

# CENTRE FOR SOCIAL JUSTICE

*(Mainstreaming Social Justice in Public Life)*

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## PRESS RELEASE

### FOLLOWING NIGERIA'S EXIT FROM RECESSION

The Nigerian Bureau of Statistics (NBS) recently released the “Fourth Quarter 2020 GDP and Full Year 2020 Report” in which it was reported that the Nigerian economy had exited recession by growing at 0.11% from the -3.6% recorded in the previous quarter. Centre for Social Justice (CSJ) welcomes the fact that Nigeria has, on paper, come out of recession. However, the key focus now should be on what policy options that need to be pursued so as to deepen economic growth to outpace population growth while ensuring sustainability. This position is founded on the empirical fact that nothing has changed in the misery and poverty index of Nigerians - poverty, inflation, unemployment, crime, insecurity have increased in the last one year.

The Report shows that the recent growth was mainly driven by the non-oil sector, especially Information and Communication (Telecommunications & Broadcasting). Other key drivers of the growth as reported include: agriculture (crop production), real estate, manufacturing (food, beverage and tobacco), mining and quarrying (quarrying and other minerals), and construction. It is understandable that the ‘hybrid method’ of working from home and seldom going to places of work coupled with increased rate of online schooling for both pupils and young adults, necessitated by Covid-19 prevention measures, accounted for the increase in higher volumes of subscriptions by customers that put the communication sector among the lead drivers of growth in the quarter. Agricultural sector, despite the prevailing security challenges, was a key growth driving sector. Real estate, manufacturing, mining and quarrying are the others.

The oil sector contributed 5.87% in Q4 while averaging 8.16% in the whole year. The federal government has always spoken about diversification of the economy, but the GDP Report shows that diversification may not be the ultimate challenge; what actually remains is the unlocking of the potentials of these sectors – agriculture, mining and quarrying, manufacturing, etc. – so that they can contribute meaningfully to revenue generation, foreign exchange earning capacity and truly become tradable themselves. Yes, we need manufacturing and value addition taking up a higher percentage of the GDP.

On areas for improvement, the agriculture sector could contribute more to the GDP if the full value chain approach is adopted. Furthermore, the issue of insecurity needs to be addressed. The number of incidences of attacks, killings and maiming of local farmers cultivating their lands are on the rise. The scourge of miscreant herders and bandits has made most farmers to abandon their farmlands in a bit to stay safe. This has worsened the composite food index which rose to 20.57% in January 2021 as against its value in the preceding month at 19.56%. Inflation rate, at 16.47% as at January 2021, represents a 0.71% increase from its value in December 2020 i.e. 15.75%. More investments in ICT could further develop the sector to position it for further growth and increase its potential to contribute more to the economy.

Creating further enabling environment for businesses to thrive would allow sectors such as the services, trade and start-ups to blossom. This would aid in addressing the problem of unemployment and provide a platform for citizens, particularly the youths, to apply themselves and contribute more meaningfully to the economy.

Against the background of the foregoing, CSJ makes the following recommendations:

- To achieve accelerated and sustained growth, tackling the problem of insecurity is fundamental. As no reasonable development can be achieved without an enabling environment for economic activities to thrive; rethinking the approach to addressing the numerous security challenges bedeviling the country is of the essence as this will enhance productivity and other economic activities will pick up and thus contribute better to the GDP.
- Articulated local investments in agriculture's full value chains is imperative. The enabling environment to attract more investors into the sector would open up the opportunities therein so that the sector can contribute more to employment, government revenue and foreign exchange earning.
- Furthermore, impact evaluation of the various initiatives of the federal government such as the Anchor Borrowers Programme (ABP) will make for a proper feedback mechanism to feed into the implementation of agricultural interventions so as to achieve better results.
- Improving the ease of doing business in Nigeria alongside trade facilitation would ensure that Nigeria becomes competitive in trade. Explore the opportunities available in the Africa Free Trade Agreement to improve trade as this would add to improving the volume of economic activities in the country.
- It would be advantageous to sustain investments in the growth drivers of the economy while striving to unlock the potentials of the other sectors so that they would contribute reasonably to revenue generation efforts.

- Ensure that public resources meant to support and strengthen local firms, disbursed through the various initiatives of the federal government, do get to the right firms, not political farmers, political manufacturers, etc. Current interventions are not working and there is little or no evidence of the target population benefitting from the interventions.

Finally, the federal government must come to terms with the fact that economic growth cannot proceed in an environment of accelerated tension, disunity, ethnic conflicts, suspicions and prevaricating political positions. It must put its house in order and lead with the interest of all Nigerians at heart.

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