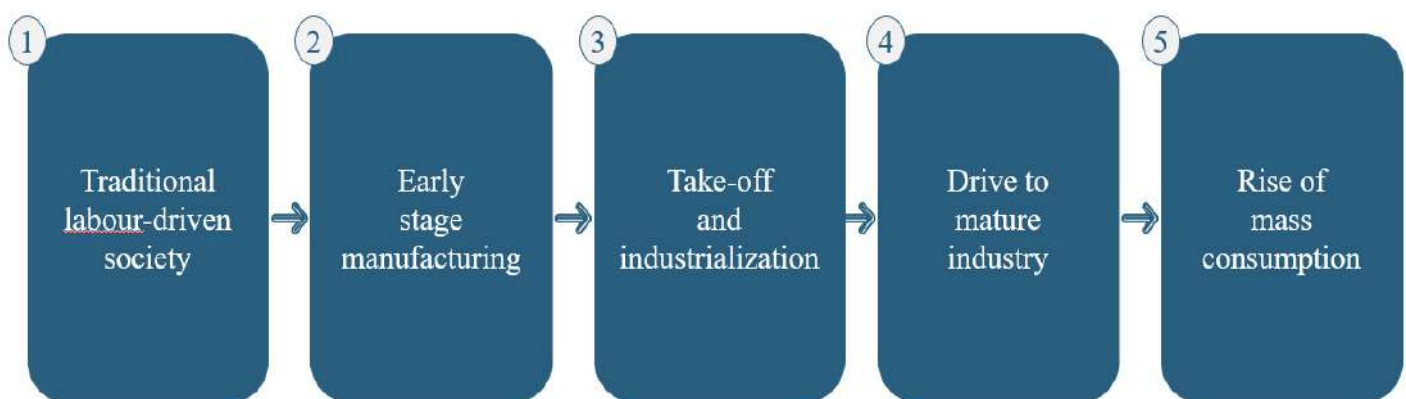
transformation policies and highlight their challenges. It also provides a review of other developing countries that have had successful economic transformations to identify the key preconditions required for a successful transformation policy. Section four provides policy recommendations for Nigeria to adopt to foster economic transformation based on the Growth Identification and Facilitation Framework (GIFF).

Understanding Economic Transformation

Economic transformation should not be confused with structural transformation, which refers to changes in the relative importance of different economic sectors. Economic transformation is a broader concept, encompassing the interconnected processes of structural change that occur as an economy develops. Rodrik (2013) defines economic transformation as a fundamental shift in an economy's productive capabilities, moving from agrarian or subsistence activities toward more industrial and value-adding economic activities. Sen (2014) builds on this definition, highlighting that economic transformation requires "the interplay between political institutions and economic policies to shape the outcomes of economic transformation." McMillan et al. (2017) additionally identified three key components of economic transformation: (a) broad income generation and distribution across social classes, (b) diversification that provides strong protection against price shocks and cycles, and (c) increased opportunities for future growth.

Economic transformation usually happens in stages, starting with a focus on agriculture. First, economies rely on farming and mining, which are labour-intensive and have low productivity. As they develop, they shift to manufacturing, where industrialisation increases productivity and drives growth through technology and mechanisation. This stage centres on producing and exporting goods. Finally, economies transition to a service-based phase, where services become the main driver of economic activity. Building on the ideas of earlier scholars of structural change, like Rostow (1960) and Gerschenkron (1962), we outline five stages of economic transformation (see **Figure 2**).

Figure 2: Rostow's stages of growth



Source: The Stages of Economic Growth: A Non - Communist Manifesto

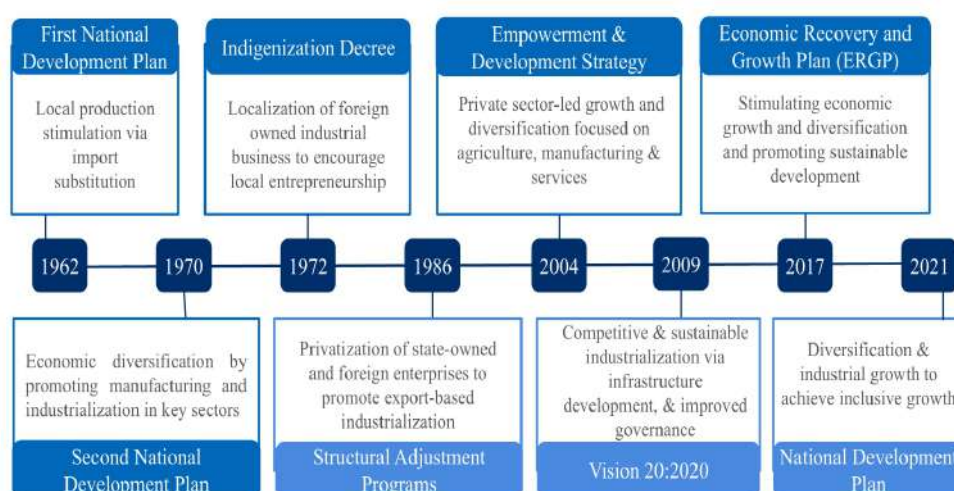
1. A traditional economy that is characterised by subsistence production, barter-based trade, and labour-intensive farming.
2. Economies with preconditions for take-off, where there is an increase in the capital intensity of agriculture, the development of mining sectors and some growth in savings and investments.
3. The take-off stage is when the rate of accumulation of savings and investments accelerated with industrialisation and a decline in the share of agriculture in the labour force.
4. The drive to maturity is where growth becomes sustainable with further investments in value-adding industries, industries getting diversified, and more use of sophisticated technology.
5. The stage of high mass consumption is where there are high output levels, and the service sector dominates the economy.

Given these characteristics and the observed stage of economic transformation for comparable countries like China, India, Indonesia, and Vietnam, Nigeria should be experiencing industrial revolution take-off or driving to maturity, however, it is still in the early stages of manufacturing. Although Nigeria has abundant human capital and natural resources, it still grapples with the typical challenges in the precondition stage, like limited capital availability, infrastructure and technology deficits, which are required for an industrial revolution to take off. Likewise, within the African context,¹ Nigeria is recognised as a medium transformer; its economic transformation has improved significantly since 2009, especially in technology upgrading, human well-being, and productivity; however, it still ranks below the African average.

Why is economic transformation essential in Nigeria?

Nigeria has significant potential for successful economic transformation, with the third-largest economy in Africa and the 30th-largest globally, boasting a nominal GDP of US\$253 billion in 2023. This strong economic base, coupled with its youth labour force and rich natural resources, provides a strong base for diversification. However, despite strong economic performance over the past 20 years, the economy's structure with regard to production across sectors has seen little diversification as exports remain concentrated in oil (90 percent). Since its independence in 1960, Nigeria has made numerous attempts to drive large-scale industrialisation and economic diversification (see Figure 3) using national economic policies such as Import Substitution Policy (1962), Indigenisation Decree (1972), Vision 20:2020 (2009), and recently, National Development Plan (2021).

Figure 3: Timeline of Nigeria's Industrialisation policies since 1960



Source: Ministry of Budget and Economic Planning

¹ African Transformation Index measures economic transformation outcomes using DEPTH, which consists of five dimensions. DEPTH stands for Diversification, Export competitiveness, Productivity increases, Technological upgrading and Human Well-being

The cumulative effect of these policies in stimulating industrialisation and fostering structural transformation has been minimal, with manufacturing declining from 15 percent of GDP in the early 1990s to about 10 percent in 2023 (NBS). This starkly contrasts subsistence agriculture, which consistently accounted for about a quarter of GDP since the early 1990s, peaking at 40 percent in 2002.

Many criticisms have been levelled at these policies, with three significant challenges standing out. First, inadequate conceptualisation: most of these policies failed to address Nigeria's most pressing economic issues. They relied on classical economic models, which are one-size-fits-all approaches that did not reflect Nigeria's actual conditions and realities. Second, there is a lack of strong institutions and frameworks to support regulations or address deep-seated structural problems such as corruption and bureaucratic inefficiencies, which often undermine the effectiveness of policies.

Lastly, the lack of political will to drive and sustain necessary reforms and initiatives means that changes in government and political agendas often lead to abrupt shifts or abandonment of crucial industrial strategies. For example, many developing countries adopted import substitution industrialisation (ISI) during the 1950s and 1960s. Nigeria followed suit, but its implementation faced challenges due to a limited industrial base and weak infrastructure and eventually lost momentum when a new administration took over.

Using the PESTEL framework (see **Figure 4**), the criticism of these policies can be summarised as follows:

1. Political: Nigeria has faced significant political instability and corruption, which have weakened industrial policies. Frequent changes in government have disrupted policy continuity and effectiveness, making it challenging for industries to adapt and grow. This lack of stability undermines long-term planning and development.

2. Economic: Nigeria's reliance on oil exports often overshadows the development of other sectors, leading to infrastructure deficits like poor roads, unreliable power supply, and inadequate port facilities. These challenges make it difficult for industries to operate efficiently. As a result, economic diversification remains a significant hurdle.

3. Social: Nigeria's industrial sector faces challenges due to a mismatch between workforce skills and the demands of modern industries. High poverty levels and income inequality also reduce consumer demand for locally produced goods, hindering industrial growth. This limits the potential for broader economic participation and development.

4. Technological: Despite some progress, technological development in Nigeria's industrial sector remains slow. Limited investment in research and development (R&D) and inadequate technology infrastructure hinder advancement. This gap in innovation slows down productivity and competitiveness in global markets.

5. Environmental: Industrial activities, especially in the oil sector, have caused significant environmental degradation, including pollution and deforestation. These issues undermine sustainable development efforts and negatively impact public health. The long-term environmental costs are a growing concern for local communities and policymakers.

6. Legal: Nigeria's legal environment is marked by bureaucratic inefficiencies, and businesses often struggle

with regulatory compliance. For example, the complex land tenure system makes securing land for industrial projects difficult, hindering the successful implementation of industrialisation policies. These legal hurdles slow down investment and development in key industrial areas.

Figure 4: PESTEL analysis of Nigeria's Industrial and economic transformation policies

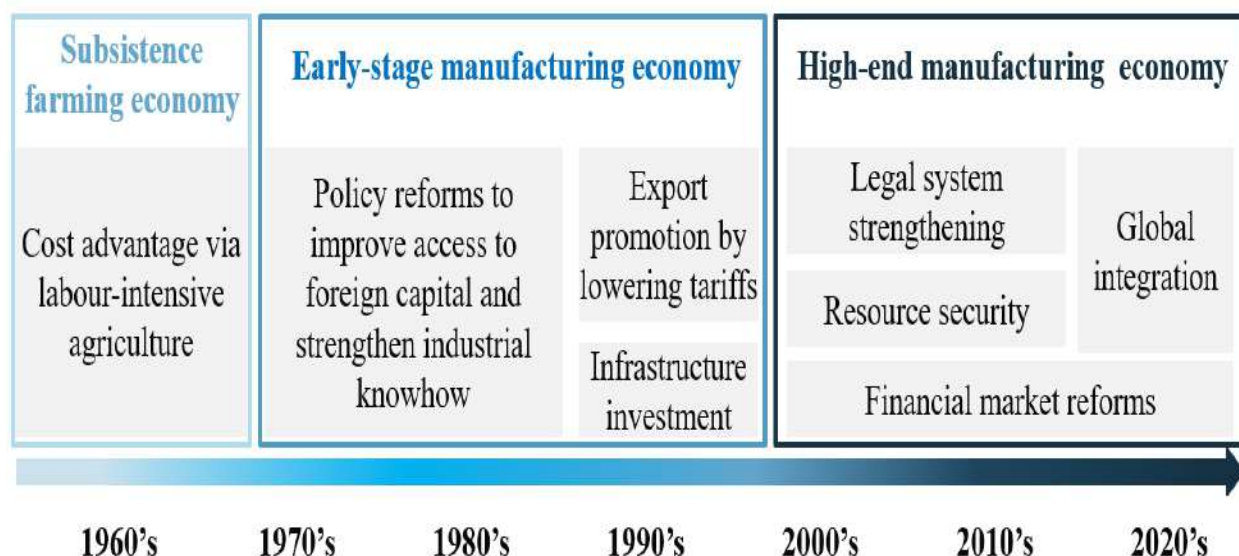
Political	<ul style="list-style-type: none"> Widespread political instability and corruption undermine industrial policies Frequent changes in government disrupting policy continuity
Economic	<ul style="list-style-type: none"> Infrastructure deficits make it challenging for industries to operate efficiently Heavy reliance on oil exports often overshadows development of other sectors
Social	<ul style="list-style-type: none"> Mismatch between the skills of the workforce and the needs of modern industries High levels of poverty and income inequality limit local industrial growth
Technological	<ul style="list-style-type: none"> Limited investment in technology and innovation impedes progress Gap in access to modern technologies between urban and rural areas
Environmental	<ul style="list-style-type: none"> Significant environmental degradation undermines sustainable development efforts
Legal	<ul style="list-style-type: none"> Complex and bureaucratic land tenure system Ambiguous intellectual property laws

Source: Author's Analysis

Enablers, drivers and enhancers of economic transformation

When examining successfully industrialised countries, such as the emerging economic powers in Asia like China, Japan, Vietnam and Taiwan and in Latin America such as Brazil and Mexico (as seen in figure 5) – who successfully transitioned from primary production to technology-intensive manufacturing, some key enablers (preconditions) and enhancers that facilitated their rapid economic transformation have been identified.

Figure 5: China's approach to economic transformation



Source: MERICS, CIIE, EUCCC Business Confidence survey

Enablers are foundational elements that create the necessary conditions for transformation. They include:

1. Infrastructure: Critical infrastructure — such as reliable energy, a robust transportation network, and effective telecommunications enhances manufacturing productivity, improves trade efficiency, and expands market access, creating optimal conditions for industrial growth.

2. Technology: Technological advancement enables the efficient production of higher-quality goods and services. It also enhances both the quality and quantity of output by optimising the use of various economic resources, including capital, labour, land, and natural resources.

3. Capital Formation: A higher level of capital formation in an economy accelerates aggregate income growth. Higher capital formation leads to increased investment in physical assets—such as machinery, infrastructure, and technology—which directly enhances productive capacity.

4. Human Capital Development: Equipping the workforce with skills suited for high-productivity sectors is crucial for the growth of manufacturing and technology industries.

5. Institutional Frameworks: Strong institutional frameworks that support business activities, protect property rights, and ensure fair competition are vital for fostering economic transformation.

Drivers are institutional elements that accelerate the transformation process once it is underway. They include:

1. Security: A stable and secure environment is fundamental for economic transformation. Security encompasses physical safety from crime and conflict and economic stability. When citizens and investors feel safe, they are more likely to engage in economic activities, such as starting businesses, investing in new ventures, and participating in the labour market. Security fosters confidence, encouraging domestic and foreign investment, which is crucial for economic growth.

2. Political Will: Strong leadership is essential for driving reforms and implementing initiatives that promote growth. When political leaders prioritise economic development, they can mobilise resources, garner public support, and create a conducive environment for change. Political will also ensure that necessary modifications are pursued consistently, overcoming resistance and navigating challenges.

3. Policy Reforms and Credibility: Effective policy reforms like changes to taxation, labour laws, trade regulations, and investment policies are critical for shaping an environment conducive to economic transformation. For these reforms to succeed, they must be credible; stakeholders must trust that policies will be implemented consistently and transparently. Credible policies attract investment, promote entrepreneurship, and encourage innovation, which are vital for economic growth.

Enhancers improve and sustain the momentum of economic transformation once it has begun. They include:

1. Innovation Ecosystems: A thriving innovation ecosystem promotes creativity and the development of new ideas, technologies, and business models and drives continuous improvement and adaptability in the

economy.

2. Access to Finance: Continued access to financial resources is vital for businesses to expand and innovate. Enhancers include the development of diverse financing options—such as venture capital, microfinance, and public-private partnerships—that support growth and entrepreneurship.

3. Globalisation: As transformation progresses, exploring new domestic and international markets becomes essential.

Nigeria scores low in terms of these enablers, drivers, and enhancers, lacking the necessary conditions for an industrial take-off. As a result, it remains in the second stage of the economic transformation journey.

Policy recommendations

Now more than ever, Nigeria needs significant transformation in the wake of the economic downturn, which began in 2020 and saw sluggish economic growth, rising inflation, and increasing poverty levels. Given the many failed attempts at transformation, it is crucial that any industrial policy introduced moving forward addresses the challenges that have plagued previous efforts, as without tackling these underlying problems, success will remain elusive. The Growth Identification and Facilitation Framework (GIFF) developed by Lin and Monga (2010) provides a suitable policy framework that is relevant to Nigeria's unique context.

Building on this, a three-step policy recommendation is identified for Nigeria that aims to address the identified issues of previous policies and incorporate the relevant enablers, drivers and enhancers.

1. To address the lack of deliberate and tailored policies, Nigeria should identify, target and prioritise industries where it has both comparative cost and competitive advantage. Competitive advantage refers to a country's ability to outperform its peers in the production of a particular commodity, while comparative advantage refers to a systematic approach that lowers costs to gain an edge over competitors. Based on the GIFF guidelines, Nigeria needs to identify a list of tradable goods and services that have been produced for about 20 years in countries with similar endowment structures and a per capita income about 100 percent to 300 percent higher than theirs and give priority to industries some domestic private firms have already entered.

2. To address the lack of structural or institutional framework needed to implement policy reforms, the government needs to identify the constraints that prevent existing firms and/or the barriers that limit other firms from entering these industries. This will enable the government to design relevant institutional frameworks that address these bottlenecks, which will, in turn, encourage investment in these industries.

3. The government should establish special economic zones (SEZs) or industrial parks tailored to targeted sectors to address the lack of infrastructure. In addition to infrastructure, these SEZs can offer targeted, time-based incentives—such as tax credits or holidays, customs duty waivers, or discounted input costs—to industries and firms operating within the identified sub-sectors, compensating for the knowledge externalities they generate.

Conclusion

This paper sought to examine Nigeria's progress toward economic transformation and provide policy guidelines based on the GIFF that Nigeria should consider achieving economic transformation. The key finding reveals that Nigeria has significant potential for successful economic transformation; however, its current economic structure is overly dependent on oil, leaving the country vulnerable. However, historic transformation efforts were not tailored to the Nigerian context and lacked the structural and institutional frameworks for success.

To advance economic transformation, Nigeria needs to implement key policy recommendations that first identify and focus on priority sectors within its areas of comparative advantage and then remedy the biggest pitfalls of its prior and existing transformation efforts. Immediate and consistent action is necessary to overcome obstacles and harness Nigeria's full potential. Nigeria can transform its economy into a dynamic and resilient force by committing to these reforms and maintaining a strategic focus. With proper implementation, the country can achieve sustainable development and create a prosperous future for all its citizens.

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