



Coomuniqué Issued At The Technical Roundtable Discussion Themed: Exploring The Economic Outlook Of Nigeria Organised By Actionaid Nigeria In Collaboration With Center For Social Justice, Abuja Chamber Of Commerce And Industry Nigeria, Manufacturers Association Of Nigeria, And Small And Medium Entreprises Development Agency Of Nigeria With Stakeholders Held At

Rockview Royale Hotel, Wuse II, Abuja, Tuesday
28th November 2023.



BACKGROUND

As of June 2023, Nigeria's foreign debts stood at \$43.2 billion, with domestic debt reaching ₦54.1 trillion, resulting in a total public debt of ₦113.4 trillion. Despite the economic strain, the federal government contemplates further substantial borrowing from the World Bank, raising concerns about the country's overreliance on external funds for public spending.

In light of the current macroeconomic challenges facing Nigeria, manifesting as high unemployment, rising debt, inflation, and a devalued Naira, ActionAid Nigeria in partnership with key stakeholders-Centre for Social Justice (CSJ), Abuja Chambers of Commerce and Industry (ACCI), Manufacturers Association of Nigeria (MAN), and Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), convened a Technical Roundtable on the theme on Tuesday, 28th November 2023 at the Rockview Royale Hotel. The event brought together diverse participants, including SMEs, women groups like Small-Scale Women Farmers Association of Nigeria (SWOFON), Persons with Disabilities (PWDs), Media executives, government MDAs, Civil Society Organizations among others to address these critical issues and the perspectives. With a commitment to poverty eradication through resource redistribution and resilience, ActionAid Nigeria operates in solidarity with those living in poverty, striving for social justice, gender equality, and a sustainable world.

The objective of the roundtable was to collaboratively assess the nation's current economic landscape, foster exploration of strategic solutions for sustainable economic development, and leverage the outcome for further engagement with governments at all levels (National, State, LGAs).

Highlight of the event were welcome remarks by leads/ representatives of the collaborating organisations- ActionAid Nigeria, Center for Social Justice (CSJ); Small and Medium Enterprises Development Agency of Nigeria, (SMEDAN); Manufacturers Association of Nigeria (MAN),and Abuja Chamber of Commerce and Industry (ACCI); a technical session/ presentation on the State of the Economy in the context of the Medium-Term Expenditure Framework (MTEF 2024-2026), and discussion on the subject.

The technical session featured a keynote presentation highlighting 15 critical areas that are currently impacting the macroeconomy, These are;

- Crude oil production and price of crude oil
- Economic growth
- Inflation
- Exchange rate
- Deposit and lending rates
- Security
- Restoring and preserving macroeconomic stability
- Improving business and investment environment
- Achieving high and inclusive economic growth
- Facilitating employment and job creation
- Promoting human capital and social development
- Independent revenues
- Creating fiscal space for human capital and social development
- Diaspora remittances
- Ensuring sustainable deficits and debt levels, deficits and deficit financing, and
- Tax expenditure

The presentation touched on the potentials, the challenges, as also made recommendations that would help for improved performance..

OBSERVATIONS AND CHALLENGES AT THE ROUNDTABLE MEETING

The following points and views underscore the complexity of Nigeria's economic landscape and provided a foundation for the discussions that followed at the roundtable:

1. Crude Oil Production and Economic Growth:

The contribution of crude oil to GDP is less than 6%, indicating a need to diversify the country's revenue sources. There are also challenges in expanding the crude oil sector to meet future energy demands amid a looming shift to renewable energy.

2. Security and Oil Theft:

there is significant concern regarding Security and Oil theft, emphasising the urgent need for online monitoring of pipelines to curb oil theft. The recorded loss of close to 18 trillion Naira over a period of 10 years underscores the severity of the issue.

3. Agriculture as a Key Sector:

There urgent need to invest in agriculture to drive growth beyond oil. Challenges were identified, particularly those faced by exporters due to levies, impacting the export of agricultural products. There is also the need for strategic interventions to overcome impediments and fully harness the potential of agriculture as a pivotal sector for economic development.

4. Deposit and Lending Rates Discrepancy:

It was noted that there was a significant discrepancy between the Monetary Policy Rate (MPR) and deposit/lending rates, indicating the necessity for alignment. It was also noted that harmonizing interest rates is important to promote financial stability and economic coherence.

5. Climate Change and Farmer-Herder Issues:

The roundtable acknowledged the far-reaching impact of climate change on farmer-herder conflicts, emphasising the pressing need for effective solutions. This is particularly important given the impact is having on food production and the cost of food.

6. Macroeconomic Stability:

It was acknowledged that there is a disharmonisation of monetary, fiscal, and trade policies, resulting in macroeconomic instability. It is important that these economic policies be aligned and coordinated to ensure stability and resilience in the face of evolving global and domestic economic conditions.

7. Challenges in Business and Investment Environment:

There are multifaceted challenges in the business and investment environment, encompassing a high cost of capital, electricity generation issues, government levies, inflation fluctuations, and foreign exchange challenges. Additionally, they recognised need for revamping the power sector to address challenges faced by manufacturers and business owners, highlighting the importance of creating a conducive business environment.

8. Housing Challenges:

Concerns were raised regarding housing deficit in the country, coupled with poor man-

agement of resources from the National Housing Fund . Notably, apprehension was expressed about a recent order requesting 3.5 million Naira fee (this was reviewed from an earlier issued fee of 5 million naira) for the issuance of a Certificate of Occupancy (C of O) by the FCT administration. Participants noted that this poses potential hardship for citizens and a consequential impact on the economy, emphasizing the need for strategic interventions in the housing sector.

9. Social Investment Programmes:

There were observations of challenges in the credibility of the social register, necessitating state-level fixes to address loopholes. There is therefore need for comprehensive and accurate registers to ensure the effectiveness and transparency of social investment programmes.

10. Youth Population and Education:

Concerns were voiced about the growing youth population without adequate access to education and healthcare. The discussion highlighted the need for targeted interventions to ensure the education and well-being of the youth population, as they have critical role to play in shaping the future of the nation.

11. Debt Management and Infrastructure Investment:

A critique was raised regarding misaligned infrastructure projects, emphasizing the necessity for the government to engage in a cost-benefit analysis before borrowing funds.

12. Diaspora Remittances and Independent Revenue:

The discussions highlighted Nigeria's dire need for foreign and/or local investments in critical sectors. It noted that there are no proper initiatives established to encourage diaspora investment such as establishing a Special Purpose Vehicle (SPV) for diaspora remittances. It was observed that the Fiscal Responsibility Commission (FRC) had to be strengthened for effective management of independent revenues.

14. Education and Technology:

Nigeria's education system faces critical challenges including but not limited to outdated curriculum, inadequate quality of education for global competitiveness, political influence in curriculum planning, underutilisation of technology, and financial burdens due to taxation on educational materials.

RECOMMENDATIONS

The following recommendations emerged from the diverse perspectives and insights shared at the technical presentation and discussion session. They represent key areas for consideration and actions necessary to address the economic challenges facing Nigeria.

1. Anchors Borrowers Programme Restructuring:

The Anchors Borrowers Programme should undergo a comprehensive restructuring to ensure meaningful participation of actual farmers in the scheme. This restructuring should include provisions for genuine collateral and engagement with Participating Financial Institutions (PFIs) to prevent programme failure. A thorough evaluation and revision process are essential to enhance the effectiveness of the programme.

2. Establishment of Post-Harvest Laws:

To significantly enhance agricultural productivity, there is a critical need for the establishment of post-harvest laws. These laws should address and streamline processes related to post-harvest activities, storage, and distribution. A well-defined legal frame-

work will contribute to reducing losses and improving overall efficiency in the agricultural supply chain.

3. Accessible to Loans for Women Farmers:

Measures should be taken to ensure accessible loans specifically tailored for women farmers and bottlenecks hindering women's access to loans, including issues related to land and collateral, should be systematically addressed. This will involve creating an enabling environment that empowers women in agriculture through financial inclusivity.

4. Productivity and Infrastructure Deficit:

There is a pressing need for experimentation with innovative measures by relevant Ministries, Departments, and Agencies (MDAs) to address productivity challenges and infrastructure deficits. On infrastructure deficit, a realignment of the cost of capital by the Central Bank of Nigeria (CBN) should be explored to stimulate investments and facilitate the development of critical infrastructure.

5. Housing Development and Capital for Developers:

Capital provisions should be made available to developers for housing development initiatives. This can be achieved through strategies such as pegging pricing, reducing the cost of land, and developing a functional mortgage system. These measures aim to encourage and support the housing sector, addressing challenges in affordability and accessibility.

6. Integration of Human Rights into Economic Reforms:

Human rights should be integrated into economic reforms and planning processes. This involves embedding a human rights perspective in economic policies and decision-making. Additionally, there is an urgent need for the deployment of human rights and gender-sensitive budgeting in both annual and supplementary budgets.

7. National Threshold on Minimum Core Obligations:

There should be the implementation of a national threshold on minimum core obligations related to economic, social, and cultural rights. This ensures a baseline standard for the protection and fulfilment of fundamental rights, creating a framework for assessing and monitoring the government's commitment to these rights.

8. Deployment of Social Security as Human Security Component:

Social security should be introduced as a crucial component of human security, financed by contributions from employers and employees. This initiative aims to provide a safety net for individuals during challenging times, contributing to overall human security and well-being.

9. Prioritisation of Legislation for Child Rights:

There is need for prioritising legislation, such as the Child Rights Act and Universal Basic Education Act, to safeguard and promote the rights of children. This involves proactive measures to ensure the effective implementation and enforcement of laws protecting the welfare and rights of children.

10. Revamping the Curriculum and Technology Integration:

The education curriculum should be revamped to align with the evolving needs of society and industry. This includes integrating technology into the curriculum to enhance the relevance and effectiveness of education. A comprehensive review and modernisation of educational approaches will contribute to better preparing individuals for the challenges of the contemporary world.