



NES#30 ESSAY COMPETITION



T H E M E :

Collaborative Action for Growth, Competitiveness, and Stability

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“Collaborative Action for Growth, Competitiveness and Stability”

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Summary

Despite Nigeria’s huge youthful population and potentials (resources), the nation has failed to sustain economic growth and competitiveness. From 2015-2022, Nigeria’s economic growth rate decreased and GDP per capita flattened. The country’s inflation reaches a 24-year high of 31.7% in February 2024, which, in combination with sluggish economic growth, has pushed millions of Nigerians into poverty. In my submitted essay, I analyze how collaborative efforts by government, businesses, civil society and other stakeholders can foster inclusive growth, competitiveness and stability which are crucial to the desired overall economic growth.

Essay

According to the World Bank Group, between 2000 and 2014, Nigeria’s economy experienced broad-based and sustained growth of over 7% annually on average, benefitting from favorable global conditions, macroeconomic and first-stage structural reforms. From 2015-2022, growth rates decreased and GDP per capita flattened, driven by monetary and exchange rate policy distortions, increasing fiscal deficits due to lower oil production and a costly fuel subsidy program. Weakened economic fundamentals, led the country’s inflation to reach a 24-year high of 31.7% in February 2024, which, in combination with sluggish economic growth, has pushed millions of Nigerians into poverty. This is alarming, raising awareness and calls for urgent action and collaboration among stakeholders to foster inclusive growth, global competitiveness and stability that will ameliorate the life of the masses. Government, businesses, civil society, social sector, academia et al, needs to rise to the occasion. This essay, therefore, seeks to analyze collaborative actions towards inclusive economic growth, global competitiveness and stability of the Nigerian economy for sustainable growth and development.

United Nations Development Programme defines effective collaborative action as any multi-stakeholder effort formed to address systemic problems using systemic solutions. Collaborative action could also take the form of a dialogue, or a series of conversations and discussions with the aim of understanding an issue and then collaborating to achieve a desired outcome. First Capital (2024) enumerates some of the importance of collaborative action thus: By collaborating with other stakeholders in an economy, businesses can access new markets, technologies, and talent. This can help them to expand their operations, increase their productivity, generate more revenue, create employment opportunities and also improve the socio-economic status of the nation. Collaborative efforts bring together diverse sectors, minds and skill sets that can generate innovative ideas and solutions that are not possible through individual efforts.

Inclusive Growth Network, hosted by the Centre for Progressive Policy define inclusive economic growth as a growth that delivers social benefits, tackles inequalities and spreads benefits more fairly between people and places. Ruchir Agarwal (IMF, 2024) opined that inclusive growth focuses on creating a level playing field. Overall, inclusive growth embodies the principle of wealth creation, economic freedom, and equal opportunity for all. The World Economic Forum, which has been measuring competitiveness among countries since 1979, defines it as “the set of institutions, policies and factors that determine the level of productivity of a country”.

A competitive economy is a productive one. United Nations Economic and Social Commission for Western Asia (UNESCWA) define economic stability as the financial system of a nation that displays only minor fluctuations in output growth and exhibits a consistently low inflation rate. Promoting inclusive economic growth and not just economic growth is important as it can enhance economic competitiveness and stability in a country like ours, since inclusive growth affects individuals positively which consequently improves his or her productivity and encourages stable individual outputs in the long run. For instance, according to the Nigeria Bureau of Statistics, Nigeria’s Gross Domestic Product (GDP) grew by 2.98% (year-on-year) in real terms in the first quarter of 2024. This growth rate is higher than the 2.31% recorded in the first quarter of 2023. Examining the present economic realities in the country, the GDP growth fail to improve the well-being of the common man and can be seen as not an inclusive growth and cannot improve the country’s productivity and economic stability. Therefore, energy should be channeled towards factors that enable inclusive economic growth.

Ibukun and Aremo (2017) using an effective regression model to discover the factors that contribute to inclusive growth in the country submitted that economic stakeholders in a collaborative effort should work at improving macroeconomic stability so as to increase the inflow of foreign direct investment, while also work at reducing the inflation rate by embarking on tight fiscal and monetary policies. Furthermore, in order to maximize the effect of population growth, there is need to allocate adequate finance aimed at improving the quality of the population (through improvement in health and education), which will bring about innovative and technology advancement needed for growth.

Furthermore, Business dynamism, which is the rate at which businesses enters the market, grow, shrink and leaves the market is also an important contributor to economic growth in general term. Business Dynamism is a vital process to continued productivity and sustained economic growth (Quantgov, 2020). Business dynamism contribute to economic growth, productivity and stability by creation of new enterprise, increase employment opportunities, introducing new ideas or effecting novel changes i.e. products or services that directly impact the socio-economic well-being of the nation.

In addition, security of lives, properties and businesses in Nigeria should be prioritized for improved economic growth and stability. PwC in a report noted that a systemic approach to security with trust and collaboration at its heart is needed at this point in Nigeria. The physical and institutional security of the state’s territory and its administrative apparatus is the classical

dimension of national security. This requires public-private collaboration because it is the private sector that delivers many of the services that might be at risk. Government, businesses, civil society and every other citizen need to work together to make sure the nation is secure for inclusive growth, productivity and stable economy. For any meaningful progress to be made economically there must be assurance of safe and secure environment.

Furthermore, introducing new ideas, change of methods, and transformation of the digital economy need to be promoted holistically. ProfileTree (2023) opined that Innovation and digital transformation are two closely related concepts that play a significant role in the modern business landscape and a nation's economy. They often work hand in hand to drive organizations and nation's economy forward in today's rapidly evolving digital world. Innovation refers to the process of developing new methods, ideas, products, or services. It involves thinking creatively and finding new ways to solve problems or drive economy growth. Innovation can occur in various aspects of an economy, including enactment of better government policies, changes in infrastructural development methods, reduction of business taxation, and economic stakeholder's collaboration in sourcing out ideas and methods for better economic result.

Digital Transformation, on the other hand, is a specific type of innovation that involves the integration of digital technologies into all aspects of an economy to drive growth. Babalola Williams (2024) submitted that digital transformation shines as a beacon of hope. It offers a path forward through job creation and skill development, essential for driving economic growth and ensuring stability. A recent study predicts the global digital economy will soar to \$23 trillion by 2025, underscoring the immense transformative potential of digital technologies.

For developing nations like Nigeria, digital transformation presents a golden opportunity to unlock new economic prospects, boost productivity, and pave the way for sustainable development. For instance, Andela in Lagos trains software developers in Africa and connects them with tech companies worldwide. Since its inception, Andela has generated thousands of jobs and positioned Nigeria as a prime hub for tech talent.

Poor internet connectivity, unreliable power supply, outdated regulations stifling innovation, inequality in digital literacy and access to technology are some of the challenges facing digital transformation in Nigeria. These hurdles can be overcome by Public-Private Partnerships (PPPs). Stakeholders need to collaborate with tech giants like Google and Microsoft to boost digital literacy and infrastructure. For example, India's partnerships have significantly increased digital literacy and employability. However, inclusive growth, competitiveness and stability of a nation's economy will prove difficult without effective collaborative efforts amongst stakeholders in the economy.

United Nations Development Programme has this to say: Understanding and managing economies globally requires more collaborative mindsets and involves putting in place innovative governance arrangements. We need new systems thinking leadership - with new approaches, practices, tools, incentives, metrics and ways of working that can navigate and

measure complexity and collaboratively deliver dividends that are fit for purpose, particularly at the national and sub-national levels.

Collaborative action towards overall growth, competitiveness and economic stability can be achieved by the following but not limited to these:

- Awareness should be created amongst citizens that, economic development is everyone's business and not government's job alone.
- Forums or Groups like the Nigeria Economic Summit Group should be encouraged and formed; as it provides platform for dialogue and partnerships.
- Thirdly, Government should engage more in public-private partnerships and make it a policy when executing projects or delivering election promises.
- Civil society should consistently engage the government on policy formulation and economic trajectory.
- Government should also collaborate and provide adequate funds for academia to foster academic research as it is a fundamental contributor to economic growth and development.
- All stakeholders must adhere to decisions reached and follow guidelines charted after a discuss, to build trust and single mindedness.

In conclusion, economic growth, competitiveness and stability is possible if there is a concerted effort by all economic stakeholders as enumerated above in promoting inclusive growth, fostering business dynamism, having a secure environment and constantly innovating.