

Investing in People





Investing in the People of Nigeria

Population and Demography

1. Nigeria needs to check its surging population growth
2. Nigeria Needs a Job Agenda

Health

3. Healthcare Insurance Programme for All
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About BudgIT

BudgIT is a civic organisation driven to make the Nigerian budget and public data more understandable and accessible across every literacy span. BudgIT's innovation within the public circle comes with a creative use of government data by either presenting these in simple tweets, interactive formats or infographic displays. Our primary goal is to use creative technology to intersect civic engagement and institutional reform.

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Investing In People In Numbers



10.5m

Total number of out of school children according to UNICEF report

13.4m

Unemployed youth in Nigeria as at Q3, 2018

46m

Total number of Nigerians who practice open defecation according to 2016 UNICEF report

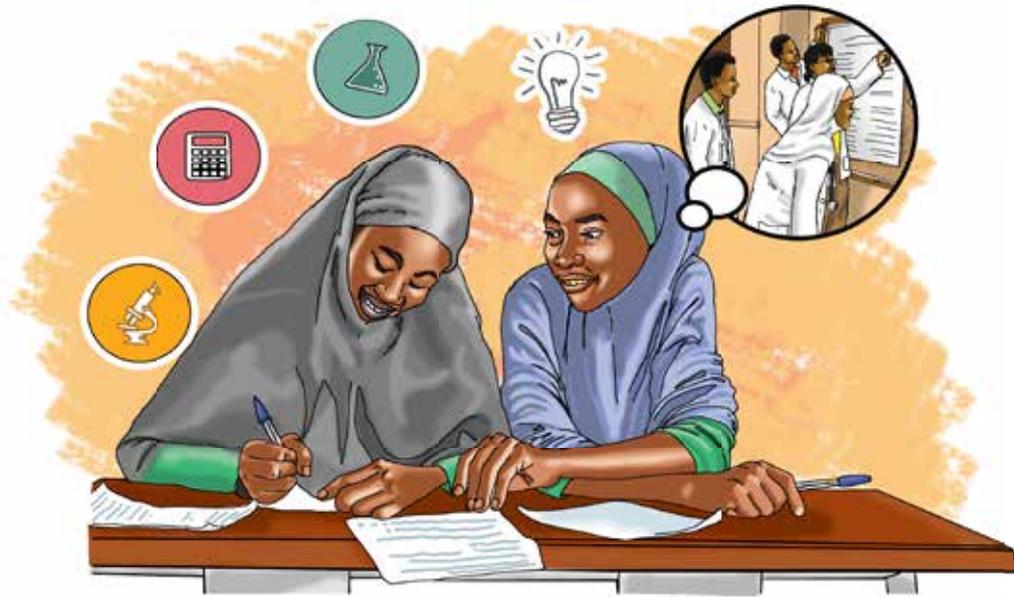
NO.3bn

FG average investment to tertiary health institutions

100
Nigerians

Take up 47% of loans given by Nigerian banks





POPULATION AND DEMOGRAPHY



1. Nigeria needs to manage its population growth

Context

No one knows Nigeria's exact population, yet one thing is certain: Nigeria is one of the most populous countries in the world. According to United Nations, Nigeria is currently the 7th most populous country in the world with over 190 million people, as at 2017. While official estimates can be contested due to Nigeria's weak data systems—its last national census held in 2006—Nigeria currently is growing at 2.1% and its people represent 2.45% of the world population. Nigeria's population growth has been on an upward trajectory since the period when she got her independence. In 1960, Nigeria's estimated population was put at about 45.2 million people, and by 2000, Nigeria's population had grown to about 122.4 million. With her population estimated to cross the 200 million mark by 2019, there is clearly no sign of its population growth slowing down in the near future.

Nigeria is estimated to become the 3rd most populous country in the world by 2050, surpassing the United States of America with a projected population of 398 million. By that time, the global population is expected to grow from its 7.7bn people in 2017 to 9.7bn people, a growth of 25.9%, Nigeria's population will experience a 100% population growth in the same period. And by the year 2100, there is a likelihood that Nigeria's population would balloon to an estimated 746 million.

A 2015 United Nations Report states that *“currently, among the ten largest countries in the world, one is in Africa (Nigeria), five are in Asia (Bangladesh, China, India, Indonesia, and Pakistan), two are in Latin America (Brazil and Mexico), one is in Northern America (USA), and one is in Europe (Russian Federation). Of these, Nigeria's population, currently the seventh largest in the world, is growing the most rapidly. Consequently, the population of Nigeria is projected to surpass that of the United States by about 2050, at which point it would become the third largest*

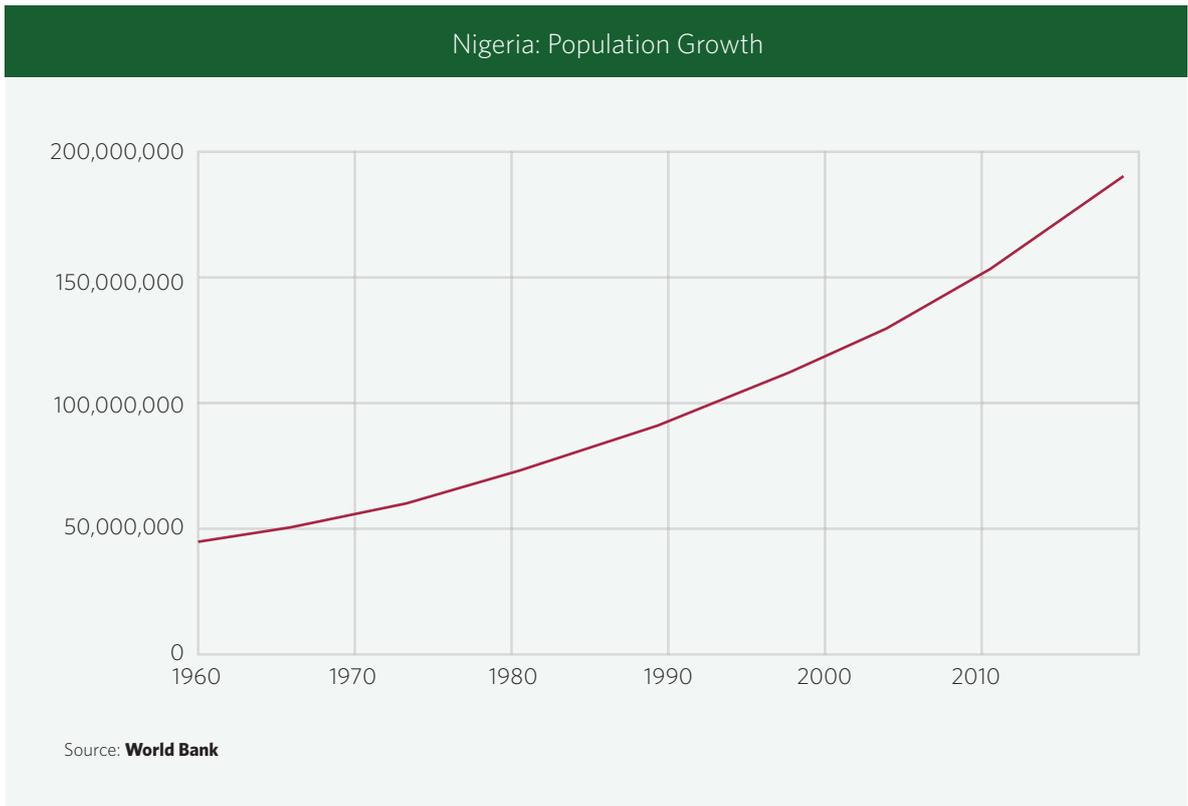
country in the world. By 2050, six countries are expected to exceed 300 million: China, India, Indonesia, Nigeria, Pakistan, and the USA.¹

In a cautionary note, the United Nations International Children’s Emergency Fund (UNICEF) in its 2019 New Year message, noted that an estimated 25,685 babies will be born in Nigeria on January 1, 2019, accounting for 6.5% of the estimated 395,072 babies born globally².

According to UNICEF 2019 New Year Message, about

25,865 

is estimated to be born in Nigeria on January 1, 2019, accounting for 6.5% of the estimated 395,072 babies born globally



¹https://www.un.org/en/development/desa/population/events/pdf/other/10/World_Population_Projections_Press_Release.pdf

²<https://www.unicef.cn/en/press-releases/new-years-babies-nearly-45000-children-will-be-born-china-new-years-day-unicef>

In countries with a population above 100m people, Nigeria has the fastest population growth rate. Only Democratic Republic of Congo and Tanzania are growing faster than Nigeria at 3.42% in the countries with a population above the 50m people bracket.

Population and Fertility Rate for Selected Countries		
Country	Population Growth Rate	Fertility Rate
China	0.35%	1.64
India	1.08%	2.30
United States	0.71%	1.89
Indonesia	1.03%	2.32
Brazil	0.72%	1.70
Pakistan	1.88%	3.38
Nigeria	2.60%	5.42
Bangladesh	1.02%	2.07
Russia	-0.05%	1.75
Mexico	1.20%	2.14
Japan	-0.26%	1.48
Ethiopia	2.42%	4.03
Philippines	1.50%	2.88
Egypt	1.80%	3.16

Source: **World Bank**

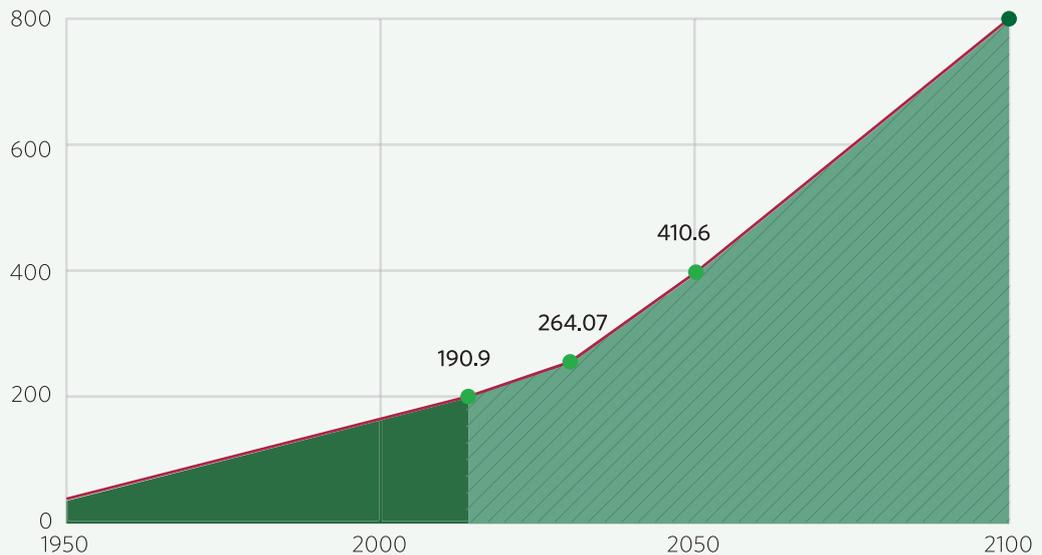
In absolute terms, Nigeria has one of the highest birth rates in the world, third only to India and China with 69,070 and 44,760 live births respectively.

According to UNICEF, while many babies will survive, about 12% or 2,425 children out of the 20,210 children born daily in Nigeria will not make it past their fifth

birthday. The birth rate remains high at 36.5 births per 1000 people despite dropping from its 1976 peak of 47.279 births per 1,000 people. In 2016, the World Bank estimated that Nigeria's fertility rate in the region of about 5.5, making it one

of the highest in the world. Also, UNICEF estimates that Nigeria records an average of about 7 million births per annum, many of which happen in rural settlements.

Nigeria's Population Trend & Projections



Source: **United Nations Department of Economic and Social Affairs/Population Division**

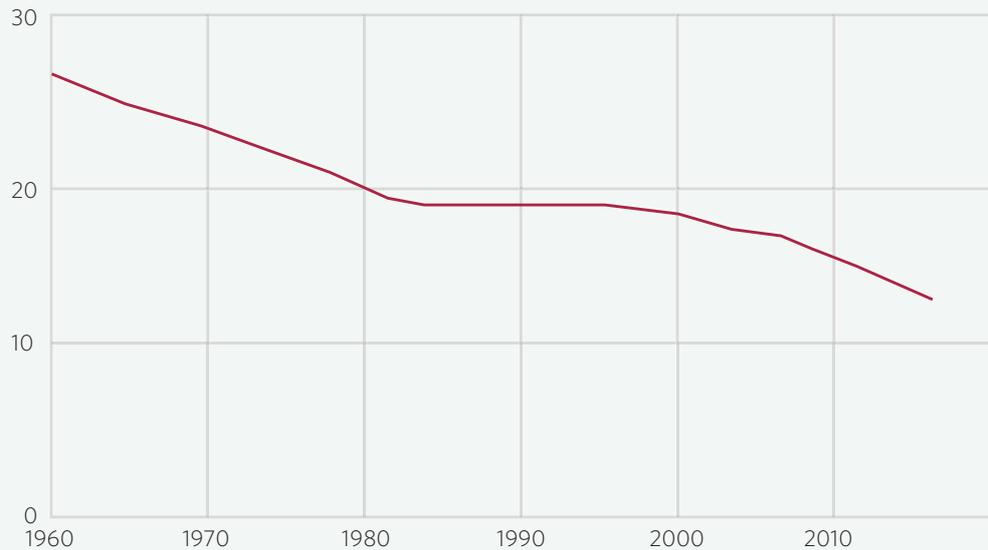
According to the World Bank, as of 2016, Nigeria's death rate was reported as 12.46 per 1000. Over the years, Nigeria's death has gradually fallen from a crude rate of 23.7 per 1,000 in 1967 to 12.46 per 1,000 in 2016.

This indicates that Nigerians are dying at a slower rate, and coupled with the high

birth rate, this will result in a continuous population increase.

With death rate lower than the birth rate, Nigeria's population seems to have picked up momentum, topping 190 million in 2016 from the 1960 and 1970 level of 45.14 million and 55.98 million respectively.

Nigeria: Death Rate (%)



Source: **United Nations Department of Economic and Social Affairs/Population Division**

Growing in Different Paths: Tracking Nigeria's Population

While studying Nigeria's population trajectory, it is also important to look at the birth rates across states in Nigeria to properly ascertain where Nigeria's baby boom might be surging from. In the Nigeria Multiple Cluster Survey (2017) released by the National Bureau of Statistics (NBS) with the support of UNICEF and other partners, the 11 states above the National Average of 5.8 are from Northern Nigeria.

These are Jigawa (8.5), Kano (7.7), Kebbi (7.7), Katsina (7.5), Gombe (7.3), Sokoto (7.3), Zamfara (7.3), Bauchi (6.8), Yobe (6.8), Niger (6.4) and Borno (6.1). Many of these northern states equally rank

low on other Sustainable Development Goals (SDGs) indicators such as nutrition, stunting and child mortality.

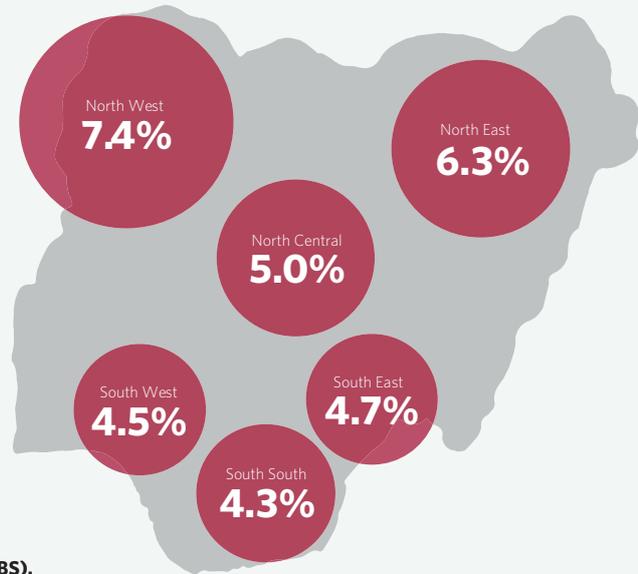
The table below shows the geopolitical spread of Nigeria's fertility rates, with the fertility rate being the average number of children born by a woman.

Fertility Rate by Geo-Political Zones

11 states above the national average of

5.8%

are from the **Northern Nigeria**.



Source: **Multiple Indicator Cluster Survey (NBS)**.



So, what does Nigeria need to focus on urgently? What are the priority steps that the country needs to take so that its population would be a blessing rather than a burden?

Population is just about numbers until a country takes advantage of its numerical weight in terms of cost of labour, productivity and competitiveness. However, almost all progressive indices benchmarked against the population, Nigeria severely falls short. It is staggering that despite a labour force of 90.5m³ Nigerians, less than 9m are enrolled in the pension scheme.

This does not bode well as Nigeria's population would not confer advantages in the long-run if the population is not converted into human capital assets.

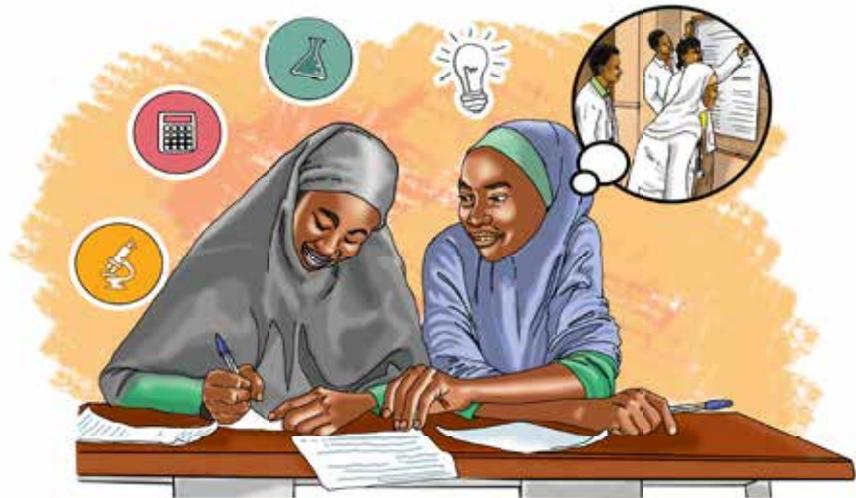
Despite the pull of emigration to other countries, with many upward mobile Nigerians travelling in droves, the country's population trajectory will likely not feel a dent generally.

However, when one zooms into the quality of the emigres—many of them skilled professionals, especially medical doctors seeking greener pastures in Canada, United States, Dubai, South Africa, and more—it continually raises a question about Nigeria's loss of skilled manpower. It also means that immigration rules will get more difficult for Nigerians in the evolving polarised and nationalist states.

If the narrative has to change, it is time for Nigeria to take active steps to maximise its population in a way that will positively influence not only its economic growth but improve its human capital development, and ultimately, increase its chances of a better future for a generation yet unborn.



Priority Action 1: Invest In Girls



There is a causal analysis that delayed marriage, which mostly stems from the education of girls, is a veritable tool needed to reduce the number of children per woman. Nigeria needs to understand that investing in people requires a factual narrative on its population growth especially as the world advances in an era of automation and artificial intelligence.

While cultural and religious norms might make conversations difficult, Nigeria needs to activate new leaders, especially in the Northern region, on the importance of investment in girls.

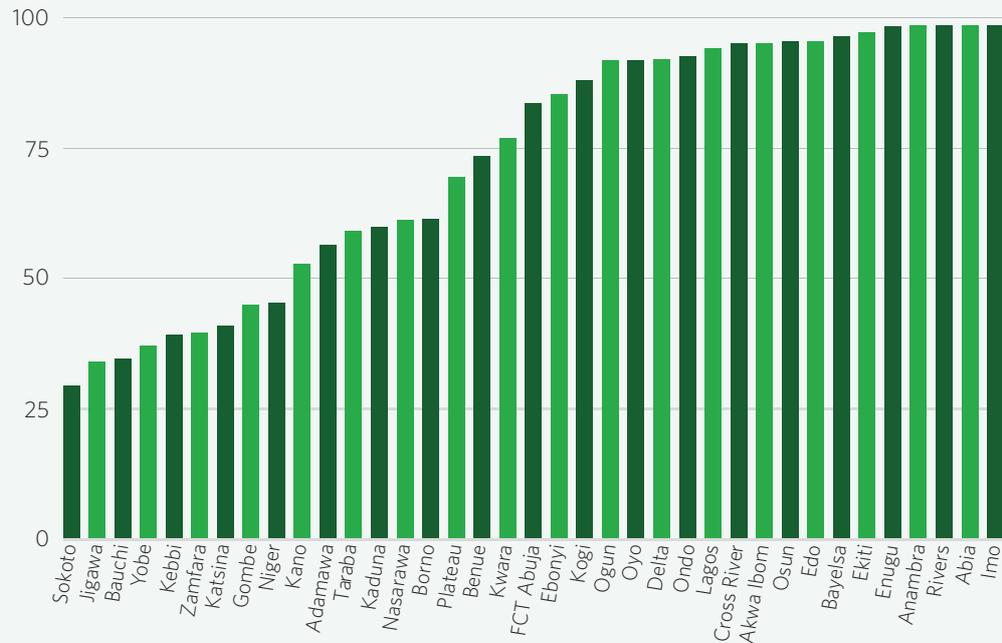
In the illustration in the previous page (Fertility Rate by Geopolitical Zone), it is clear that honest conversations on population growth need to include the threats of overpopulation with a focus on

Northern states— Jigawa, Kano, Kebbi, Katsina, Gombe, Sokoto, Zamfara, Bauchi, Yobe, Niger and Borno—whose fertility rates are above the national average.

Without significant investment in girls' education, Nigeria cannot escape the demographic doom that lays ahead with the uncontrolled population growth.

While this might be steeped in culture and religion, advancing the education of girls improves their decision making ability as they are better empowered to make important child-bearing decisions. The MICS datasets effectively shows that there is a correlation between population growth, low female literacy and number of children per woman.

Female Literacy in Nigeria by states (%)



Source: **Multiple Indicator Cluster Survey, 2010**

2. Time to Harvest Nigeria's Youth Bulge

Context

In the 2016 population figures, as published by the National Population Commission, Nigerians between the age bracket of 0-19 years are 52.4% of the Nigerian population. In actual terms, 82% of Nigerians are less than 40 years. Nigeria's population dynamics shows that it will have at least more than 200m people below the age of 30 by 2050.

Recent data from the Independent National Electoral Commission showed 81% of its registered voters are less than 50 years; the question remains: What will

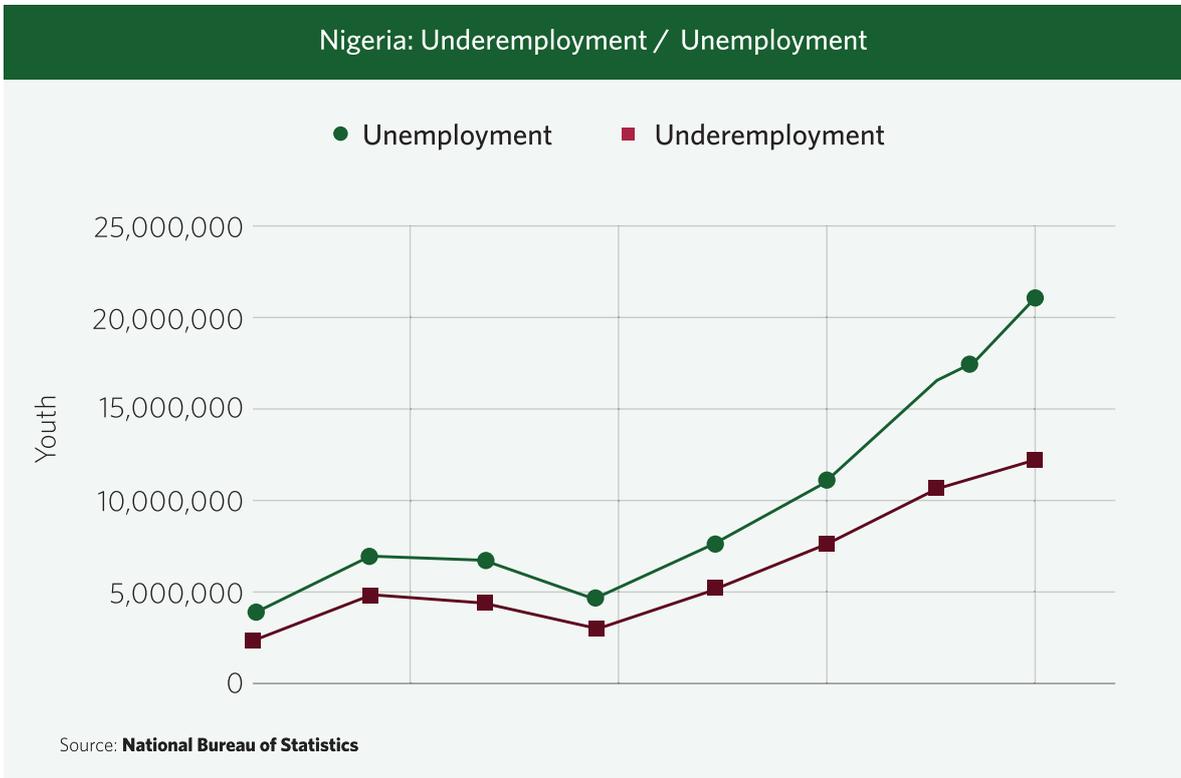
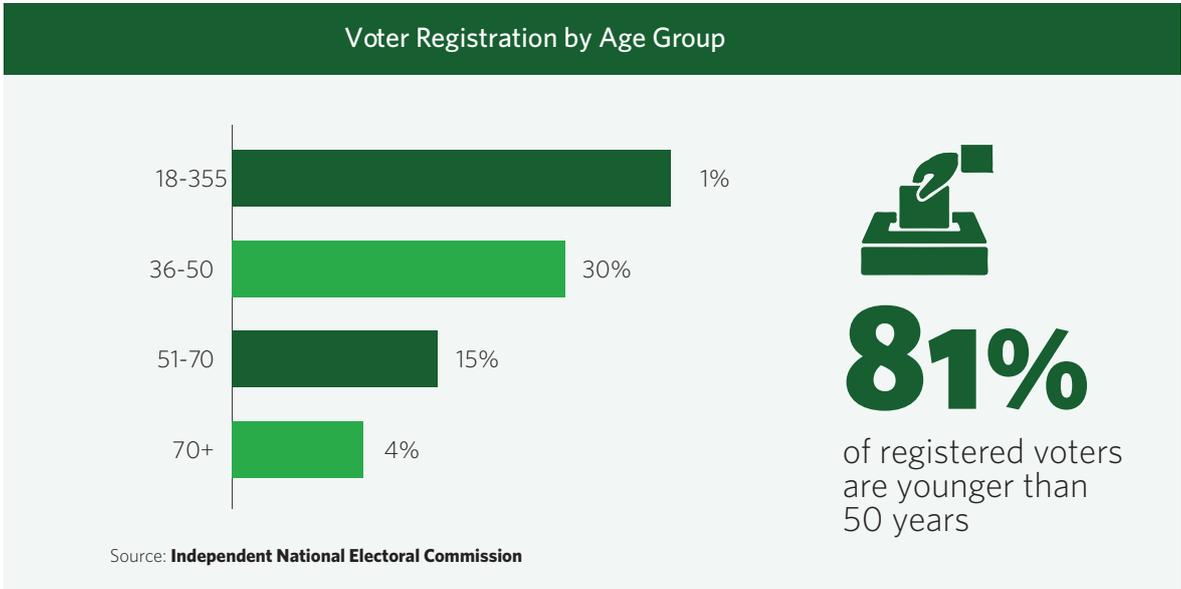
Nigeria do with its youth bulge?

The Nigerian demography in itself raises some concerns and has serious implications for sectoral planning and developmental arrangement. For Nigeria to truly tackle the different challenges facing its varied populations, it needs to further disaggregate its numbers.

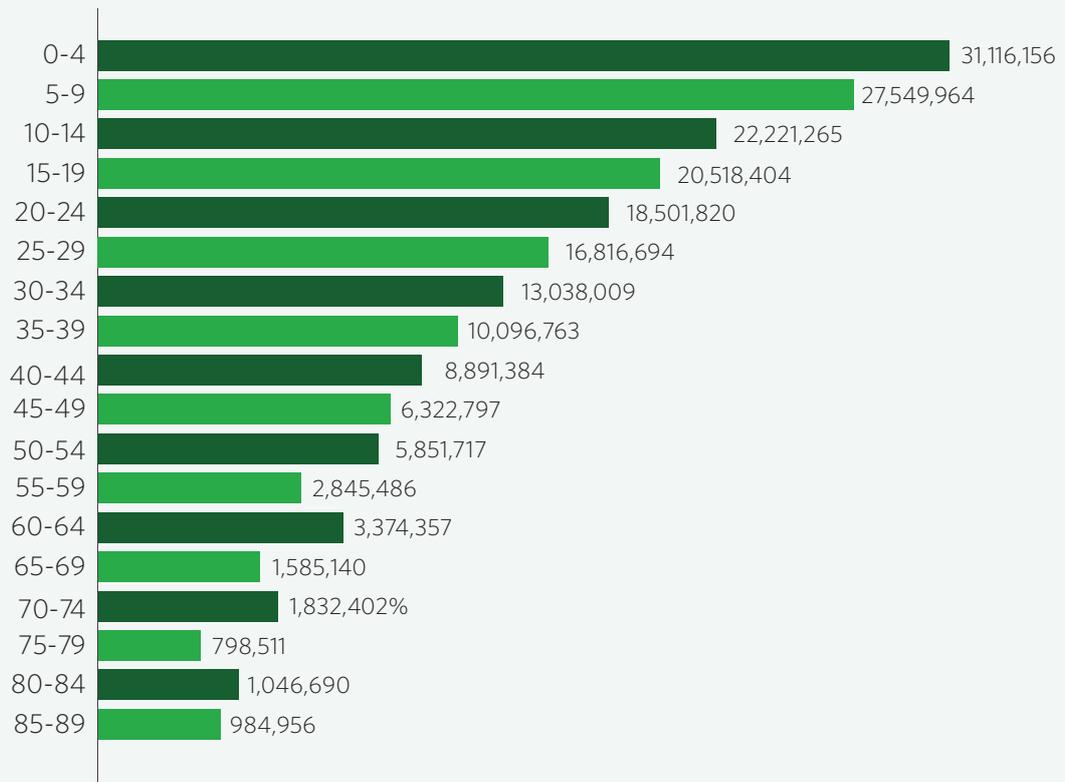
Only then, will the country be able to address key questions as it affects different population groups. For instance, in order to tackle its huge out-of-school numbers, it is important to query: what proportion of the school-age population is in formal school? What is the labour force situation as it affects the prime ages? To face issues around old age, it becomes key to ask: what sort of work and non-work

related social benefits are available to the dependent older population? To address the youth unemployment issues, it is important first to know the skill sets of different Nigerian youths? How many of them are in rural areas versus urban areas?

What employment opportunities are available in the different regions, for the different skill sets? How do these different skill sets meet urgent needs in their different communities?



Nigeria's Population by Demography (2016)



Source: **National Population Council**



There is no other solution that Nigeria requires to grow its tax revenues or provide jobs than to take active steps to deepen its private sector in terms of infrastructure growth, financing, and ease of doing business

Oluseun Onigbinde

Nigeria urgently needs a job agenda for its youth, especially showing how it would incentivise the private sector, to expand job opportunities for the citizens.

This is an agenda meant to reform support for small business, rebuild new industries for exports, fix infrastructure gap that limits competitiveness and also transform macroeconomic systems to deliver growth. The quality of jobs can only thrive when it is aligned with the private sector agenda.

As Oluseun Onigbinde notes⁴ *“There is no other solution that Nigeria requires to grow its tax revenues or provide jobs than to take active steps to deepen its private sector in terms of infrastructure growth, financing, and ease of doing business—sure pathways to lift Nigerians out of poverty.*

We have a country playing small in exports and imports; thereby playing small in jobs, taxes, and public revenues. Nigeria is a country of great potential but has not integrated with the global economy; we have not offered anything except oil.”

⁴<https://www.stearsng.com/article/small-business-big-government-scaling-smes-in-nigeria>



Priority Action 2: Nigeria Needs a Job Agenda



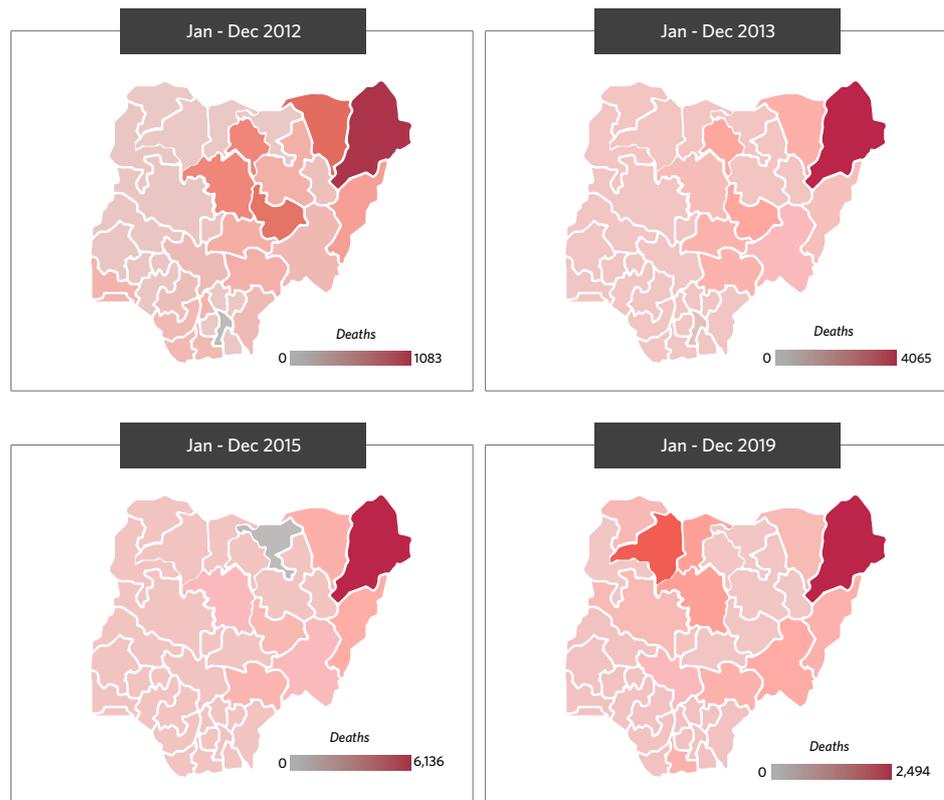
It is astonishing to find out that according to NBS, Nigeria's youth unemployment rose from 3.08m in 2014 to 13.14m as at Q3 2018. Adding the underemployed to the tally, Nigeria has 24m youths who are either unemployed or under-employed. Every year, this number grows as more and more graduates end up in the labour market, faced with a world unprepared for them. This affirms that under a weak macroeconomic framework with the increased youth population, Nigeria is not creating enough jobs.

Without paying attention to the youth bulge in Nigeria, the country will flirt with the disaster that comes with unharvested energies of young people. In short, Nigeria

is playing with danger. It is not unusual that in the last few years, Nigeria has faced huge security challenges in deadly farmers-herders clashes, kidnapping, banditry and armed robbery. A review of Nigeria Security Tracker, built by the Council for Foreign Relations, shows how the entire Nigerian map is dotted by pockets of kidnaps, banditry, herders-farmers clashes, terrorism and crisis.

This trend which cannot be disconnected from its high unemployment rate will also have adverse effects on the economic environment.

Crisis Incidences over years



Source: **Council for Foreign Relations**

If Nigeria does not adequately interrogate its expanding population and the lack of opportunities for its young population, it will keep facing humanitarian challenges. We have seen how un/underemployed Nigerians moved from 18.9m in 2014 to 39.2m in 2019. Based on BudgIT's projection, under/unemployment in Nigeria can reach 60m in the next 5 years if there are no drastic measures to build a holistic job agenda that not only tackles the issue but syncs with the economic needs of the nation.

Investing in people starts with thinking about what exactly would the young people of Nigeria do? A viable job agenda will not only be through expanding civil service or public service projects; frankly,

a state government that still struggle with paying a better minimum wage will find it even more difficult to deal with an even more bloated civil service.

However, more needs to be done to optimise the conditions that favour the creation of the private sector in Nigeria either through loans, foreign investments and domestic resource mobilisation. Nigeria needs to deepen its private sector to create jobs under a strong macroeconomic framework.

To achieve this, Nigeria needs to make its business environment favourable for small businesses to thrive, to expand and become employers of labour themselves.

Population & Demography

Expert Input by Ibraheem Sanusi, African Union Youth Agenda



Interventions will need to be tailored based on the specific region(s) and the key contributing factor(s) to population growth and violence engendered by the youth

The cultural and religious influences behind Nigeria's high birthrate and consequent growing population cannot be ignored. On the cultural side, having a large number of children allows families to have more helping hands on the farm or the family business. The religious values which equate having many children as indicative of prosperity is a contributor to high birth rates. As such, any discussion about family planning which does not include robust considerations of these religious and cultural influences is incomplete.

Interventions will need to be tailored based on the specific region(s) and the key contributing factor(s) to population growth and violence engendered by the youth. Such tailored approaches are essential because innovations which flow from, and are led by the federal government, do not have adequate and extensive reach. Furthermore, solutions

are deployed without the necessary and adequate context, thus, grassroots solutions to a myriad of social challenges should therefore be, local-led to ensure tailoring. A strengthened local governance system is flexible and expedient; therefore, the federal government and other central actors should make the traditional rulers and other local leaders their focal point and lead partners for solution engagement.

The greater problem and solution contextualization possible through local and traditional governance partnerships which have seen marked success in the vaccination and HIV awareness drives can also be deployed for a larger cross-section of issues, including addressing growing population and brokering alternative conflict resolution solutions



HEALTH

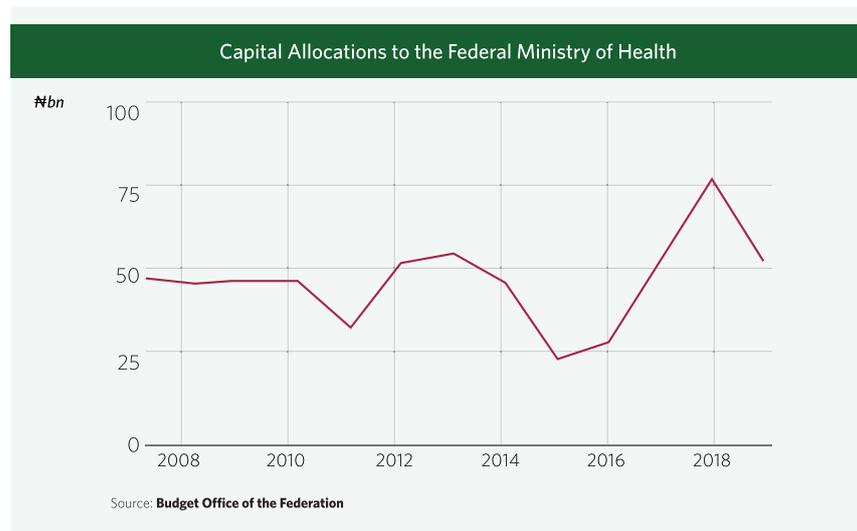


A healthy nation is a productive nation, and if the Nigerian population must thrive, then health has to be the priority for the Nigerian government at all levels. Currently, this is not the case as the Federal Government’s health budget has been below 10% despite the total budget figures rising from N4.4tn in 2015 to N10.33tn as proposed in 2020. Nigeria still has a huge shortfall in the health funding but there is a greenlight with increased investment due to the National Health Act.

Moving the Basic Healthcare Fund (1% of the Consolidated Revenue Fund) to the statutory transfers bracket is a commendable effort to increase investment. However, Nigeria’s health

budget is still too low for its growing population. In the 2020 approved budget, it dropped to 4.38% of the total budget.

Nigeria needs to invest in healthcare infrastructure; this needs to be anchored on adequate funding especially at subnational level. In 2018, the 36 state governments planned to spend N9.15tn, up from 2017 figures of N6.75tn. In 2017, the health budget of the 36 states was a little above N332.1bn, which was about 4.9% of their total budget size, notably short of the “Abuja conference” target, where African Union countries pledged to set a target of allocating at least 15% of their annual budget to improve the health sector.



State	2019 Health Budget as % of total budget
KWARA	17.8%
KANO	15.2%
YOBE	14.2%
BAUCHI	14.0%
KATSINA	13.9%
SOKOTO	12.9%
NASARAWA	10.5%
BENUE	10.5%
BORNO	10.4%
JIGAWA	10.4%
OSUN	10.3%
IMO	10.0%
OYO	9.9%
GOMBE	9.1%
KOGI	8.7%
ADAMAWA	8.6%
KADUNA	8.4%
LAGOS	8.4%
ANAMBRA	7.9%
ONDO	7.8%
ABIA	7.5%
EBONYI	7.0%
NIGER	6.7%
ENUGU	6.7%
EKITI	6.0%
EDO	5.9%
DELTA	5.8%
CROSS RIVER	5.8%
KEBBI	5.7%
OGUN	5.6%
RIVERS	5.3%

Source: **BudgIT Research, State Budgets**

Nigeria needs to deepen the last-mile access to healthcare and this requires investments from the federal and state governments as well as the international partners.

Primary healthcare centres also need to be managed under an accountable framework

with a proper audit of what should constitute a standard PHC for Nigeria.

Investing in health infrastructure must include training of medical personnel and escalation mechanisms for emergency issues.

90%

of health expenses by Nigerians are spent out of pocket.



3. Healthcare Insurance Programme for All

Context

According to a Businessday report⁵ only three per cent of the Nigerian population are covered by health insurance. In the United States Agency for International Development (USAID) Financing Indicators Report⁶, 90% of health expenses by Nigerians are spent out of pocket.

This situation means that millions of Nigerians, once faced with debilitating sickness, are only a step away from “health-induced poverty” or worse still death.

With extreme poverty reaching over 94 million Nigerians⁷, a lot of Nigerians cannot afford to pay for healthcare services beyond a certain threshold. Nigeria has one of the lowest health expenditures per capita and it reflects in the weak spending by government and the inability of citizens to afford medical expenses.

According to the World Bank⁸, “Nigeria is the worst place in West Africa to be a poor mother or a poor child. Poor Nigerian children are almost 8 times more likely to die after infancy as compared to children from rich households.

Vaccination coverage among the poorest children in Nigeria is four to nine times lower than neighbouring countries like Ghana, Senegal, and Cote D’Ivoire.”

⁵<http://www.businessdayonline.com/wp-content/uploads/2018/03/BD-HMO-Report-2018.pdf>

⁶http://www.africanstrategies4health.org/uploads/1/3/5/3/13538666/country_profile_-_nigeria_-_us_letter_final.pdf

⁷<https://worldpoverty.io/> NBS is yet to provide updates on Nigeria’s poverty numbers.

⁸<http://documents.worldbank.org/curated/en/935321526032427605/pdf/PIDISDS-BHCPF-Concept-stage-05042018.pdf>



Priority Action 3: Ensure Basic Healthcare Insurance for All Nigerians



The Nigerian government needs to rapidly scale investments in health insurance and reform the National Health Insurance Scheme (NHIS).

Every Nigerian with minimum payments should be able to have access to quality healthcare. The Basic Health Care Provision Fund (BHCPF) has the capacity to deliver better health coverage for Nigeria, and with a projected N70bn funding in 2019—N40bn in realistic

terms—it provides better support for Nigerians. The healthcare insurance programme has the potential to cover immunisation, basic ailments and maternal/infant related health challenges.

The National Health Insurance Scheme needs to improve the quality of its services and this stems from quality leadership to ensure every Nigerian has adequate access to healthcare.

2016 Health Expenditure per Capita (current US\$)	
Nigeria	79.34
Egypt	130.99
South Africa	428.18
Morocco	171.45
Angola	95.22

Source: **World Bank**

4. Quality Nutrition against Stunting

Context

It is proven that for a child to have the right brain development, adequate and quality nutrition is necessary. Nigeria's weak socio-economic status as well as endemic poverty has directly impacted the quality of food provided to children. This has led to different stages of stunting and wasting.

According to the UNICEF NNHS 2018⁹ "the prevalence of stunting was 32% and has remained the largest burden of malnutrition with stagnated rates of above 30 percent since 2014, and with many states in the north west and north east recording prevalence above 40 percent (meaning 40% of children born in the region are underweight and stunted) - the WHO critical levels. Stunting indicates a long term nutritional problem in the country and at similar levels to that of Sub-Saharan region (37 percent) with serious and irreversible consequences."

Acute and chronic malnutrition is a critical problem in Nigeria and has serious consequences on the capacity of children today and tomorrow. Today, they are unable to participate actively in academic development that can positively impact their future; tomorrow, they are unable to contribute to the economic development of the nation. This is a loss to the nation.

"While there has been progress in immunisation and also reduction in maternal and infant mortality (still high in context

of global averages), UNICEF reports that "other public health (mosquito net utilisation, Vitamin A supplementation, and appropriate child stool disposal), reproductive health (such as skilled birth attendance, ANC visit and care by skilled personnel) and IYCF indicators (such as breastfeeding breastfeeding initiation, minimum acceptable diet and consumption of iron-fortified or iron rich foods) have stagnated since 2014."

The recent school feeding efforts by the Nigerian government to primary school children is commendable, especially in regions where protein and vitamin levels are drastically low.

However, there is a need for more oversight on the quality of meals and hygiene levels as reports have queried the nutritional quality of some of the meals. The 2018 Action Aid Third Party Monitoring Report on National Social Investments Programme¹⁰ states that

"Quality, in this case, encompasses the nutritional value of meals served and quality of food items used in cooking. Meat and other animal protein sources were omitted or infrequently provided.

Food was improperly cooked, and water was not always provided with meals. Complaints about food insufficiency came from both pupils and teachers. In some states, food was reportedly rationed among pupils so as to cater for all the pupils..."

⁹<https://www.unicef.org/nigeria/media/2181/file/Nigeria-NNHS-2018.pdf>

¹⁰<https://nigeria.actionaid.org/publications/2019/2018-third-party-monitoring-report-national-social-investment-programmes-nsip#downloads>



Priority Action 4:

Access to Quality & Fortified Food in Target Communities

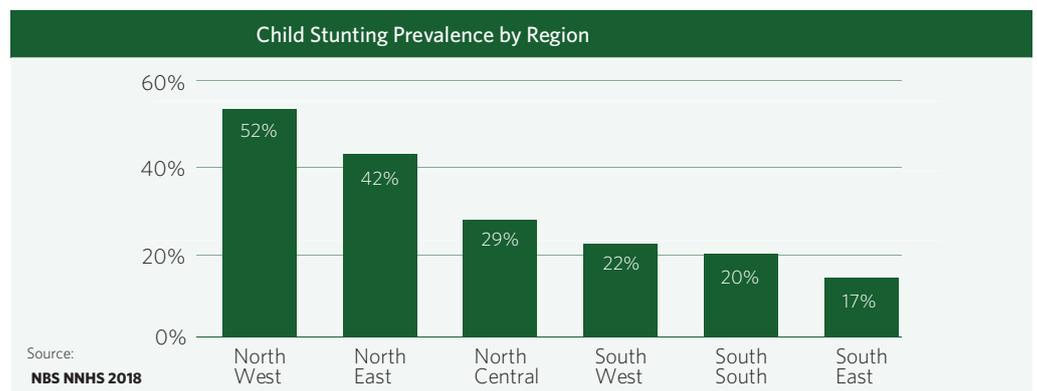


The WHO classification of malnutrition prevalence considers stunting serious (or high) if levels fall within 30 to 39.9 percent, and critical (or very high) if 40 percent and above.

The chart below shows that stunting is beyond staggering levels in certain regions in Nigeria and there is a need to stem the prevalent crisis with immense implication

on the future. Quality and fortified foods need to be provided for Nigerian children, especially in the regions with high stunting prevalence.

There is also a need for a deeper oversight on the quality of meals provided to pupils under a strong quality assurance mechanism.



⁹<https://www.unicef.org/nigeria/media/2181/file/Nigeria-NNHS-2018.pdf>

¹⁰<https://nigeria.actionaid.org/publications/2019/2018-third-party-monitoring-report-national-social-investment-programmes-nsip#downloads>

5. Fixing Maternal and Infant Health Delivery Services

Context

While Nigeria might have improved its maternal and infant mortality rates over the years according to the WHO, UNICEF, UNFPA and the World Bank estimates, it still has one of the worst records across the world.

The country's maternal mortality is still higher than the Sub-Saharan average and it still accounts for 10% of all maternal deaths worldwide with more incidences prevalent during the postpartum period. This needs to change.

Beyond the challenge of health infrastructure at the primary level, the lack of adequate skilled healthcare workers to handle simple and complicated deliveries continues to stagnate the healthcare sector. In the 2018 National Nutrition and Health Survey (NNHS) report¹¹, the UNICEF confirms the relationship between maternal and infant mortality and skilled healthcare personnel by stating that "skilled birth assistance is highest in the

South East zone (88 percent) but lowest in the North West (22 percent), and is especially critical in Sokoto, Zamfara, Jigawa, Katsina, Kebbi, Bauchi and Yobe states where more than 80 percent of all deliveries were not assisted by a skilled birth attendant."

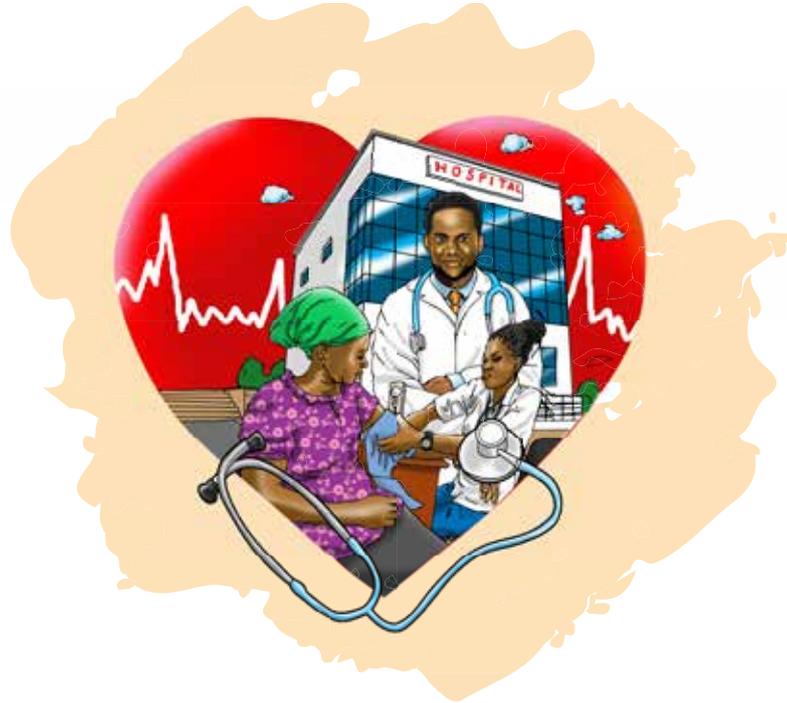
More so, Nigeria suffers relatively high levels of infant mortality (the probability of dying between birth and the first birthday) and child mortality (the probability of dying between the first and fifth birthday).

According to the Multiple Indicator Cluster Survey (MICS), Nigeria's infant mortality rates are varied across states and range from the high Kano state rates of 112 out of 1,000 live births to the relatively low Ondo rates of 37 out of 1,000 live births. Nigeria's average for infant mortality rate is put at 70, far higher than the average of its Sub-Saharan Africa peers.

¹¹<https://www.unicef.org/nigeria/media/2181/file/Nigeria-NNHS-2018.pdf>



Priority Action 5: **Improve Investment in PHC Personnel & Infrastructure**



The weak healthcare systems at the primary level is a major cause of the poor numbers that continue to dog Nigeria's maternal and infant mortality rates. Healthcare should not only be affordable but available when it is needed especially by pregnant women and young children. This is why Nigeria needs a clear national healthcare strategy with a focus on skilled personnel, access and quality infrastructure.

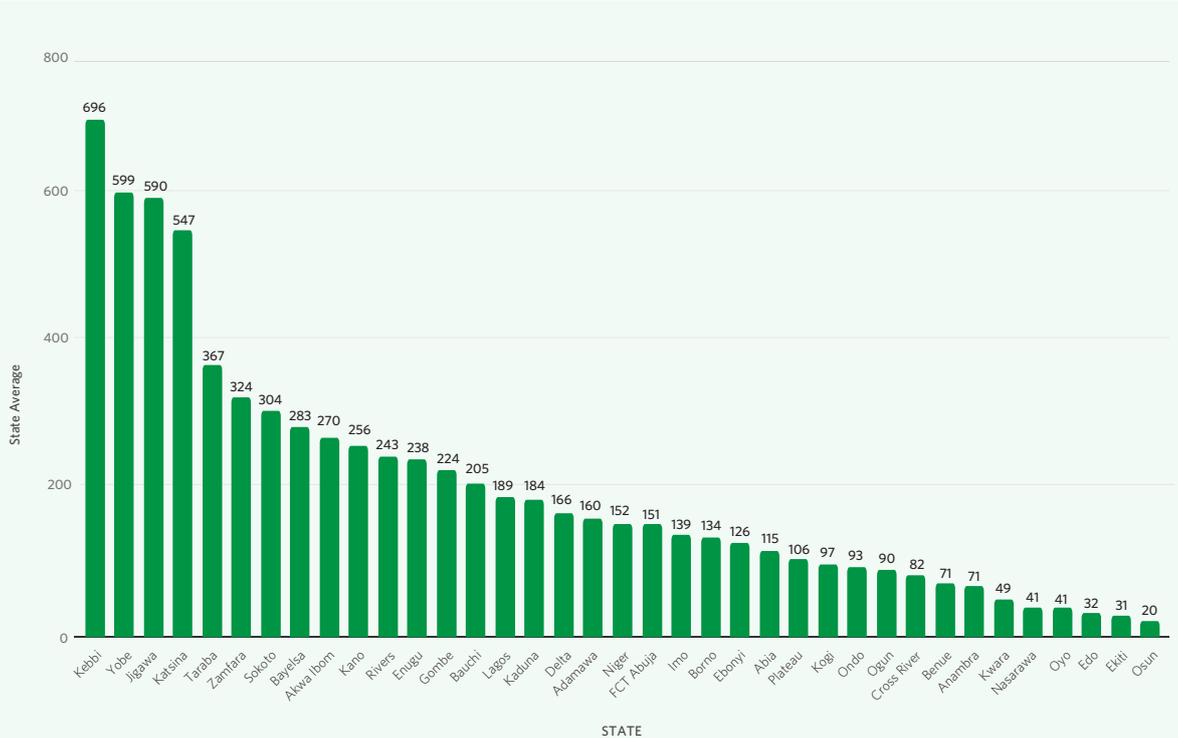
The National Health Act provides increased funding for healthcare but with N48bn budgeted for capital projects by FG in the healthcare sector, this is still too low. BudGIT's findings, as stated in the "State of States" Report, still shows that Nigerians face huge challenges in accessing healthcare, especially at the primary level. To change the narrative, all the government levels, federal, state and local, need to assume their roles, prioritise investments in the health sector and monitor that the funding works for the people.

Table 1: HNP Outcomes In Nigeria 2003-2016

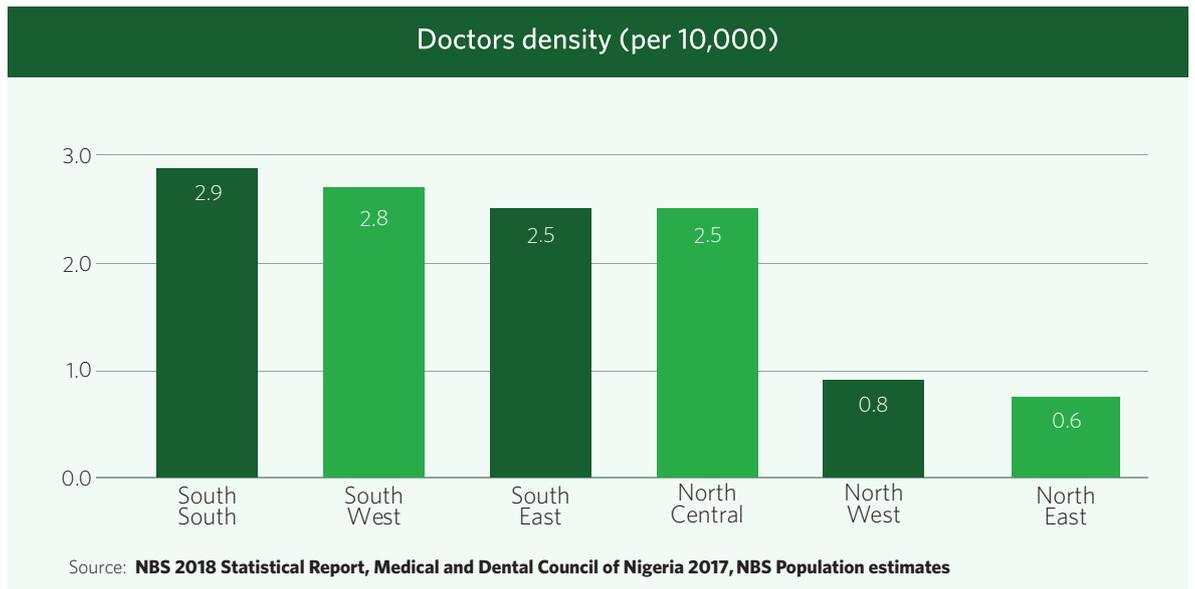
Outcome Indicators	Nigeria				SSA
	2003	2008	2013	2016	2016
Under 5 mortality per 1000 births	201	1571	28	1207	8
Infant mortality rate per 1000 births	1007	56	9	70	53
Maternal mortality ratio per 1000 live births		545	576	576	547
Total Fertility Rate (children per woman)	5.75	.7	5.5	5.84	.9
Stunting, Height for age (<-2SD)%	42	41	37	44	34
Low Weight for height (<-2SD)	24	23	29	32	19
Wasting, Weight for height (<-2SD)	11	14	18	11	8

Source: Nigeria Demographic and Health Surveys 2003-2013 and MICS 2016-17. Sub Saharan Africa(SSA) data is from World Development Indicators and is for 2015-16. The data are not strictly comparable and SSA data is just illustrative

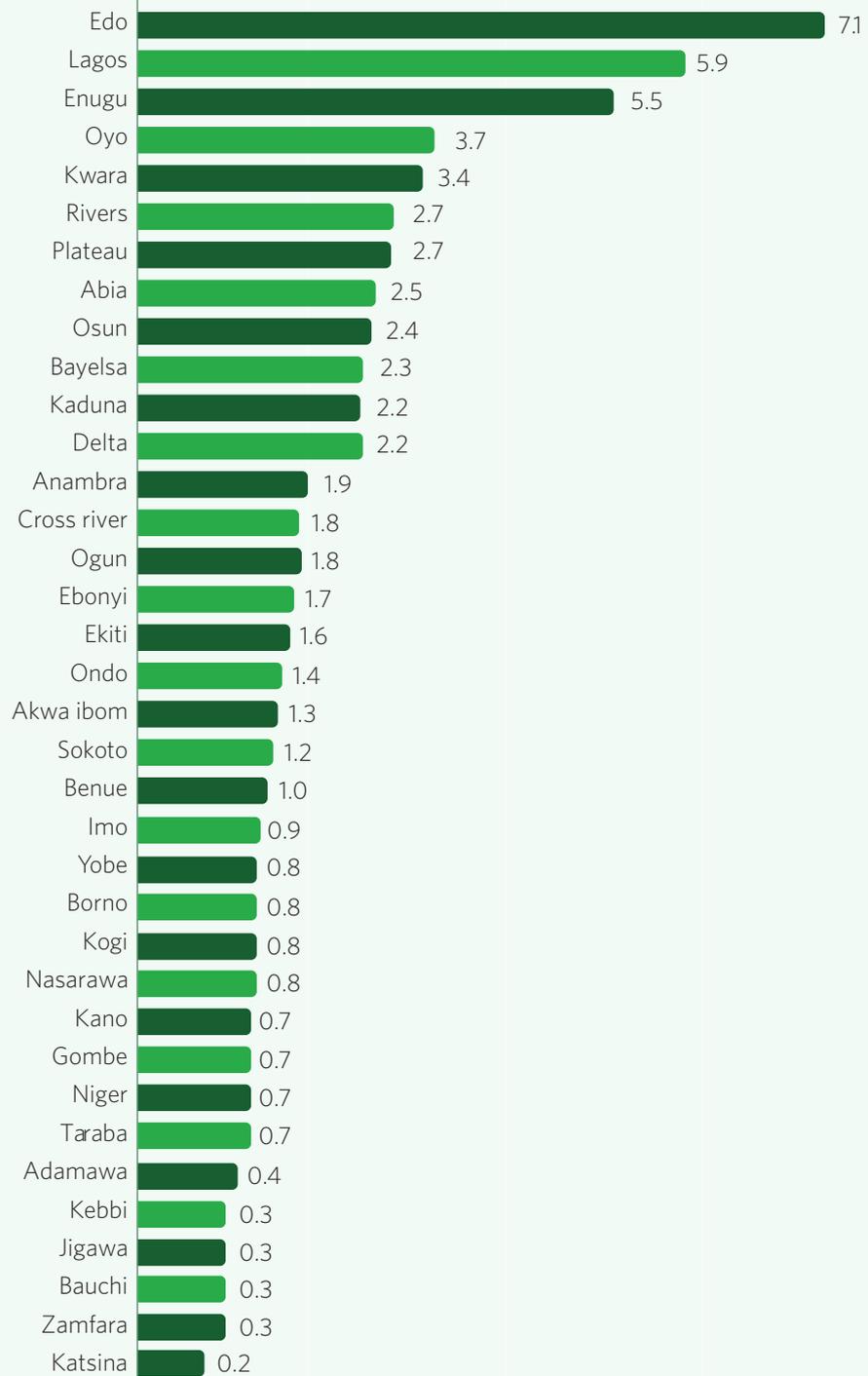
Maternal Mortality Rate by State per 100,000



Source: 2018 National Health Management Information System, Ministry of Health Dashboard



Doctor density by State (per 10,000)



6. Tertiary Health Institution Funding

Context

Responsibility for health services in Nigeria is shared between the federal, state and local governments. In practice, the federal government takes responsibility and provides funding for public tertiary health services while the states and local governments take responsibility for providing services at the secondary and primary level.

The local government is strictly supposed to manage the public primary healthcare services, but due to perennial funding deficiency, there are interventions from time to time by the state and federal government.

There has been a trend of federal agencies implementing programmes and managing services across state and local government levels. For example, the National Primary Health Care Development Agency (NPHCDA), a federal agency, coordinates activities across levels. As such federal funding for health is tracked beyond the

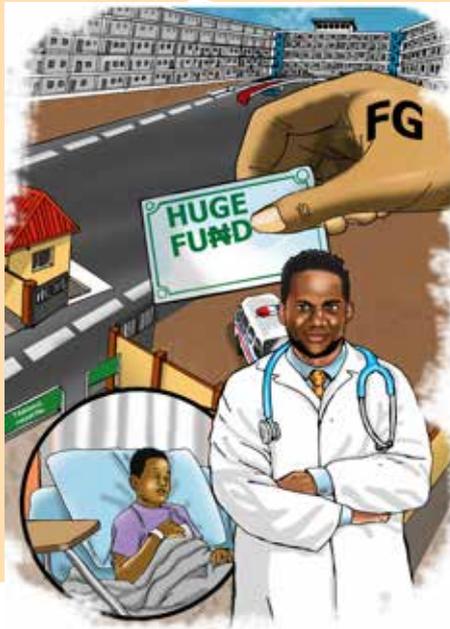
Ministry of Health and its agencies at the federal level to include other health-related items within other government agencies that have direct inputs into the health sector.

Total allocations to tertiary hospitals (comprised of university teaching hospitals, federal medical centres and federal teaching hospitals) amount to N309.5bn for 2019, up from N155.98bn in 2016. About 92.55% of allocations to federal government-owned hospitals will be expended on recurrent expenditure items, primarily personnel costs, and to a lesser degree, overhead costs.

Nigeria cannot continue to underfund its tertiary health institutions or allow it to operate in an environment of poor accountability. It is sad to see Nigerians, suffering from complicated medical ailments, begging online to afford the services of tertiary institutions. While Nigeria needs to fund tertiary health institutions, it also needs to consider increased funding for allied agencies such as Nigeria Centre for Disease Control (NCDC) to strengthen disease surveillance and emergency response.



Priority Action 6: Increase Investments to Tertiary Health Institutions



Nigeria is facing an increased rate of cancer, cardiovascular diseases and other protracted illnesses that require strong tertiary health systems.

However, Nigerian citizens have been reduced to begging on social media and other platforms to afford high healthcare costs. It is pitiful to see that the FG investment to tertiary health institutions is less than an average of N300m per institution.

Nigeria needs to invest at least N50bn annually in capital projects in tertiary teaching hospitals for the next 10 years, in order to bring it to the global standard that delivers results for Nigerians.

More than just pumping funds into the institutions, there should be effective monitoring to ensure that the necessary facilities are efficient, affordable and available for public use.

7. Access to Safe Water & Sanitation

Context

The 2016 UNICEF report¹² estimates that 46m Nigerians practice open defecation, a dangerous health hazard with serious epidemic consequences for the country. This has escalated diarrhoea cases and other disease elements directly linked with lack of potable water, hygiene and sanitation as the UNICEF report confirms that "...the use of contaminated drinking water and poor sanitary conditions result in increased vulnerability to water-borne diseases, including diarrhoea which leads to deaths of more than 70,000 children under five annually."

The lack of access to clean water is a burden to public health systems. Imagine a situation where medical practitioners perpetually have to rely on hand sanitisers bought with their own money or where pregnant women have to carry kegs of water to health facilities before their deliveries are taken.

Imagine an outbreak of diarrhoea in a community where the PHC lacks clean pipe borne water. The water-healthcare delivery dynamics in different parts of the country remain dire, for healthcare practitioners, patients and the country at large. The Federal Ministry of Water Resources, based on a survey completed in 2015, confirmed that over 58% of the completed water facilities in the country are non-functional. To change this, Nigeria needs to follow the World Bank prescription of allocating at least 1.7% of its GDP, around N2tn for Water and Sanitation & Hygiene (WASH).

This seems unfeasible with Nigeria's fiscal challenges yet Nigeria needs to invest more in quality water systems by increasing its allocation for potable water, especially in rural and semi-urban communities.

¹²<https://www.unicef.org/nigeria/reports/making-nigeria-open-defecation-free-2025-national-road-map>



Priority Action 7: **Invest in Safe Water & Clean Environments for Healthier Lives**



Nigeria needs to pay attention to WASH as it is an important element to reduce the burden on public health systems and this requires attention to ending open defecation (as planned and advocated by UNICEF in 2025).

Also key to sanitation are urgent investments in clean water systems and improved waste management especially in urban centres.

There is a need to also step up oversight on the investments on water projects in Nigeria as research by BudgIT service delivery teams shows over-invoiced contracts that break down even before the projects are completed.

Issues and Challenges In Nigeria's Health Sector

Expert Input by Dr. Ifeanyi Nsofor, CEO EpiAFRIC



The only game-changer that can address the problem of our deplorable health care system is for the government to make the State Health Insurance Law functional. Health insurance covers less than 10% of the Nigerian population.

The Primary Health Care Sector in Nigeria is non-existent as a result of the lack of structure in the local government administration. This has made the state government withhold the funds accrued and allocated to the local governments on a continual basis, and as a result of this, the local primary health care system has been rendered ineffective and inefficient.

This has also invariably affected the operationality of the secondary and tertiary health institutions. The health officials are overwhelmed because cases that should have been treated at the basic health care were taken to the secondary health institutions. This reiterates the importance of funding the primary health care system as a prelude to its sustainability and efficiency.

The only game-changer that can address the problem of our deplorable health care system is for the government to make the State Health Insurance Law functional. Health insurance covers less than 10% of the Nigerian population. States are not prioritizing health care and it is evident that states are not prepared for major epidemic control without federal government support.

The funds people spend in accessing health care diverted into buying health insurance which is cheaper and affordable. The 2020 health budget allocation of N441bn and the Basic Health Care Provision Fund by the Federal Government

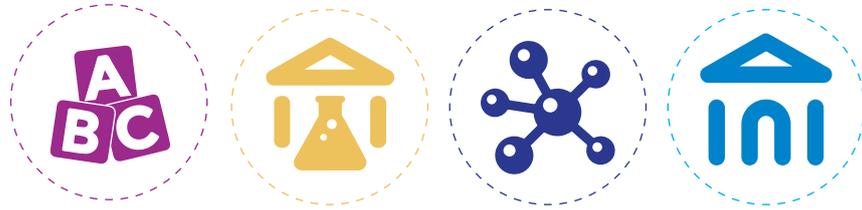
is a drop in the ocean compared to the huge population of Nigeria which is about 200m. Over the last 10 years, the total health expenditure of Nigeria according to the WHO is about \$10bn and out of this amount, \$7.6bn was paid from individual pockets to access health care while \$1.2bn was paid by donors. This shows that Nigeria's health budgetary allocation wanes in comparison with donor health support.

The good thing about the BHCPF is that it is enshrined in the National Health Act which makes provision for 1% fund from the consolidated revenue with donor funds. This is the first time the government will be including it in the statutory transfers thus showing political will on the part of the government. The fund should be properly utilized so Nigerians across all levels can have access to quality health care.

Speaking of the increase in medical tourism and brain drain in the country, the endemic can be traced back to the dysfunctional state of Nigeria's health care system. Medical tourism becomes totally inadequate in the face of medical emergencies and health situations that need immediate intervention. In order to effectively reduce and manage these two situations, health institution facilities should be adequately upgraded and equipped to ensure quality health care services.



EDUCATION



Introduction

An educated population is essential for a thriving economy as they are able to fully utilise the ever increasing data and information to create wealth apace with other world markets. Education is therefore an actualising force that transforms a healthy populace to a productive one. Education equips the population with the right skills that they need to transform not only the economy but rewrite the story of the country for good.

Nigeria lags behind in education performance metrics including literacy rates where adult female literacy stands at 59.3% and adult male literacy at 70.9%¹³, other performance metrics and education conversion to employment remain low. This underperformance correlates with Nigeria's historic underinvestment in school infrastructure and teacher training.

In particular, UNICEF emphasises that "In Nigeria, about 10.5 million children are

not in school even though primary education is officially free and compulsory."¹⁴ This high number of out-of-school children despite the free education is both a source of worry and shows the need for urgent action in education. One known limitation for primary education is that the efforts are long term investments that mature beyond the typical political vista since children only start contributing directly to the economy years down the line when they are adults.

With Nigeria's precarious fiscal position, it is essential to also find self-funded education solutions that have shorter term benefits. As such, part of the answer to Nigeria's education challenges is to focus on education-to-employment opportunities that attract investment, create employment even while the nation continues to ameliorate its basic education deficit.

The way forward includes:

¹³UNICEF Multiple Indicator Cluster Survey (MICS)

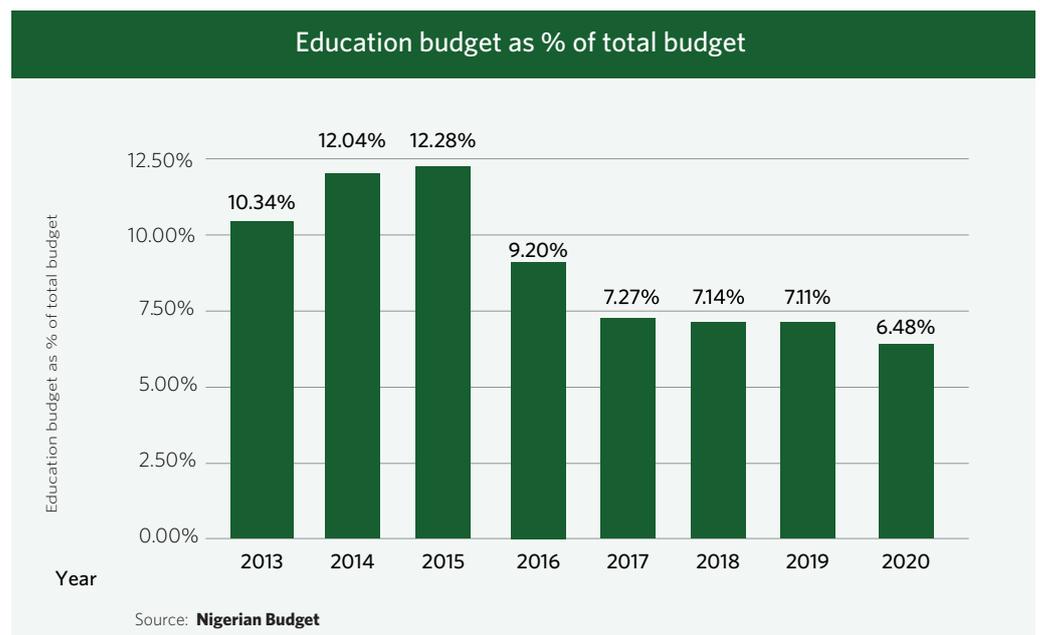
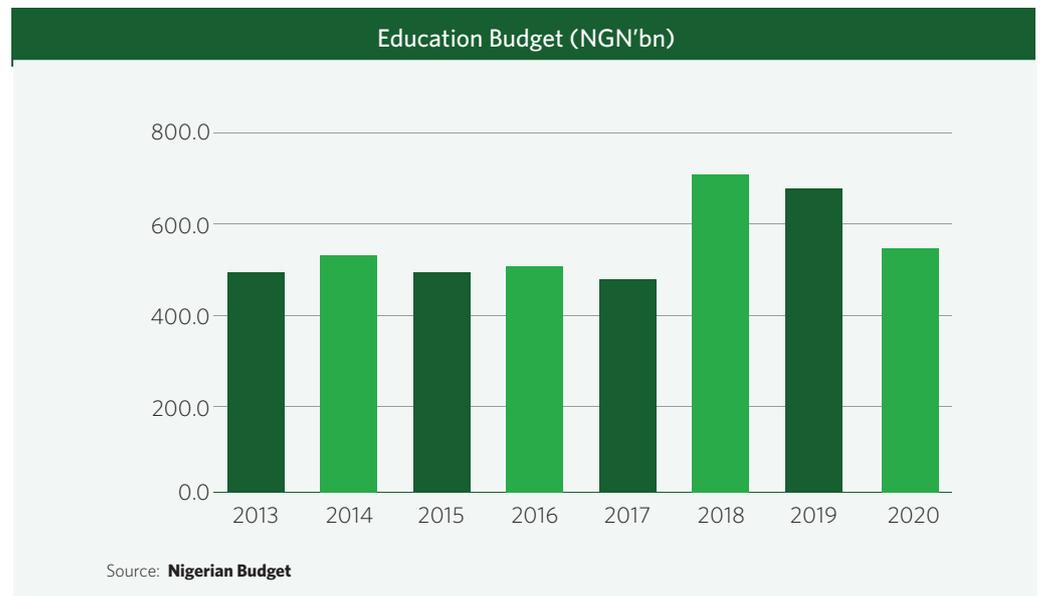
¹⁴UNICEF

8. Quality Educational Infrastructure and Funding

Context

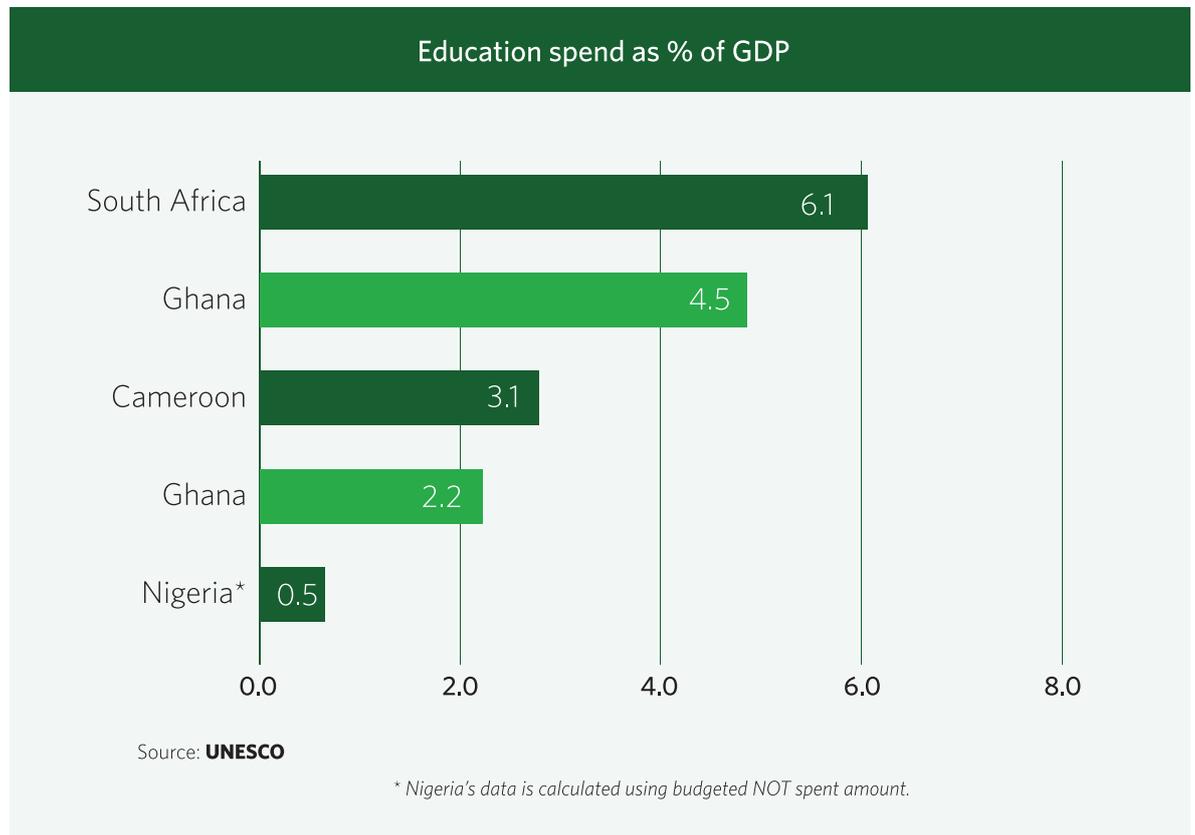
The low literacy rates belie the need for urgent action to improve educational metrics. The necessary interventions have financial implications and Nigeria's budgetary allocation provides a hint

on government priorities. The amount budgeted for education remained more or less flat between 2013 and 2017. However, there was an upward trend in 2018; this was overshadowed by 2019's downward trend. However, to put this in context, the percentage allocation must be considered as shown in the second figure below; note that the 2020 figure is from the proposed budget.



Using this metric instead, there is a clear reduction in allocation as a percentage of total allocation thus signifying reduced prioritisation.

Furthermore, when looking at education as a % of GDP, Nigeria severely underperforms its peers across the continent. This is a great cause for concern.



This is a bleak story as Nigeria has some serious catching up to do. Indeed, Nigeria will need to spend more to align the education needs of its growing

population with an ever-evolving world. This puts significant pressure on the country's ambitions.



Priority Action 8: Increase Education Funding to Power the Future



Nigeria needs to meet the target set by the United Nations Education, Scientific and Cultural Organization (UNESCO) which recommends in its “Education for All EFA 2000-2015: Achievements and Challenges” that 15 - 20% of total spend should go to the education sector. This is in line with the ruling party’s promise enunciated in its political party manifesto¹⁵. As of date, the government continues to fall far short of this. If the national

government rises to the challenge of spending 15-20% on education, it will also inspire state governments to do likewise. This concerted effort among the governments at all levels, this all-hands-on-deck approach, is needed to not only get more students into classrooms but to transform our institutions into the powerhouse of ideas capable of powering the nation out of this present gloom into a brighter future.

¹⁵APC 2014 Manifesto

9. Quality Basic Education

Context

Basic literacy and numeracy is the foundation for all other education as it enables everything from agricultural extension to digital literacy—a necessity in today’s global workforce. Indeed in today’s world of the internet, the barriers to content knowledge are rapidly being broken down and knowledge can literally be on one’s fingertips. Massive Open Online Courses (MOOCs) abound on topics ranging from complex mathematics, data science to economics and are becoming more accessible as Nigeria’s internet infrastructure gradually improves. This information is however useless and inaccessible if one lacks basic literacy and numeracy skills.

While Nigeria’s 2015 literacy rate of 59.6% is up from 2008’s 51.1%, there remains room for improvement through greater focus on results and diligent optimisation of the Universal Basic Education programme.

Much work can also be done in leveling the playing field across regions and

locations as literacy disparities are wide along regional lines with the South East most ahead with 95% literacy rates and the North West lagging behind with 38% literacy rates. The story is also the same when we look at the urban-rural divide where rural populations have only 45% of the population as literate against the near double 84% in urban areas.

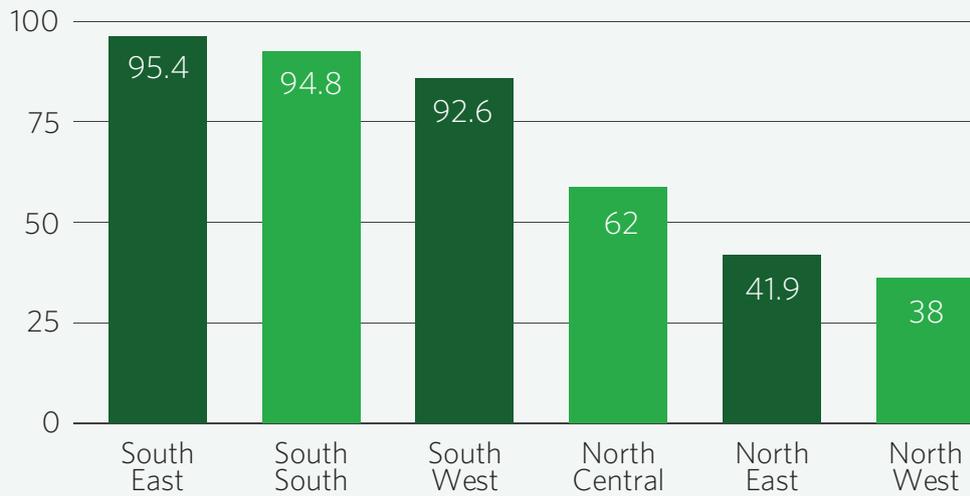
Despite the great need for funds highlighted above, many states are not taking advantage of all the resources available to them.

As at July 2019, no state had fully taken advantage of the funds accessible to them through the Universal Basic Education Fund because they had not complied with providing the necessary matching funds. From a regional lens, the North Central states (together with the FCT) have the greatest unaccessed funds while South South states have the least.

This is despite the poorer educational outcomes in North Central than in South South (as measured by the percentage of students that pass WAEC exams)¹⁶.

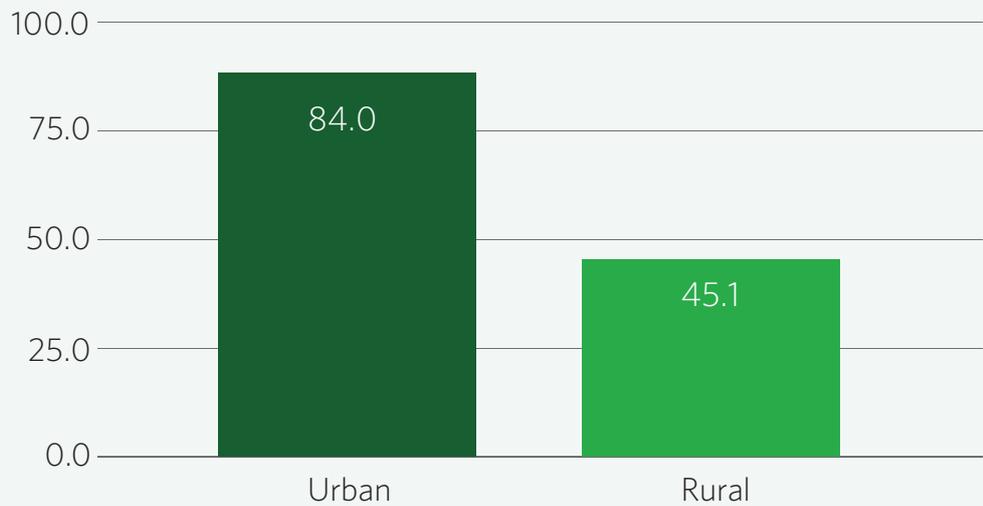
¹⁶<https://nigerianstat.gov.ng/dlibrary?queries%5Bsearch%5D=WAEC>

Literacy level by region (%)

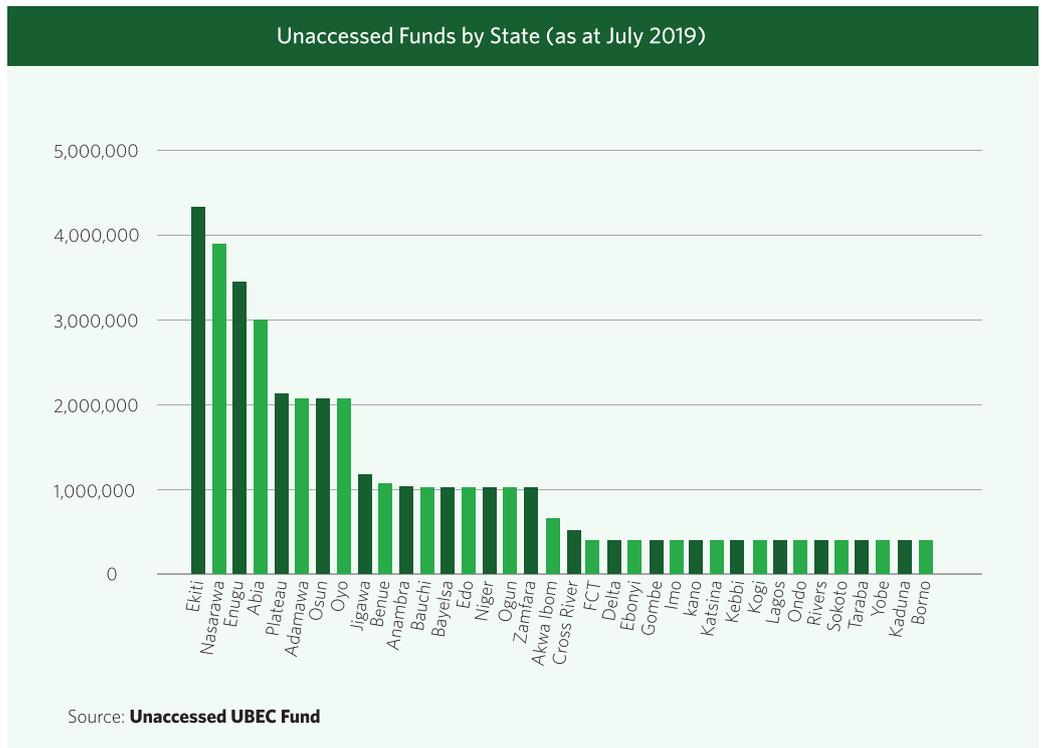
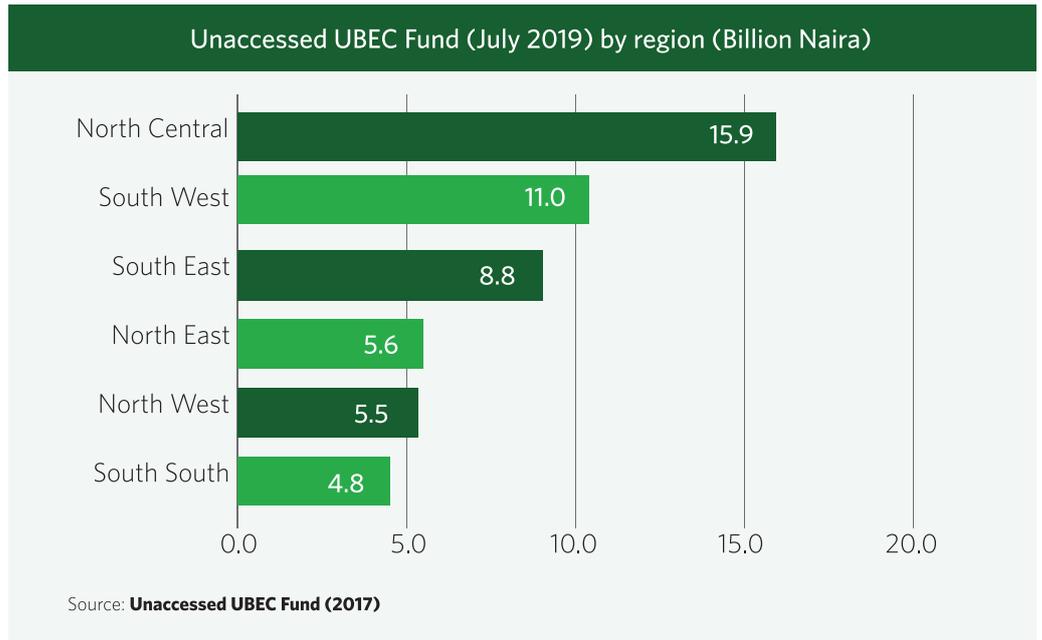


Source: **NBS**

Urban vs Rural Literacy Rates (%)



Source: **NBS**



¹https://www.un.org/en/development/desa/population/events/pdf/other/10/World_Population_Projections_Press_Release.pdf

²<https://www.unicef.cn/en/press-releases/new-years-babies-nearly-45000-children-will-be-born-china-new-years-day-unicef>

In total, N51bn had not been accessed by states as at July. Since states are meant to provide matching funds, this comes up to over N100bn which should be spent on education.

With 10.5m¹⁷ out-of-school children in the country, 100bn (or 10,000 per child) would be a bucket in an ocean of need; but a much needed bucket nonetheless.



The medium of instruction in primary school shall be the language of the environment for the first three years. During this period, English shall be taught as a subject. From the fourth year, English shall progressively be used as a medium of instruction and the language of the immediate environment and French shall be taught as a subject

The financing of basic education is however only one part of the puzzle. Since basic education is free, compulsory yet unpatronised, we must look at, and address, the root causes of both poor primary school attendance and low outcomes.

The main reasons for low school attendance are deep seated cultural beliefs including early marriage, especially with girls in Northern Nigeria; favouring the now faulty almajiri system of education over western education as well as generational poverty.

In addition to these, despite the advantage of the Child Rights Act which makes provision for universal basic education for every Nigerian children, the following Northern states—Adamawa, Bauchi, Borno, Gombe, Kano, Katsina, Kebbi, Sokoto, Yobe, Jigawa and Zamfara—are yet to domesticate it.

Consequently with the lack of an institutionalised law focused on children, access to quality education has also worsened with the creasing insecurity in the region. Following the kidnappings of students from Chibok and Dapchi, fewer parents will be enthusiastic to put their children in schools. To change things, it will take a combination of executed laws,

a change of deep seated cultural beliefs as well as an improved security system. Even when children attend school, low outcomes are still the norm. Nigeria for example ranks 139/141 in the skill set of graduates and 135 out of 141 in critical thinking in teaching¹⁸ in the ranking of the World Economic Forum's Competitiveness Index.

A key challenge affecting outcomes for rural primary students is the relatability of educational materials and of lessons learned in English. The National Policy on Education of 1998 proposes the promotion and use of the language of the environment during primary education. The plan recommends: *"The medium of instruction in primary school shall be the language of the environment for the first three years. During this period, English shall be taught as a subject. From the fourth year, English shall progressively be used as a medium of instruction and the language of the immediate environment and French shall be taught as a subject."*¹⁹

Despite this policy, the dearth of textbooks and teaching materials in several local languages means that children in early education are often taught in unfamiliar languages. This is disproportionately the case for those in rural areas where English is not readily and widely spoken.

¹⁷ UNESCO

¹⁸http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

¹⁹http://wbfiles.worldbank.org/documents/hdn/ed/saber/supporting_doc/AFR/Nigeria/TCH/National Policy on Education.pdf



Priority Action 9: Increase Educational Materials in Local Languages



States are advised to take full advantage of the resources available to them through the UBEC fund to increase not only their education budget but also their education spend. In addition to this, more emphasis must be placed on the development of local language educational materials as a way of ensuring a strong foundation for rural children, as well as enabling greater participation of local communities otherwise hindered by the language disconnect.

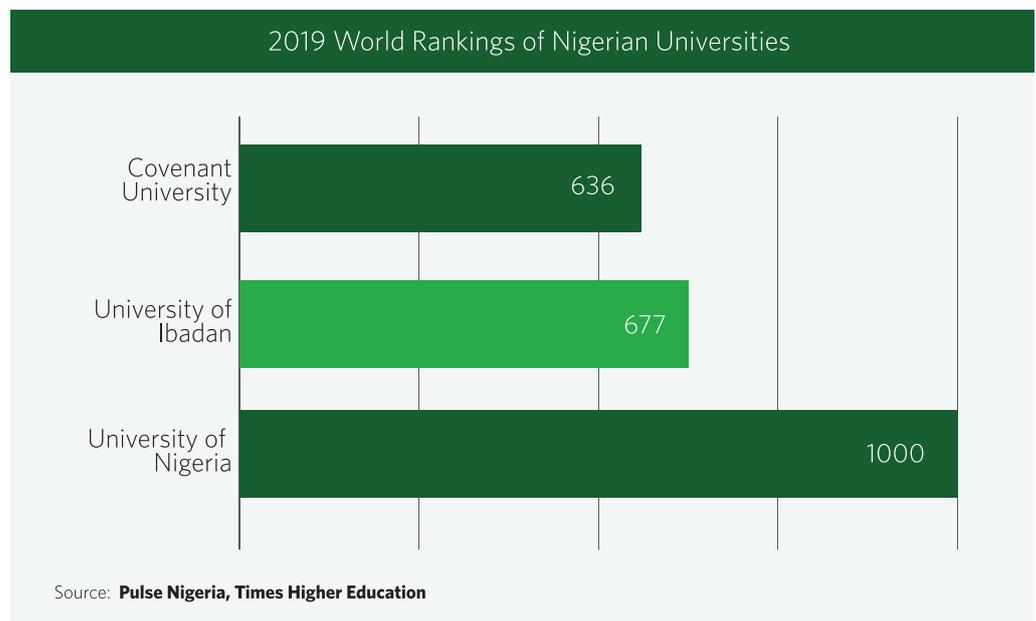
In addition, states can also partner with the growing indigenous publishing industry in Nigeria to work with writers in different local languages to produce quality educational material.

10. Tertiary Institution Reform

Context

In the 2019 world university rankings conducted by the Times Higher Education²⁰, only 3 Nigerian universities made the list with the private university, Covenant University topping the chart.

Though an improvement from the 2018 rankings where only the University of Ibadan made the list in the 800-1000 bracket, the rankings nevertheless show a space to climb and aspire to better international standards.



The criteria for the rankings also add context to the ratings. Citations of universities' work is used as a proxy for research influence. This metric carries the greatest overall weight.

In addition, research, teaching/ learning environment and the linkages between research and industry are other factors used to judge.

A general survey of many Nigerian universities makes it evident that there is space for improvement in each area. In addition to several other factors, this poor

performance can also be connected to the under-prioritisation of tertiary education as seen in a sampling of allocation to tertiary institutions in the 2020 proposed budget.

To put this in context, the National Assembly with 469 legislators was allocated 125 billion naira—about 10 times the amount allocated for the University of Ibadan with its student size of over 33,000²¹. With such underfunding, connections which not only improve rankings but can concurrently garner revenue for the school and the economy at large, are jeopardised.

²⁰Times Higher Education

²¹<https://web.archive.org/web/20141216154130/http://www.thisdaylive.com/articles/ui-receives-biggest-allocation-of-intervention-funds/158465/>

2019 Budgetary Allocation to Tertiary Institutions

Tertiary Institution	Recurrent Expenditure	Capital Expenditure	Total Budget
University Of Nigeria, Nnsuka	18,151,712,256	74,478,641	18,226,190,897
Ahmadu Bello University, Zaria	17,267,128,692	176,520,862	17,443,649,554
University Of Calabar	16,340,969,122	94,478,641	16,435,447,763
University Of Ibadan	13,885,348,909	82,828,315	13,968,177,224
University Of Ilorin	10,251,843,107	74,478,639	10,326,321,746
Abubakar Tafawa Balewa University, Bauchi	5,381,400,909	99,527,660	5,480,928,569

Source: Federal Ministry of Finance



Priority Action 10: Increase Linkages between Universities and Private Sector



To improve the placement and quality of tertiary institutions in Nigeria, increased emphasis on research work is necessary. In particular, research income from industry may be further harnessed by creating greater linkages with the private sector.

This can unlock both employment opportunities and innovations. As it stands, there is a disconnect between the industry and the research work done in many universities.

The student projects of engineering and science students can be further linked to real-life industry challenges, and by so doing, foster the relationship between these groups, provide jobs for fresh graduates, provide solutions to several challenges facing the country and very importantly, engender the occasional profit-making, economy boosting innovation.

11. Quality Teacher Training

Context

According to the National Commission for Colleges of Education (NCCE), there are 152 colleges of education (including polytechnics that offer NCE courses)²². These are constituted of 21 federal, 82 private and 49 state colleges of education.

Despite this, the education sector faces dire issues with dearth and low quality of teachers in the nation. As highlighted in a journal article in Emergent Issues in Nigerian Education, findings of a NUC study on the teaching skills of education graduates produced in the last ten years showed a “no strength” verdict. This is also seen in the stigmatisation in recruitment in the education sector as anecdotally, many

private school employers would rather employ university graduates of education before considering college of education graduates.

As teacher quantity in Nigeria remains an issue, it is imperative that all teachers passing through National Colleges of Education are fit for the Herculean task of improving the Nigerian educational system.

The table below shows teacher quality and level of preparedness in primary and junior secondary schools in Ondo state. The low level of teacher preparation with less than 60% across both primary and junior secondary schools is a cause for concern and highlights the need for greater focus on teacher training and preparation.

Table 1.1: Level of Teacher Preparation in Primary Schools for the UBE

Inventory Items	N	High	%	Moderate	%	Low	%
Preparation for effective teaching	578	58	10.0	186	32.2	334	57.8
Preparation in developing themselves by attending seminars and workshops	578	51	8.8	212	36.7	315	54.5
Preparation in terms of staff development through in service training	578	72	12.5	180	31.1	326	56.4
Preparation in prompt writing of lesson notes	578	120	20.8	268	46.4	190	32.8
Preparation in terms of the mastery of the subjects matter	578	137	23.7	168	29.1	273	47.2
Preparation in carrying pupils along while teaching	578	114	19.7	214	37.0	250	43.3
Average	578	92	15.9	205	35.5	281	48.6

Table 1.2: Level of Teacher Preparation in Primary Schools for the UBE

Inventory Items	N	High	%	Moderate	%	Low	%
Preparation for effective teaching	141	32	22.7	45	31.9	64	45.4
Preparation in developing themselves by attending seminars and workshops	141	33	23.4	43	30.5	65	46.1
Preparation in terms of staff development through in service training	141	23	16.3	51	36.2	67	47.5
Preparation in prompt writing of lesson notes	141	27	19.1	50	35.5	64	45.4
Preparation in terms of the mastery of the subjects matter	141	40	28.4	44	31.2	57	40.4
Preparation in carrying pupils along while teaching	141	36	25.5	39	27.7	66	46.8
Average	141	32	22.7	48	34.0	61	43.3

Source: **Teacher Preparation and Availability for Achieving Basic Education, T.O. Adeyemi, 2013**

Given the decentralisation of teacher education in the country and the need to have a local approach to education—in line with the National Education Policy of Local

Language Learning in the early years—it is imperative that states take the lead in education innovation.

²¹ThisDay Archives, 2014

²²National Commission for Colleges of Education



Priority Action 11: **Collaborate with Innovative Teacher Training Programmes for Impact**



To turn around teacher quality quickly, collaboration is key. Governments at all levels can leverage on the skills and know-how of innovative groups and solutions.

Recently, Kaduna state took some steps in the right direction through its partnership

with the African Federation of Teaching Regulatory Authorities (AFTRA)²³, to conduct trainings for all teachers.

The state has also partnered with the Teach for Nigeria Foundation to increase the availability of topnotch teachers.

²³ DailyTrust

The State of Education in Nigeria

Expert Input by Crystal Ikanih-Musa,
In-Country Representative for Malala Fund



There is also a need to focus on various components that make up the education sector. Research, learning metrics, infrastructures and access to those infrastructures, child's psychological state, teachers' remuneration, teaching environment, are all important components the government needs to focus on.

In the general sense, the education sector in Nigeria has somewhat been in a state of emergency, with many stakeholders (both state and non-state actors) clamoring for the Federal government to prioritize major policies aimed at steering public education delivery from the downward spiral with which it is currently headed. This calls for concern, especially when you consider the number of out-of-school children which over the years, has continued to be on a rise, and connecting the fact that access to basic education, for example, continues to be a major challenge. This downward spiral in public education delivery can be attributed to various reasons, inadequate funding topping the chart. These are very compounded issues, and it would seem that the government, both at the national and sub-national level is lackadaisical in resolving them. This then, has opened the space for non-state actors like the private sector, CSOs, and NGOs to take up the responsibility and help fill the void.

To steer public education in the right direction, there is an urgent need for educational reforms, especially from its basic foundation level; that is if Nigeria envisions competing with the standards of the international community. International educational standards propose that the stage of development for children under 4 years requires about 12 years of basic education. Currently in Nigeria, Universal basic education act only guarantees basic education for up to 9 years equivalent to junior secondary school. Needless to say, that these 9 years are even questionable.

The exclusion of those in senior secondary school may create a challenge in the long run as most public-school leavers will not end up with senior secondary certificates. Large number of young school leavers may also have a ripple effect on the state of youth employability and ultimately the economy.

There is also a need to focus on various components that make up the education sector. Research, learning metrics, infrastructures and access to those infrastructures, child's psychological state, teachers' remuneration, teaching environment, are all important components the government needs to focus on.

There is not a single doubt that, private schools with better education and exposure in the over competitive society have an edge over public schools due to the deplorable state of the public education sector, thus, people who earn a good living prefer to send their children to private schools. To meet the UNESCO requirement that 15 to 20 percent should be allocated to education in the national budgets of developing countries, the federal government will need to increase its allocation to the education sector. This goes beyond just throwing money into education, allocation of funds must be targeted, strategic, calculated and innovative while taking into consideration the 21st century challenges.



ECONOMY OF SKILLS



Direct education-to-employment opportunities must also be created through public-private collaboration. Currently, high underemployment rates of 20.2% in Q3 2018 supports the anecdotal evidence that many university graduates lose earnings during five years of school only to land lower-paying jobs for which 6–18 months of training would have sufficed.

On the national and state levels, Foreign Direct Investments (FDI) must be courted to kickstart these education-to-employment schemes. States should align such collaborations with their unique resources and the skillset of its inhabitants. For instance, imagine what a well organised footwear production training school will do for Abia state or what transformations a fruit production partnership will mean for Benue state. It is important for states to look within, identify their weaknesses even as they match their potential sources of wealth with vast learning opportunities that may have transformational economic outcomes for the state.

States will need to increase their internally generated revenue (IGR) to meet the additional educational investments necessary for Nigeria's growing population. To achieve this, states would need to attract companies that can pay higher wages and thus enable increased Pay As You Earn (PAYE) driven increments. Likewise, the formalisation and consequent skilling of the informal artisan sector presents opportunities not only to improve livelihoods but to also do so while enabling higher government revenue collections. Private-public partnerships are key to unlocking the skills potential and activating consequent revenue from Nigeria's human capital.

Case Study: Singapore

Singapore was effectively able to more than triple its GDP per capita over a thirty-year period in part due to directed and focused efforts attracting FDI and related skills to the country. It did this with a two-pronged approach:

Attracting FDI in higher education and vocational training
Working with multinationals to develop specialised programmes to fill the particular expertise and skills gaps of the nation

In order to attract FDI, Singapore provided incentives through its Economic Development Board domiciled with its Ministry of Trade and Industry by offering tax incentives, “pioneer status” and a one-stop shop of entry to key companies that would bring not only income but were in industries where Singapore wanted to develop the skills

of its people. Nigeria has made much progress in recent times with creating a more enabling environment through the Presidential Enabling Business Environment Council (PEBEC). However, what is lacking is the further intentionality in connecting these efforts with the country’s skills and needs gaps as can be learned from the Singaporean case. Take the example of Sundstrand, a high-tech aerospace components and systems company headquartered in the United States. Having noticed Singapore’s difficulties finding skilled labour for their local plant, the Economic Development Board identified, approached and invited the Sundstrand team to Singapore, made

KEY FACTS TABLE

	Singapore		
	1981-1990	1991-2000	2001-2010
Population (Million)*	3.0	4.0	5.1
Annual GDP growth (%)*	6.3	7.3	9.6
GDP per capital (\$)*	12233	23073	42383
GDP by sector (%)			72.8
Services	63	65	72.8
Industry	37	33	27.2
FDI inflows (annual average) (\$ million)	2341	9567	19880
FDI outflows (annual average) (\$ million)	409	5030	13647
FDI inflows (% of GDP)	10	12	17.9
FDI inflows (% gross fixed capital formation)	28.3	35.1	50.9
Exports of goods and services (% GDP)	175.8	177.3	297
Imports of goods and services (% GDP)	175.2	163.6	258

Source: UNCTAD, FDI/TNC Database and GlobStat Database. Note: Simple Annual Average. Data are for 1990, 2000 and 2010 only.

sure that they got pioneer status and had smooth operations. After an initial tough two years, Sundstrand Singapore gained financial viability and the company committed an additional \$60million, 250 times their initial start-up capital, and is now a key success story that jump started Singapore's aerospace industry.

12. Technical Skilling for Artisans

Context

Surveys conducted between 2005 and 2009 by O.C Eneh²⁴ in Nigerian cities and suburbs showed a decline in apprenticeship and artisans across technical shops, farms and other artisan pools. This trend continues till

date as artisans age and the young do not take up the mantle. This palpable decline does not bode well for the socio-economic development of the country. In addition, in presenting the findings of the 2017 MSME Survey jointly conducted with the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), the National Bureau of Statistics' Chief Statistician, Dr Yemi Kale highlighted that among MSMEs, skills shortages abound which prevent said enterprises from maximizing their potential²⁵. These shortages are job opportunities waiting to be harnessed and span artisanal skills and beyond.

Key skills shortages in MSMEs and SMEs

Micro Enterprises -Highest Skills Shortage	SMEs -Highest Skills Shortage
Information & communication: 72.8%	Other Services Activities: 36.2%
Accommodation & Food Services : 71.1%	Agriculture: 35%
Wholesale/Retail Trade: 67.8%	Arts, Entertainment & Recreation: 33.3%
Other Services Activities: 67.3%	Water Supply, Sewerage, Waste Management: 33%
Manufacturing: 66.9%	Accommodation & Food Services: 32.6%

Source: The National Bureau of Statistics (NBS), SMEDAN

²⁴Onyeneke Cyprian Eneh, 2010. Artisan Disconnection: Declining Technical Apprenticeship and Artisan Service and the Implications for Nigeria's Future Development. Asian Journal of Industrial Engineering, 2: 37-51.

²⁵2017 Report presentation.

Key skills shortages in MSMEs and SMEs

The government is making strides to turn this around and encourage technical skills for artisans across different sectors. This also includes the Skills Acquisition and Entrepreneurship Department (SAED) under the National Youth Service Corps (NYSC) programme. Likewise, the government has opened artisan centres with particular focus on increasing the indigenous capacity of Nigerian

artisans in the housing and construction industry²⁶. More than these, to improve the poor quality of construction and other services in the country, the government can also partner with innovative actors and state governments within this space. By doing this, it trains, recruits and fills the yawning skills gaps that exist in these sectors even as it leads to the rise of home-grown artisans who can further pass on the skills to other Nigerians.

²⁶Daily Trust The National Bureau of Statistics (NBS) Micro, Small and Medium Enterprises (MSME) National Survey.



Priority Action 12: Encourage Training, Certification and Formalisation of Key Vocational and Artisanal Careers



Many Nigerians suffer from inconsistencies in the work quality of artisans and work persons. Yet, many parents do not see such professions as career opportunities for their children. There is a general negative image associated with artisans in Nigeria thus, not making it the first career choice for many. However, how can you blame those parents when the education system does not appear equipped to cater for these job sectors?

To change this, the government needs to encourage vocational training through the school system and work training programmes. In fact, in-school vocational training was a key part of Nigeria's 6-3-3-4 educational system whose original plan was to offer the option of vocational training after the first six

years of primary education and the next 3 years of junior secondary education. Currently, the education system is not implemented with a focus on practical artisan careers neither do many schools have the infrastructure to equip interested students with such knowledge.

This gap between education and much needed skills in the society has consequences as the government misses out on tax revenues from the different sectors that could have benefitted from such programmes. To plug these gaps, Nigeria can also learn from programmes in several countries including the United Kingdom, the USA and the Netherlands where plumbers, electricians and builders are licensed before practising.

13. Re-skill Graduates for Emerging Opportunities

Context

In addition to the training of artisans, the nation also needs programmes to re-skill and right-skill graduates such that they can take advantage of opportunities. It is key to note that though unemployment and underemployment make a combined 43.1% as at Q3 2018²⁷ (this figure including graduates), companies continue to bemoan the unavailability of suitable candidates. This is as a result of graduates not having the skills that are sought in the marketplace. To address this disconnect, in addition to reviewing the academic syllabuses of many institutions, education-for-employment schemes can be encouraged and coordinated with private partners.

Nigeria is making encouraging strides with its NPower programme, with its various sub-programmes but the approach still lacks scale without deep partnership with the private sector. Between 2016 and 2017 alone, 500,000

persons were engaged. NPower's desegregation into the graduate and non-graduate routes is also an important recognition of the demographics that need to be addressed.

Beyond the federal government intervention, some states are rising to the challenge. Take for example the Lagos State Employment Trust Fund²⁸, in partnership programme with the United Nations Development Programme (UNDP) created the Lagos State Employability Support Project (LSESP)²⁹. Through free vocational training programmes, the state hopes to increase the pool of skilled manpower in order to improve their chances of getting a job. After the training, the graduates are matched with employees.

However, these initiatives pale when compared with the scale and reach of underemployment; this is why more states and the national government have to more aggressively expand such programmes.

²⁷National Bureau of Statistics

²⁸Lagos State Employment Trust Fund

²⁹Lagos State Employability Support Program



Priority Action 13

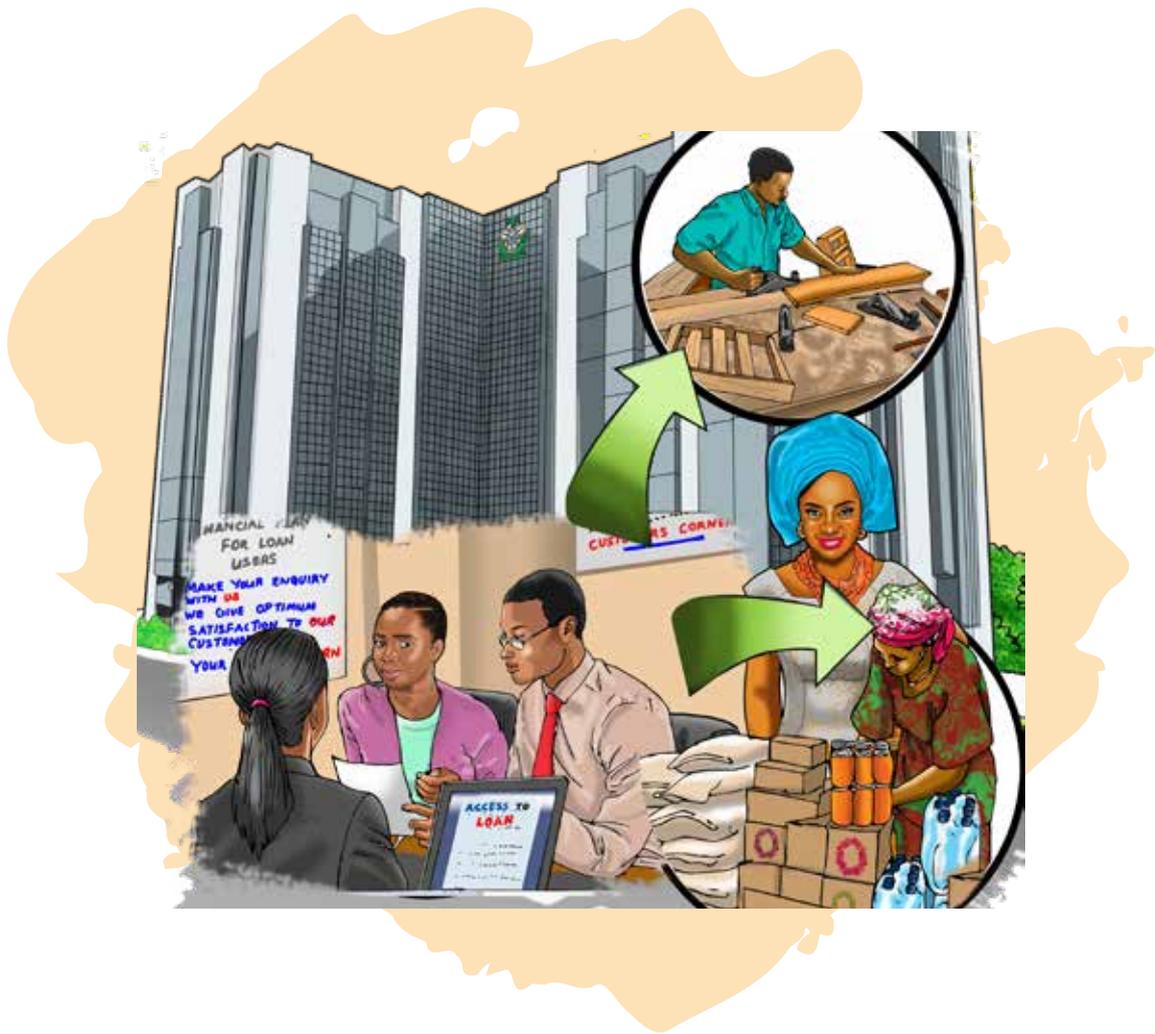
Proactively Partner with Innovative Organisations and Initiatives



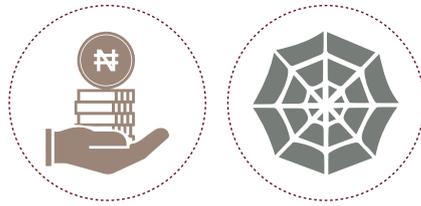
Given the wide skills gap and divide that exist in different job sectors in the country, several innovative ideas and programmes are springing up to bridge the gap. In response to the soft skills challenges in graduates, West African Vocational Education and Edubridge (WAVE) and Jobberman have programmes focused on confident interviewing, networking best practices and resume fine-tuning. In response to the severe shortage of software developers in the tech space, Andela provides collaborations between technology employers and Andela-trained graduates.

There are already elements of these forms of collaborations in the existing NPower programme such as the NPower Tech Software programme. The next step is however partnering for maximum effect. Take the example of NPower Tech Software programme, the express aim is to train 10,000 software engineers. Compare this with Andela's five-year track record of supporting 23,500 learners and producing 12,000 graduates across Africa in that time³⁰. In the process, lessons have been learned and processes streamlined. The next step is therefore collaborating for not just scale but for scale at speed, given how pressing the challenges of underemployment and unemployment are.

³⁰Andela Website



ACCESS TO CAPITAL



Small businesses are the lifeblood of any economy as such, investments are needed to boost their performance. A key example is in Germany where the Mittelstand, a group of mainly small family-owned businesses, contributes as much as 37% of its annual corporate turnover³¹. With the right focus and assistance, Nigeria's small business class can also become a force for growth.

14. Access to Credit

Context

Existing structures by the Central Bank of Nigeria (CBN) have been historically aimed at improving access to capital. For example, the CBN approved the investment of the sum of N500 billion

debenture stock to be issued by the Bank of Industry (BOI) starting in 2010 with the sum of N300 billion earmarked for power projects and N200 billion for the refinancing/restructuring of banks existing loan portfolios to Nigerian SME³².

CBN has directed all deposit money banks to maintain a minimum loan-to-deposit ratio of 65% by December 2019 in a move to increase lending to the real sector. This approach, while results-minded, fails to deal with the root causes behind low real-sector lending. Work must concurrently go into addressing the underlying issues that hinder greater investment. The underlying issues include a lack of a unified and complete identity database. In 2019, the National Identity Management Commission (NIMC) only has 37million Nigerians registered³³.

³⁰Andela Website

³¹BMW I

³²Central Bank of Nigeria

³³Leadership NewsPaper

While this is an improvement from previous years, it still means that the agency only knows the identify and details of a pithy 20% of the population. Without this, banks risk loaning to people who can effectively disappear without paying back their loans.

This poor coordination of identification exacerbates the fact that less than half of the population is banked and consequently, an even lower 1.3% of the population took loans from banks as at 2018 as seen in the table below.

The unbanked in the informal sector (mostly MSMEs) are therefore excluded from accessing credit from formal sector channels.

A further limitation to loan provision is that many (especially in rural areas) do not have the necessary documentation for their land. Therefore, even if banked,

access to loans become a challenge as financial institutions are understandably reticent to lend to those without collateral. Therefore to increase lending to the real sector, government can continue to work on increasing financial inclusion, ease of asset registration and on further improved national data management.

Beyond the previously identified challenges faced by the unbanked, unidentified and uncollateralised, there are also challenges faced by those who qualify for and take loans. These are problems of low access, high interests and crowding out by government loans.

On the issue of low access, a very few are the main beneficiaries. As seen below, 47% of loans advanced by Nigerian banks are taken up by a mere 100 people.

Banking Access Metrics³⁴

* percentage of population	2016	2018	Growth/decline
Banked population	38.30%	39.70%	1.40%
Remittances (send and receive)	24.20%	22.40%	-2.20%
Savings with a bank	27.70%	21.00%	-6.70%
Payments	12.10%	15.50%	3.40%
Receive income	8.40%	9.70%	1.30%
Loan with a bank	1.30%	1.30%	Stable
Banking agents	2.60%	3.30%	0.60%

Source: Enhancing Financial Innovation and Access (EFINA)

³⁴EFINA

Banking Access Metrics

	2015		2016		2017	
	No of Customers	Amount (Naira Million)	No of Customers	Amount (Naira Million)	No of Customers	Amount (Naira Million)
Up to N1m	2,860,397.00	252.3	2,332,503.00	226.51	2,209,792.00	122.37
Above N1m to N10m	127,994.00	344.29	110,092.00	307.47	87,485.00	286.98
Above N10m to N50m	24,444.00	546.83	20,432.00	448.34	17,883.00	382.6
Above N50m to N100m	4,780.00	339.82	4,090.00	285.56	3,486.00	229.56
Above N100m to N500m	5,422.00	1,478.13	4,703.00	1,074.37	4,441.00	953.87
Above N500M to N1bn	1,493.00	1,002.11	1,110.00	788.83	1,205.00	744.72
Above N1bn	2,048.00	9,365.42	2,247.00	13,127.05	3,891.00	13,192.44
TOTAL	3,026,578.00	13,354.17	2,475,177.00	16,291.64	2,328,183.00	15,953.39

Source: NBS Selected Banking Data Q1 2019

From the table above, the historic trend shows a decrease in the number of people who get credit on a year-by-year basis both at the up-to-1million and the above-1billion levels. The data also shows that out of over 180million Nigerians (NBS 2016 estimate), only about 2.3 million are taking loans from the formal sector. This is as against the 41.5 million MSME entrepreneurs in the country³⁵. This trend

continues and can be seen in the data from Q1 2019.

In addition, Nigeria's prime lending rate—the interest rate at which commercial banks lend to their most credit-worthy customers in the country—is still high at 15.4%³⁶, presenting another barrier to access credit.

³⁵ The National Bureau of Statistics (NBS) Micro, Small and Medium Enterprises (MSME) National Survey 2017 Report presentation.

³⁶ <https://www.ceicdata.com/en/indicator/nigeria/bank-lending-rate>

Banking Access Metrics

	N ' Billion	%
Total Credits @ Q1 2019	15,213.02	100
All others (1,887,877 customers)	7,768.51	52.57
Top 100 Customers	7,444.51	47.43
Top 50 Customers	5,613.28	35.77
Top 20 Customers	3,871.77	24.67
Top 10 Customers	2,856.69	18.2
Top 5 Customers	2,035.11	12.97

Source: NBS Selected Banking Data Q1 2019

Nevertheless, every year, the Nigerian government in a desperate scramble for funds to finance its annual budget, unfortunately, competes with citizens for access to domestic credit by crowding them out of the little available from the domestic credit market. In 2018, the federal government borrowed N668.79bn⁴¹ from the domestic market; every naira the government borrows is no longer available to lend to businesses. It is worth noting that FG's domestic borrowing in 2018 for budget financing was 50% lower than 2017 domestic borrowing which stood at N1.34 tn. However, whether this is an intentional, coherent policy framework to increase access to credit by reducing FG's crowding-out effect or a coincidental function of declining credit available overall from the domestic credit market, should be the subject of further research.

The government has already made numerous strides in the move to improve

access to capital. This has included the provision of loans, most recently and prominently through the Government Enterprise and Empowerment Programme (GEEP) under the Bank of Industry TraderMoni, FarmerMoni and MarketMoni programmes. Nevertheless, the question arises as to why this programme was domiciled with the BOI since it is not in line with the Bank's founding mandate to support the Nigerian industrial revolution.

Yet, there are still stumbling blocks to accessing capital especially for businesses in the informal sector. Many entrepreneurs in that sector are still faced with unwholesome high-interest rates by microfinance banks which have crippling effects on their businesses and the economy at large. A practice of charging up to 40% annual interest rate does not support business expansion and strengthen development at the informal level.

³⁸ <https://www.ceicdata.com/en/indicator/germany/bank-lending-rate>

³⁹ <https://tradingeconomics.com/niger/interest-rate>

⁴⁰ <https://www.ceicdata.com/en/benin/interest-rates/bj-lending-interest-rate>

⁴¹ Budget Office of the Federation, Q4 2018 Implementation report



Priority Action 14

Segment Interventions to Minimise Overlap and Maximise Results



For more effectiveness, some segmentation is necessary to focus and delineate the country's several small lending ventures. In addition to earlier mentioned programmes, the Nigerian government also has other programmes such as the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), small vehicle loaning through the CBN and loans from the Development Bank of Nigeria which can be accessed indirectly through a range of retail financial institutions. Our recommendations for segmentation are thus:

Bank of Industry should take care of large scale funding with development impact;
Development Bank of Nigeria should provide discounted financing and guarantees for small business; and
A Central Bank Fund to provide cheap access funding to microfinance banks for onward lending to micro-enterprises.

15. Safety Nets Interventions

Context

In recent times, there has been an increased focus on the benefits of safety-net programmes to the developing world. These programmes have been heralded for reducing poverty indices and include programmes such as cash transfers, school feeding and special pensions which tide over the poor. According to the World Bank⁴²:

An estimated 36% of the very poor escaped extreme poverty because of social safety nets, providing clear evidence that social safety net programs - are making a substantial impact in the global fight against poverty. Data also shows that these programs lower inequality, and reduce the poverty gap by about 45 percent. These positive effects of safety net transfers hold true for low and middle-income countries alike. Evidence now shows how safety nets cash transfers not only help nations invest in human capital, but also serve as a

source of income for the poor, improving their standard of living.

Nigeria has also increased its emphasis and recent commitment to social safety nets such as through its Youth Employment and Social Support (YESSO) project. This is in line with the increased spending in Social Safety Net (SSN) programmes in other regions including Europe and Central Asia. Nevertheless, countries in sub-Saharan Africa including Nigeria are spending about 1% of their GDP on such programmes as opposed to the 2.2% of GDP being spent by European and Central Asian nations.

Nigeria cannot solely use market-driven interventions to combat extreme poverty; hence, would require direct interventions such as cash transfers to the poorest, as well as microcredit schemes and conditional payments. However, there is a need for a rigorous monitoring process to forestall abuse of public resources and to ensure that funds get to the intended parties.

⁴² World Bank Safety Nets Overview



Priority Action 15

Increase Funding Support for Social Safety Net Programmes



Nigeria can further strengthen its social safety net agenda. The state currently has the World Bank assisted Youth Employment and Social Support Operations (YESSO) being led by the Ministry of Finance. While allocating more funds to these projects is important, even more strategic is proper monitoring

to ensure that the programmes reach those who need them most, achieve the purposes they ought to achieve and even spread beyond the initial beneficiaries to new beneficiaries.

16. Small Business Growth

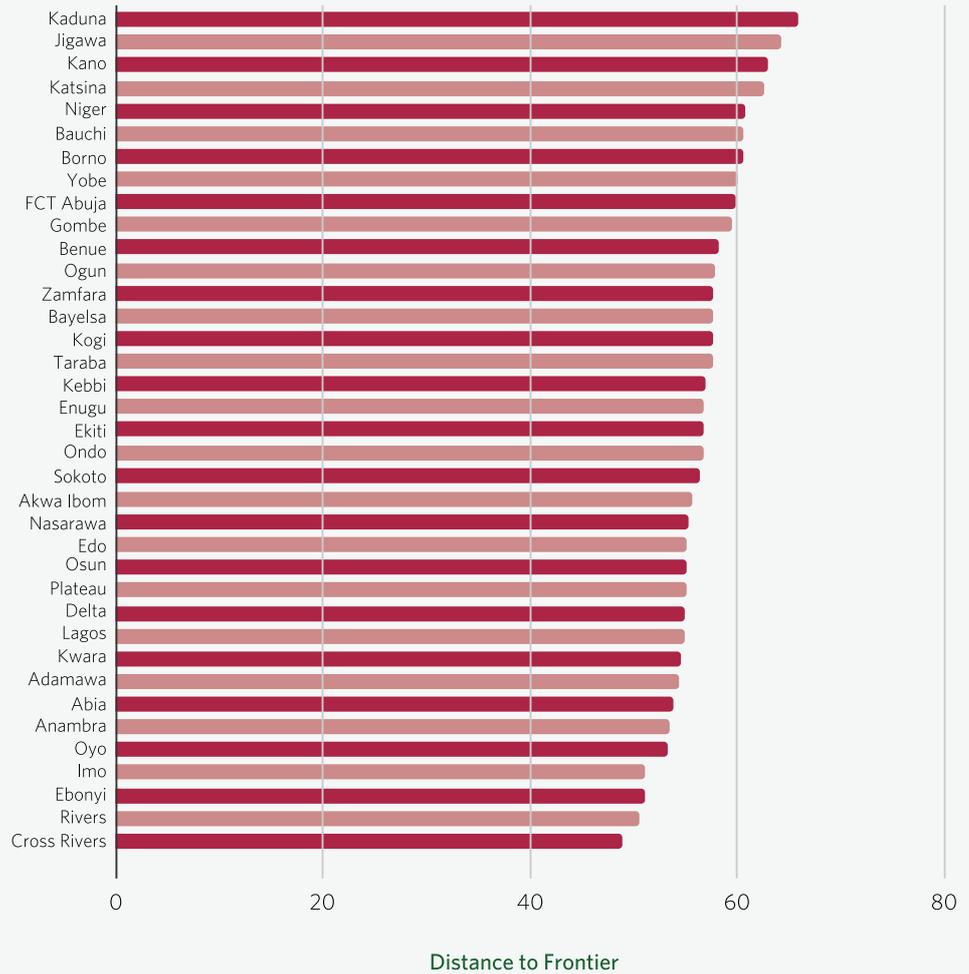
Context

In addition to financing, other enabling factors are also necessary to foster and increase small business growth in states. Key among this is the ease of doing business which is also a deterrent for business owners looking to develop

beyond major city hubs like Lagos. It is strategic for other states to explore several ways of attracting and retaining businesses in order to increase their IGR and transform local industries.

Subnational ease of doing business still shows that many are far from frontier in terms of best practice.

Nigerian States showing their average distance to frontier (DTF) shows Kaduna leading and Cross River last



Access to Capital

Expert Input by Uzoma Nwagba, GEEP



A big part of FarmerMoni's success in retrieving loans has been because of the use of aggregated profiling, predictive analytics and learning from big data to get a deeper and better sense of debtor behaviour, and offtaker agreements that secure the loan

There are four key issues that underpin and hinder adequate access to capital to different segments and which therefore need to be fully addressed for entrepreneurs and businesses of all sizes to have the necessary capital for their growth. These are:

Identification

With Nigeria lacking a unified and centralized database of all individuals, financial institutions are understandably reticent about lending particularly to the unbanked. Indeed, you cannot loan to unidentifiable persons who you do not know and who therefore could potentially disappear without a trace at any time. The identification issue is therefore the primary challenge for those in micro enterprises and among the top issues faced by small enterprises.

The context of identification changes slightly as enterprises become bigger. Oftentimes, though the business owners may be identifiable, the businesses are not. In instances where personal accounts are inextricable from business accounts and a business does not have a tax history and well maintained financial records, this hinders creditors who would typically be willing to loan to companies of that size from doing so.

Where centralized individual databases are unavailable, it is indicative of an underdeveloped government identification infrastructure. However, poorly identified businesses are often self-inflicted by business owners who have not put the corporate structure in place to create a strong track record. For the latter to be rectified, a cultural shift away from the "one-man business" model is essential. Systems which make small business registrations and solutions more seamless are part of the solution.

Recent strides and collaborations by the National Identity Management Commission (NIMC) are steps towards the solution. Indeed, the local capital industry is crying for better identification systems. Collaborations include ones with the Bank Verification Number providers - Nigeria Inter-Bank Settlement System (NIBSS) and the democratization of the process by using independent registration agents across the country.

Collateral

Higher collateral follows from a failure to reliably identify an individual or a business. Given that the word for "credit" comes from the latin "credo" meaning "to trust", if the creditor lacks this trust because identification is tenuous, this trust is replaced with more collateral, thus increasing the obstacle to accessing credit

Cost

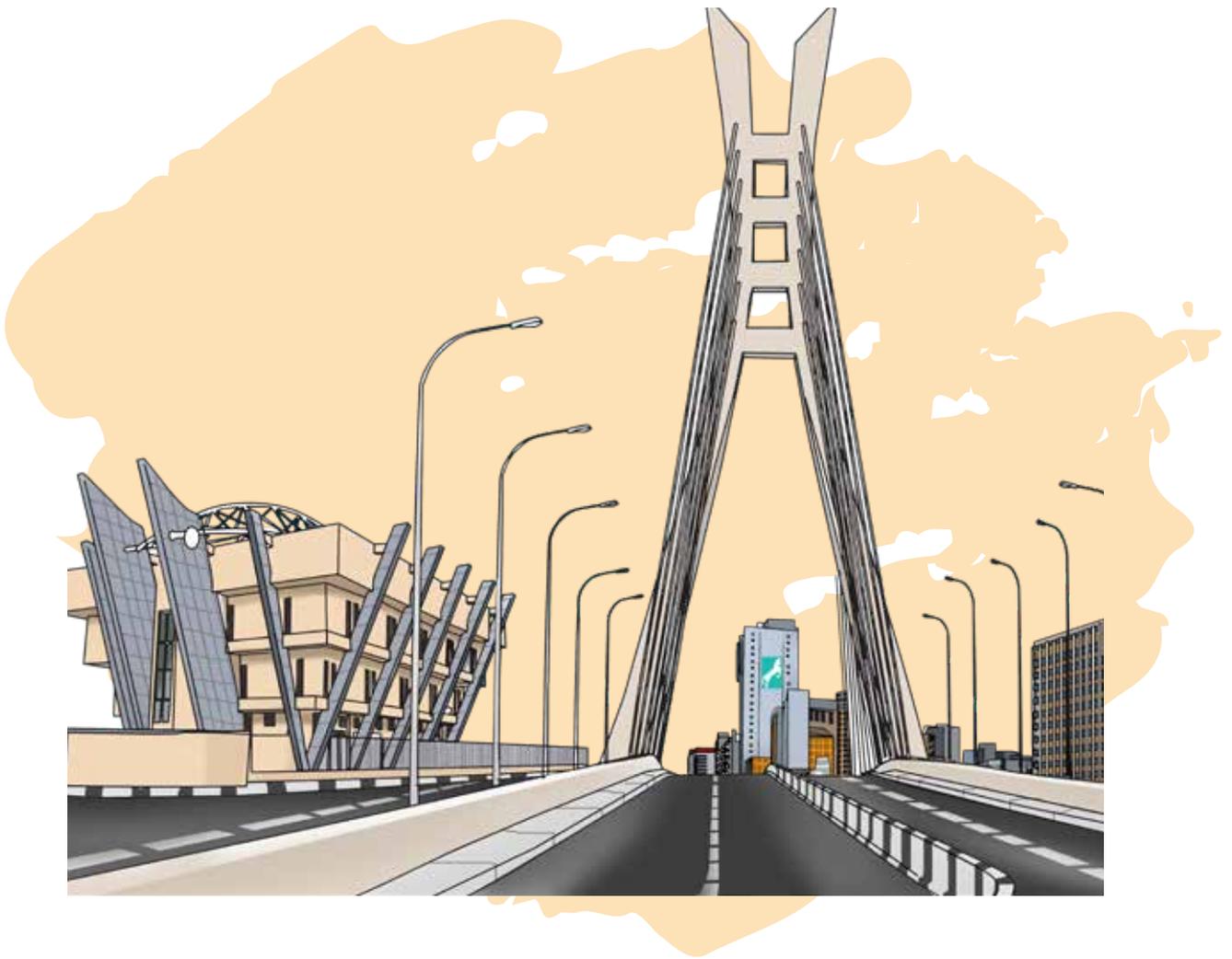
The high cost of accessing credit as seen in the high interest rates, is an offshoot of the identification and collateral challenges since creditors compensate and hedge for the uncertainty of assuring payback by having high rates. This way, even if only a percentage of the loans are repaid, the creditor is not left with a financial loss.

Investing in the Ecosystem of Credit

The practice of most financial institutions in the country of parking their capital in safer instruments (such as treasury bills) which guarantee a return means that less funds are available for direct capital investment in the real sector. This is driven by understandable fear as banks also need to make profits on their portfolios. This belies the need for an honest and open conversation that considers the landscapes' challenges from the lens of both creditors and would-be debtors. Nevertheless, the onus lies on creditors to invest in an ecosystem that supports robust credit access and the government

to support that with political will and exemplary investments and programs.

There is an erroneous legacy perception that low income individuals are not credit-worthy. GEEP's FarmerMoni Program disproves this. A big part of FarmerMoni's success in retrieving loans has been because of the use of aggregated profiling, predictive analytics and learning from big data to get a deeper and better sense of debtor behaviour, and offtaker agreements that secure the loan. With this, the program has had over 90% repayment rate, largely from micro and small business owners who conventional wisdom suggests are not credit worthy. What this underlines is the need for greater ecosystem investment in the data capture and infrastructure that enables data - driven and nuanced credit decisions for all socio-economic classes.



MACROECONOMY



17. Fix the Macroeconomy

Context

Nigeria's growth curve has been a reflection of how its economy is driven by oil price and production. When oil prices started tumbling in late 2014, Nigeria's GDP growth, revenues, taxes and employment took a massive hit. Nigeria's currency lost over 145% of its value, creating a crisis that the country gradually recovers from. Nigeria's GDP grew by 1.9% in 2018, a very weak growth for an emerging economy.

The World Bank estimate of the Nigerian GDP in 2017 was at USD 375.8 billion and a growth rate of 2.38% in 2018, with a total foreign trade of N32.26tn as at the end of 2018 with imports accounting for N13.17tn of the total trade and export

accounting for N19.09tn, making Nigeria the 30th largest economy in the world. The largest sector that contributes to the Nigerian economy is agriculture and crude-oil production. Starting from the 1970s, the role of agriculture and manufacturing sectors in the Nigerian economy diminished when crude oil production became the mainstay of the Nigerian economy. In 2017, the oil and gas sector accounted for 79% of the revenue collected at the federal level and 96% of export revenue.

Nigeria is faced with major economic issues such as poverty, high inflation rate, unemployment which continue to affect the standard of living of an average Nigerian. A recent report by the World Poverty Clock⁴³ shows that with about 86.9million people living in poverty, Nigeria has overtaken India as the country

⁴³<https://worldpoverty.io/blog/index.php?r=12s> (MSME) National Survey 2017 Report

with the most extreme poor people in the world.

The percentage of unemployed people in Nigeria has also increased from 18.8% in the third quarter of 2017 to 23.1% in the third quarter of 2018. The current rate of

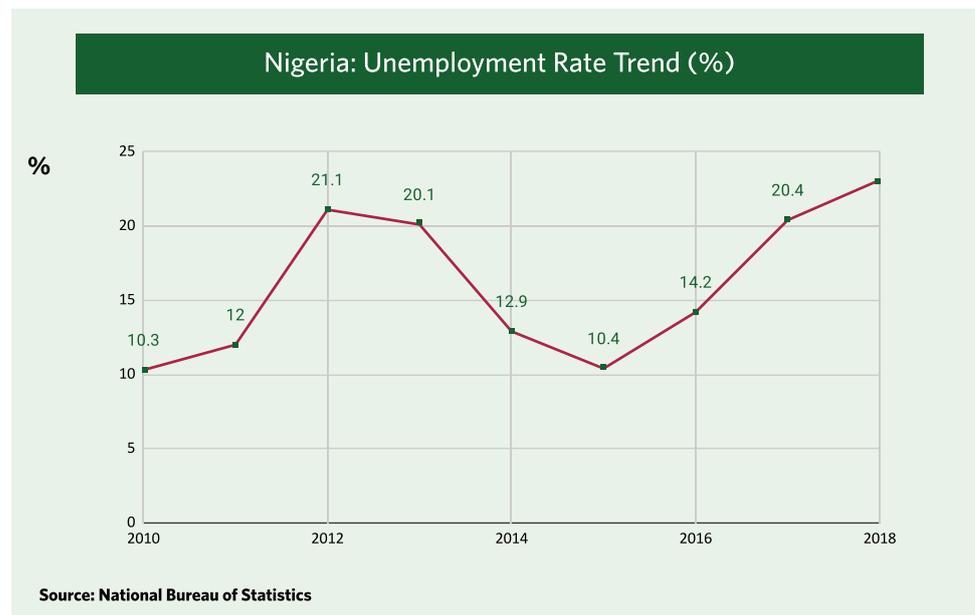
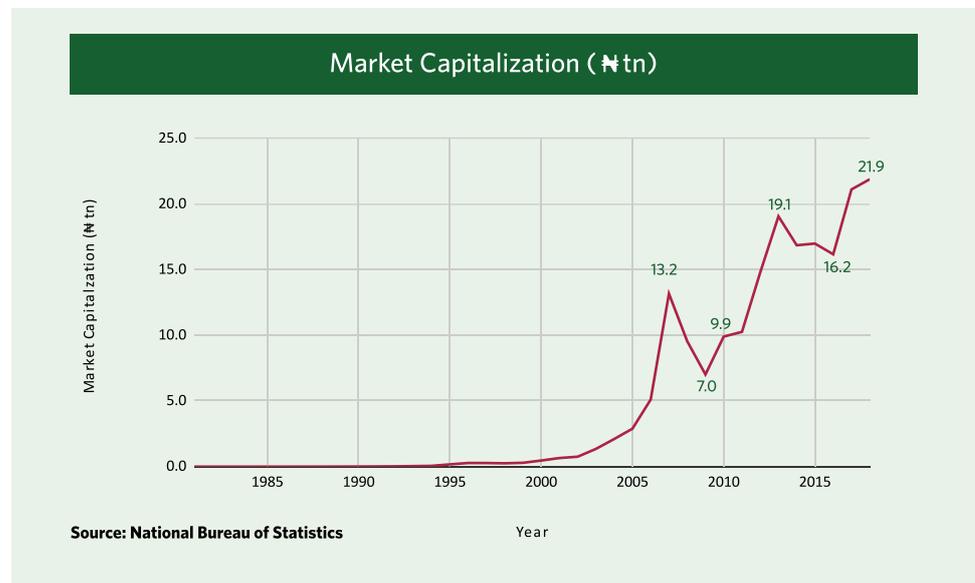
Inflation and unemployment are both in 2 figures which indicate poor economic management; the young Nigerian population are mostly affected by these which have led to gaps in employment history, loss of skills and future work prospects.

ACTIVITY SECTOR	2018 Current GDP (N'mn)	% of total GDP
AGRICULTURE	27,371,295.76	21.4%
TRADE	21,918,444.66	17.2%
MINING AND QUARRYING	13,648,664.47	10.7%
INFORMATION AND COMMUNICATION	12,979,873.09	10.2%
MANUFACTURING	12,455,527.91	9.8%
REAL ESTATE	8,632,817.11	6.8%
CONSTRUCTION	6,031,060.77	4.7%
PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICES	4,862,488.55	3.8%
OTHER SERVICES	4,505,106.46	3.5%
FINANCIAL AND INSURANCE	3,996,755.06	3.1%
PUBLIC ADMINISTRATION	2,926,094.99	2.3%
EDUCATION	2,734,527.11	2.1%
TRANSPORTATION AND STORAGE	2,328,367.79	1.8%
ACCOMMODATION AND FOOD SERVICES	1,144,365.87	0.9%
ELECTRICITY, GAS ,STEAM AND AIR CONDITIONING SUPPLY	871,553.07	0.7%
HUMAN HEALTH AND SOCIAL SERVICES	821,691.13	0.6%
ARTS, ENTERTAINMENT AND RECREATION	269,075.66	0.2%
WATER SUPPLY,SEWERAGE, WASTE MANAGEMENT AND REMEDIATION	211,523.43	0.2%
ADMINISTRATIVE & SUPPORT SERVICES	27,594.92	0.0%

Source: National Bureau of Statistics

Nigeria needs to build on inclusive growth by seeking to prime its foreign industry investments, expand local industry and focus on strengthening sectors such as technology, creative industry, small manufacturing, mechanised agriculture and services. Nigeria needs a new outlet to grow its economies and through

this, also increase public revenues. Nigeria needs to pursue growth through expansion of credit in the economy. This includes rebuilding its sub-national economies and redesign incentives around central revenue distribution.





Priority Action 17

Invest in Infrastructure for Non-Oil Driven Growth



Nigeria needs to rethink its non-oil exports as it cannot continue to hook its macroeconomic growth on oil. 96% of Nigeria's export value is tied to hydrocarbons and it has created a system that disconnects citizens from the global economy in terms of agriculture, small manufacturing or even the garment industry. Nigeria needs a diversified export base built within a formal framework, in a way that creates opportunities for increased tax intake. Non-oil export will require a coordinated policy response which includes standardisation procedures, port reforms and access to credit. A situation of cashew nuts spending weeks on the highway due to port access challenges is not tenable in an environment that wants to compete globally.

Nigeria has a very weak public revenue system with revenue-to-GDP as low as 8%. However, increasing revenue-to-GDP is not a simple one-step-achieves-all trick; it will be a function of several actions including tax reform, legislations, review of policies, infrastructure, ease of doing business and expansion of private sector opportunities. Fixing the metrics of Nigeria's non-oil export will create and diversify risks from the boom and bust cycles of oil prices and production; it will also make Nigeria to sweat efficiencies of its government services and deliver sustainable value beyond an extractive/rentier economy.

Nigeria's non-oil export has been on the rise in recent years, benefitting from Nigeria's currency devaluation in 2016.

In 2018, Nigeria's non-oil export rose from its 2017 figure of N629bn up to 1.19tn, (\$3.9bn), thus experiencing an 89% jump. While this is a significant increase, Nigeria's non-oil exports are weak compared to peer countries such as South Africa which exports 5.14bn worth of vegetable products alone and Egypt which exports \$3.24bn worth of chemical products including nitrogenous fertilizers and scented mixtures. It should be noted that these sums are only a proportion of South Africa and Egypt's non-mineral exports. Nigeria therefore needs to create a strategy to boost its non-oil exports, through a competitive

approach that will deliver results for its citizens.

Nigeria can explore agric processing centres, technology development, solid minerals and also outsourcing centres to diversify exports. The weakness in Nigeria's energy infrastructure makes it difficult for the country to attract manufacturing firms and this is why fixing the fundamentals around energy and port infrastructure is critical.

Nigeria has an increasing non-oil sector growth as agricultural exports which has grown in value from N60.7bn in 2016 to

Major Agricultural Products Q2 2019		
Code	HS10	Value (₦ mn)
1207400000	Sesamum Seeds, whether or not broken	21,063.9
0801310000	Cashew nuts, in shell	18,271.1
1801000000	Good fermented Nigerian cocoa beans	10,938.6
0801320000	Cashew nuts, shelled	6,926.7
1801001100	Superior quality raw cocoa beans	5,910.7
0306170000	Other frozen shrimps and prawns	2,805.8
0910100000	Ginger	1,241.1
1804002000	Natural cocoa butter	1,043.5
1515500000	Sesame oil and its fractions	928.2
2106900000	Agro Food Items	914.2
0603900000	Other cut flowers & flower buds of kind suitable ornamental purposes fresh, dried, dyed	613.9
1801001800	Other quality raw cocoa beans	560.4
1211909000	Other plants and parts of plants used in perfumery, in pharmacy or for insectidal	442.8
1007100000	Sorghum seed	233.4
0303610000	Swordfish (Xiphias gladius)	182.1
1516200029	Other animal fats and oils and their fractions, refined or not, but not further prepared	166.5
0706900000	Other similar edible roots, fresh or chilled	108.3

Source: National Bureau of Statistics

Non Oil Sector Contribution to Exports

Year	% contribution to exports
2016	4.0
2017	4.6
2018	6.4
2019	13.1

Source: National Bureau of Statistics

N302.2bn in 2018, following the currency devaluation. It is also important that Nigeria starts to review the core export products and incentivise production in Nigeria. A recent example has been the sesame seed, cashew, cocoa beans, shrimps and cocoa butter. Nigeria can also expand its service industry especially in outsourcing technology through rigorous investment in technology education and global marketing of skills.

socio-economic index that Nigeria needs to improve would not happen without quality ideas from its leadership.

A system of rampant corruption, weak institutions and institutional waste cannot engineer the development and expansion of the human assets that Nigerians need. This intentional strong leadership would have to permeate all levels of governance and come from the reform of political parties, limiting the cost of campaigns and engendering a safe, easy and credible voting system.

18. Accountable Governance

Context

Nigeria needs firm and ethical leadership, underpinned by strong institutions to deliver results to its citizens. While the nation keeps expanding in population, the trajectory of its main resource- oil - is weak. Nigeria would require the right leadership to think of how it will position itself in the years ahead. The

For example, Nigeria ranks 106 out of 126 countries in the World Justice Project Rule of Law Index⁴⁴ and also Nigeria scores of 17 out of 100, substantially lower than the global average score of 42 in the Open Budget Index, a measure of fiscal transparency with focus on participation, availability and comprehensiveness of fiscal documents.

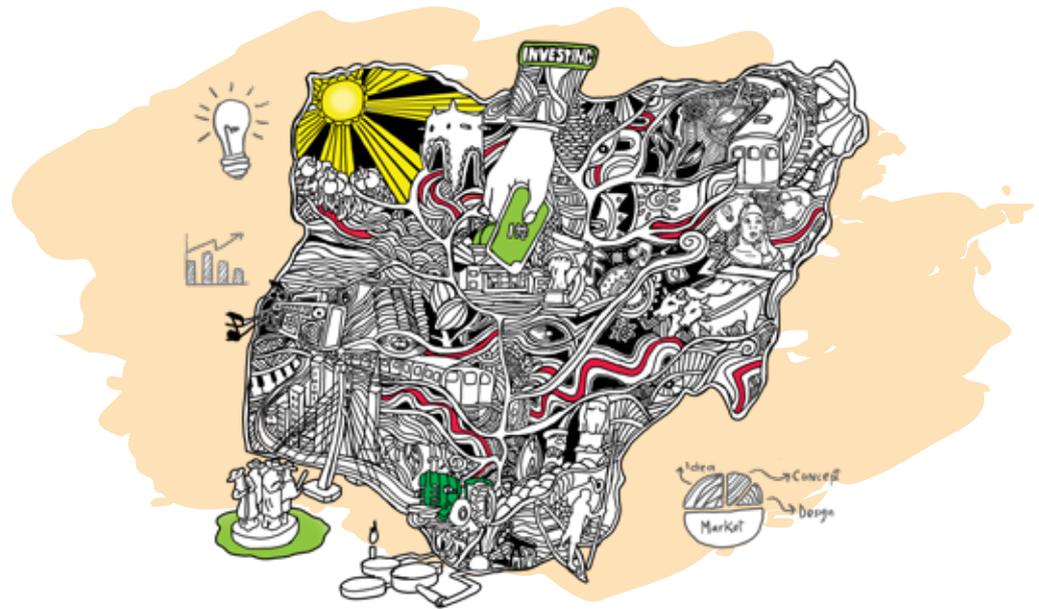


⁴⁴<https://worldjusticeproject.org/our-work/research-and-data/wjp-rule-law-index-2019>



Priority Action 18

Rule of Law and Accountability



Despite recent encouraging changes with the ease of doing business, Nigeria cannot continue to play weak in terms of competitiveness. While Nigeria needs to raise higher revenues and seek increased investments, this is better achievable in an efficient and thoughtful manner. The continuous opacity around public finances and also the weak institutions, especially at the sub-national level provides massive opportunities for waste and corruption. Nigeria needs systems that emphasise strong institutions, vibrant rule of law, a strong civic space

and accountability. Opening up public spending, respect for the rule of law, an enabling civil society, citizens who freely ask questions are important in a functional country. Corruption in Nigeria is a testament to weak rule of law and institutions, lack of accountability as well as transparency. Nigeria would not be able to change its status without deepening its democratic credentials considering its diversity and porous value system.

Accountability & Governance

Expert Input by Joe Abah, Country Director, DAI



For good governance to become a priority, greater attention should be on improving the experience of citizens as they come into contact with the public sector.

Governance allows for a centralized approach to solution building since sector-restricted approach does not fully take into account the resource restraints and the prioritization necessity. There therefore needs to be a unified governance mindset because resources are limited. A tripod of plan, people and finances are essential to adequate governance.

Good governance plays a critical role in resource optimization as bad governance comes with the cost of corruption. Donors have also realized this having poured huge sums of money into projects without seeing the expected results. There is therefore now an industry move to focus on supporting greater reliance of government parties.

For good governance to become a priority, greater attention should be on improving the experience of citizens as they come into contact with the public sector. While there is attention paid to this as seen by the influence of Servicom and the work being done by the Presidential Enabling Business Environment Commission (PEBEC) in Improving the Ease of Doing Business, more can be done to shine further light on all agencies of the government e.g. NAFDAC, NDDC,

NIMASA, NPA, TETFund. Indeed, currently a lot of focus is placed on ministries without the requisite spotlight needed on other agencies under these ministries.

Central to this is the Nigerian Civil Service and the civil servants who make policies and are the engine behind either progress or stagnation. Their elected officials and political appointees are tenure bound, civil servants are the intractable backbone which cannot be bypassed. The systematic and institutional changes needed to ensure a strong, diligent, skilled, well resources and adequately incentivized force can be categorized into 4 key areas:

Recruitment - This needs to happen without the current levels of political intervention.

Promotion - Should not be solely based on writing exams as is currently the case, but based on a holistic evaluation that highly weighs the ability to deliver on the job.

Posting - This ought to be less politicized and more tailored to the needs of posts.

Compensation - Which needs to be more competitive, not only to attract and retain the best talent, but also to reduce the incentives for corruption.

Accountability & Governance

Expert Input by Austin Ndiokwelu, Development Policy Expert



A major case of corruption which if solved has the potential to unlock a lot more funds for service delivery is that of ghost workers.

One of the greatest hindrances to service delivery is the fact that limited resources sourly needed for impact end up benefiting a minority as opposed to the intended general public. This is the cost of corruption.

A major case of corruption which if solved has the potential to unlock a lot more funds for service delivery is that of ghost workers. It is therefore going to be critical to pay close attention to the implementation of the Integrated Payroll and Personnel Information System (IPPIS) which, though an expressed priority by the current administration, has had the timeline for its full compliance by ministries, departments and agencies (MDAs) extended. It is on record that some key actors from the education sector to the security and paramilitary agencies have not been too keen to get on the IPPIS platform, as demanded by government. Opposition to IPPIS by the ASUU (Academic Staff Union of Universities) has been an issue of public debate for a long time, while some key security agencies have allegedly cited potential 'security risks to the country' if the details of security personnel are included in a central database accessible to the public.

While it is encouraging that the current administration is focused on the quick wins afforded by IPPIS, the extended deadline must be watched with care to ensure the initiative does not buckle under

political pressures and fail to reach full enrollment as has previously occurred.

In terms of managing government resources in a way that increases quality of service delivery, improvements in cash management protocols are also essential. As it stands, when cash disbursement plans are not produced or not diligently adhered to, situations often arise where budgetary releases needed for key service-oriented projects are not fully cash-backed, whereas other MDAs have 'idle cash' available to them which are not being used at that particular time. This situation would be resolved with diligent use of an Annual Cash Plan and Disbursement Schedule in the course of executing the annual budget, as prescribed in sections 25 and 26 of the Fiscal Responsibility Act.

It must also be noted that transparency and the reduction in corruption do not have a linear relationship. While the drive for openness is essential, advocacy tailored to creating a link between transparency, participatory mechanisms that ensure accountability, is vital. Accountability should not be about "invited spaces" where the government calls people together and drives the discussion. Instead, the spaces made available for feedback and accountability must be meaningful ones where citizens hold equal foothold. Likewise, the frequency of feedback calls (between government and the public) must not be episodic based on

government wants. Rather, there should be opportunities for a revolving door of regular citizen-initiated feedback.

The ultimate goal of transparent governance should be to reduce/mitigate the effects of corruption on the delivery of goods and services to the people. In the prevailing socio-political contexts, if we set as a goal, the complete eradication of corruption of all forms and sizes, we would be setting ourselves up for failure and disappointment.

Governance allows for a centralized approach to solution building since sector-restricted approach does not fully take into account the resource restraints and the prioritization necessity. There therefore needs to be a unified governance mindset because resources are limited. A tripod of plan, people and finances are essential to adequate governance.

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