

Nigeria's Distressed Economy: Which Way Forward?

March 13, 2024
Policy Briefs Featured



Nigeria's Distressed Economy: Which Way Forward?

**Leadership Newspaper Group 2024 Conference and Awards Congress Hall,
Transcorp Hilton, Abuja March 5, 2024.**

1. INTRODUCTION

Every choice we make has consequences; but we have no choice over the combined consequences of the choices we have made – Anonymous.

Nigeria's economy today is, to use the title of the classic novel by Gabriel Garcia Marquez, the *Chronicle of a Death Foretold*. Will there be a resurrection? I believe so, but only if we fix the FUNDAMENTALS. There is nothing that is happening today – hyperinflation, the crisis of the value of the Naira, debt distress and the revenue challenge, unemployment, and extreme poverty etc – that should surprise any thinking citizen or professional observer of how our country's economy has been mismanaged for a long time. Choices have consequences: there is hunger and anger in the land.

The past 10 years were particularly ruinous. They were the years of the locust, marked by unprecedented mismanagement of fiscal policy, unproductive external borrowing, unnecessary budget deficits, illegal Ways & Means lending by the Central Bank of Nigeria to the federal government to the tune of N30 trillion, and unprecedented corruption. Earlier, a combination of oil price shocks and an incompetent policy response from the CBN, in the form of an attempt to fix the exchange rate, all helped give us two recessions within seven years. Many of these things happened because, as we witnessed, there was a successful political assault on the independence of the central bank, with the storekeeper willingly handing over the store keys to the marauders.

We are in a crisis. Regardless of whatever short-term measures that are taken, and the success of those measures or lack of it, this crisis and its effects will be with us for a minimum of 3 -5 years. Although the immediate aspects of the Mexican peso crisis lasted for two years from 1994 to 1995, the effects lasted for about 6 years. The

Asian crisis of 1997-1998 was relatively brief and over in two years. That crisis originated in Thailand after the Thai government floated the country's currency, the baht, owing to a shortage of foreign currency to support its peg to the US Dollar. As with Nigeria, the Thai central bank stopped defending the baht after some months of pressure on the currency, and the baht fell quickly and deeply in value. The contagion spread to other Southeast Asian countries. But the increasingly strong economic fundamentals of these countries helped their relatively quick recovery.

We must not waste the present economic crisis. While we attempt to tackle our immediate problems, we must understand that these challenges today are simply symptoms of root causes we have long ignored. We should not repeat the cycle of past crises that did not force us to fix our economy for good, to be productive and create wealth and jobs for the average Nigerian. It is time to reposition our economy for the long term, out of the lessons of today's challenges.

I maintain my position, which is a matter of record, that the decisions to remove the petrol subsidy and forex subsidy were bold and correct. We have lived a lie for 40 years and the chickens have come home to roost. Given the country's revenue challenges in the crude oil production and export sector, Nigeria could no longer afford to subsidize the importation of refined petrol, at least fully, and could no longer afford to defend the value of the Naira artificially.

Nevertheless, there also are some immediate causes of today's economic mess that can be traced to significant strategic errors by the present government early in its 7 months in office (so far). I point these out not as recrimination, but only so we can learn lessons for the future. The first error was the precipitate nature of the introduction of these policies without a thorough preparation for the morning after. Nigerians should first have been educated on the economics of why these subsidies had to go, and on what steps the government was taking to mitigate the anticipated impact, e.g., with a subsidized mass transportation system across the country. The forex reforms at the central bank should have benefitted from prior, in-depth consultations with institutional investors who are the movers of global capital and in the absence of robust revenues from oil, influence forex liquidity through capital importation.

Second, exchange rate unification and a further effort to "float" the naira in an environment awash with naira liquidity (a loose monetary environment) was a mistake. This contributed to the naira's race to the bottom. The policy should have been accompanied, or preceded by, immediate monetary tightening. But we know that a substantive Governor of the CBN was appointed only several months later, and the Monetary Policy Committee was only just appointed and confirmed in office – last month, I believe. That these two important institutional props of Nigeria's economic policy making were not in place for several months after the new administration was sworn in, created policy uncertainty and damaging gaps in investor confidence – even as investors were broadly in support of the reform direction. The CBN's recent increase of the MPR by 400 basis points, and the cash reserve ratio by 12.5%, from 32.5% to 45%, although belated, is appropriate in our circumstances today. Better late than never.

Third, the appointment of the President's cabinet took too long in a sensitive period of transition. When the appointments were finally made, the cabinet's composition turned into a predominantly "political" one instead of a strong bench of apolitical technocrats to address the economic crisis, which investors had hoped for. This was a lost opportunity. It is always the case that when a government inherits an economic mess of humongous and fundamental proportions, the wiser course of action is to invest in the confidence of both the investor community and citizens with a clear departure from "politics as usual", in favor of a stronger "technocratic quotient" (TQ) in constructing the highest echelons of the executive branch of government.

1. ECONOMIC REVIVAL: THE FUNDAMENTALS WE MUST ADDRESS

1. *The Absence of Nationhood*

Economic development and transformation can only be achieved if the quest for these outcomes is anchored on a shared understanding of nationhood. This is a task of nation-building. When a country's population has a shared understanding of where they come from and where they are going, purpose and a common destiny, the unity of purpose leads to concentrated effort without the distraction of fundamental divisions. This usually yields economic progress over time. The United States is a remarkable example of the role of nation-building and nationhood in economic development. The Revolutionary War of 1776, the U.S. Constitution adopted in 1787 which guaranteed property rights and the inviolability of contracts and the rule of law, provided the foundation for America's exceptional growth in the 19th century. It is no surprise that an intellectual property clause that provides for patent and copyright systems was enshrined in the very first article of the United States Constitution, directing the U.S. Congress to "promote the progress of science and useful arts by securing the authors, and inventors the right to their respective writings and discoveries." The same principle of nationhood as a prime driver of economic greatness applies in Singapore (expelled from the Malaysian Federation in 1965), China (civilizational pride), Taiwan (expelled from mainland China after a civil war), Japan (which dominated East Asia in the early 20th century before the rise of China).

In Nigeria, the absence of nationhood, the primacy of the primordial identities of ethnicity and religion, prevent a shared understanding of the purpose of the state and the unity of purpose without which transformational economic policy and management cannot be achieved. It is "every group for itself and God for us all".

2. *Bad Governance*

Because there is no shared understanding of the Nigerian State and its purpose, the real aims of politics, the contest for power and authority are not good governance to improve the welfare of its citizens. The absence of good governance marked by efficient, competent, effective, transparent, and accountable administration and the effective rule of law — is a foundational reason for Nigeria's recurring economic crisis including the present one. When, as is the case in our country, the government is subverted to the service of entrenched self and vested interests, institutions cannot not strong and independent, and instead serve the parochial interests of political parties in power. Industrial scale corruption reigns, fiscal indiscipline and waste are the norm, and even basic security cannot be guaranteed. The state is fundamentally weakened and rendered unable to create an enabling environment for business and wealth creation.

A state that lacks capacity to protect its citizens and control its territory, administer taxation efficiently, and administer social services such as health, education, and social security (note: not "palliatives") cannot create a strong economy. We have seen the impact of insecurity on food security and inflation.

Because Nigeria has weak governance systems, we run a crony economy in which a few oligarchs are stupendously wealthy, and use access to power to benefit themselves, while the vast majority live in poverty. The enthronement of nepotism and mediocrity means that competent policies cannot be framed and executed, and competent citizens have no opportunity to contribute to economic management because they are shut out by nepotism. Our national economy suffers as a result.

3. *Ad Hoc-ism- Absence of Strategy*

A nation that has been propelled to a stage where, to quote the Nobel Laureate Wole Soyinka, "almost every episode comes across as little more than a grand gesture subsisting for significance and substance" needs an economic strategy.

We lack a real strategy for governance and economic management in our country. We are permanently in ad hoc, reactive mode towards crisis, including the present one. This is an instinct to "be seen to be doing something" while not much is being done. "Create a committee!" Motion without movement. This is why Nigeria's economy is permanently crisis prone. We make "plans" for the economy but rarely ever achieve it. Vision 2010, Vision 2020, "ERGP, etc are all dead and buried, with no tangible achievements.

Real strategy is what will make the difference, and is what Nigeria needs, rather than yet another committee of "stakeholders". Strategy is first and foremost about thinking, far more than it is about planning. The way we as Nigerians think, or don't think, determines whether we can make progress with our economy. Thinking is more important than we think (forgive the pun). We must **THINK** more deeply about our economy than mere ad hoc reactions that don't move the needle. As the strategist Max McKeown writes in the context of corporate organization, but also applicable to countries, "Strategy is about outthinking your competition". That is why it is so important that you think before you plan."

In practice, formulating a coherent strategy for a country can be daunting, as macroeconomic challenges are often complex and interdependent. This is Nigeria's case. However, without a clear destination and a plan to get from here to there, we cannot make progress. The difference between having a coherent strategy and not having one is that those countries without one are highly likely to be implementing numerous policies with no coherence to them (Nigeria's case), while nations with a real strategy are more likely to achieve desired outcomes.

UAE is an example of a country with a strategy-based approach to economic transformation. A desert country, known previously for its production of dates, palms, UAE has transformed its economy over the past 50 years with a conscious strategy into a diversified and competitive economy, increasing its GDP more than 247 times, from AED 6.5 billion when the union was established to AED 1.6 trillion today. In 1971 oil was 90% of GDP. Today it is less than 30%. The country invested large portions of its oil revenues in SWFs (Sovereign Wealth Funds) which today yield significant profits and invested the balance in tourism and industry.

4. *Absence of Philosophy and Knowledge*

Every successful economy in the world is anchored on a philosophical foundation.

Nigeria's economic management suffers from philosophical confusion. Are we capitalist, mixed economy or socialist? We have oscillated from capitalism to faux socialism under different administrations and back to capitalist economic thinking as indicated by the reforms being instituted by the present government. But, if we are capitalists, we must be a productive capitalist economy, because capitalism is anchored on economic activities.

We need to understand the three requirements of successful capitalism- property rights, innovations, and access to capital. None of these three things drives the

Nigerian economy. Land (the most important property) is held by the state under the Land Use Act. Inventions do not drive productivity in Nigeria, whereas in the West and Asia productivity is anchored by science, tech, and innovation. Only the rich have access to capital in Nigeria, which many abuse and default on their loans with no consequence.

We also do not operate the Nigerian economy with any evident understanding and clarity as to whether we are an entrepreneurial capitalist state like the USA, a welfarist capitalist state as in the Scandinavian countries of Europe, a crony capitalist state like Russia (which, is what we are, but a somewhat more primitive version), or a state capitalist country such as China.

This absence of philosophy and knowledge has resulted in our inability to balance the state and the market. This is why we hear policies about airport bans, border closures, price controls, fixing of forex rates and all sorts of artificial controls on market dynamics, well beyond responsible and appropriate regulation. A huge amount of arbitrage is the result, because in a capitalist economy, the state cannot play the role of the market. This is economic populism. It has failed in Nigeria, especially as we have seen in the past ten years.

Effective capitalism creates a free market with real competition. That is the incentive to get a reasonable price for goods and avoid price gouging. If we want any product to be cheap, we must have several companies that manufacture and sell that product! When only one or two companies do so, it is not a truly free market because there is little or no competition!

Real knowledge should drive the management of Nigeria's economy but has not done so. This also includes an understanding of the relationships between human development (water, nutrition, health, education, etc.), economic growth (the sum of goods and services produced each year) and structural economic transformation (when an economy achieves prosperity by complex, value-added production rather than on the export of crude natural resources, such as oil or subsistence agriculture). This is why economic policy in Nigeria is fixated on GDP growth, while poverty rises, quality of life declines, and we have remained vulnerable to external shock from global oil prices for more than 40 years.

A knowledge-based management of the economy will understand that successful economies are managed at four different and interrelated levels- philosophical, institutional, macroeconomic, and human development. We tend to focus on the macro economy and ignore the rest. And we have not even managed our macroeconomy well.

5. Financialization and de-industrialization

According to the National Bureau of Statistics (NBS), the manufacturing sector's contribution to GDP declined to 8.23% in Q4 of 2023. The ratio has hovered between this extremely low level and 13% over the past decade. In Malaysia, the manufacturing to GDP ratio is 23%. It is 24% in South Korea. Export as a percentage of GDP is 10.74% in Nigeria, in Malaysia, the ratio is 73.84% of GDP, and in Turkey it is 80.50%.

Nigeria has been progressively de-industrialized over the past 40 years. Instead, our economy has been increasingly "financialized" without a productive base. The banks and the bankers are kings, serving a rentier political class for healthy profit, while productive sectors suffer.

Productive, export-based economies can devalue competitively, to make their exports cheaper to attract more revenues and forex. But the Naira's woes are simply a symptom of this underlying crisis. Until we fix the fundamentals, "quick fixes" to the current crisis may be only temporary and not sustainable. Nigeria must create a productive economy of diversified value-added exports, but our political cultures foster a rentier economy. Malaysia, Thailand, and Chile, all originally resource-based economies, all achieved "economic complexity", manufacturing and exporting increasingly sophisticated goods over time. Nigeria's leaders will need strong, sustained political will, and a measured implementation strategy to achieve this.

7. Electricity

Let there be light! There is no way out of Nigeria's economic quagmire without adequate electricity. Without this vital requirement, our economy cannot become productive. Nigeria needs to move to at least 20,000 megawatts of electricity within the next three years. It is doable, but only if we provide the private sector with the right business environment for private investments, at the levels of state governments. The priority for power investments should be manufacturing clusters, such as Lagos/Ogun state, Kano, Onitsha/Nnewi. The inauguration of Geometric Power in Aba is a hopeful breakthrough, after two decades of setbacks. It is a model that should be replicated.

8. Population Crisis

Nigeria's unchecked population growth over decades has contributed to the crisis of unemployment and poverty. The geometric growth of uneducated and unskilled youth in an already stressed and unproductive economic environment has negative implications for both economy and security. This is already evident in some parts of the country. The population crisis has gone on for too long because of a lack of political will to address it, flowing from sensitivities around culture, religion, and politics. I argue that these sensitivities are ultimately self-defeating for Nigeria as a country, more so, when our population growth trajectory is projected to climb to 400 million by 2050, making Nigeria the third most populous country in the world after China and India.

III. The Way Forward: Possible Solutions

1. N20 Trillion Railway, Housing and Agriculture Nationwide Project

The challenge Nigeria faces today calls for the rollout of a bold, visionary, and engineered strategic project for FUNDAMENTAL ECONOMIC REBIRTH. This project, which we shall for the purpose of our discussion call Project “3-in-3”, should be aimed at the rebirth of three strategic sectors in three years. The project, to be scoped and commissioned within the next three months, is to be predicated on massive investment in the development of railway lines (linking all state capitals), housing (mortgage-ready and qualitative to incrementally reduce housing deficits), and agriculture (covering the value chain), to be delivered in the first phase over three years beginning in 2024.

Project 3-in-3 should target to create 5 million new direct and indirect jobs. It will create two new thriving economic sectors. The purpose is to stimulate productivity in agriculture and housing, two sectors that do not depend on foreign exchange, and depend on locally available resources across the 36 states. That resource is land.

The three project sectors are all outside of exclusive federal control, constitutionally. This will allow flexible and diversified intervention by subnational governments and the private sector under overarching federal coordination. State and local governments as anchor implementers should leverage their control of land assets as debt capital to create value chains under the project.

The federal government should commission a broad implementation framework, template, and target to be adapted by each subnational unit, according to their local circumstances; and also commit to provide seed credit guarantee through securitization of inventories and recoverable from project 3-in-3. RA-H-AG will raise sovereign bonds in the capital market at market-rated (but government subsidized single digits) medium tenor to the tune of 20 trillion naira for disbursement in predetermined tranches through commercial banks, to support sectional milestones through the project timeline.

The interest subsidies on the bonds will cease after the initial five years after which they will be priced and traded at competitive capital market rates without government underwriting. This is intended to be a creative avenue to not only mop up excess liquidity that drives galloping inflation, but also to reinvest those idle funds in the long-fenced productive sectors envisaged in the project, with multiplier effects.

I also recommend the issuance of a presidential executive order for mandatory engagement of indigenous academic and research institutions located close to the operational bases of the program as consultants. This will create a needed interface between “town and gown” as a model for the rest of the economy as obtained in the industrialized countries.

This proposal essentially seeks to use land as a borrowing base for reserve-based lending in the same manner as unproven reserves are used in Reserve-Based-Lending in the oil and gas industry. The Land Use Act is thus converted into an asset rather than a constraining factor in wealth creation for the broad masses of Nigeria. Atlantic City in Victoria Island, Lagos, and the Dangote Refinery Complex Corridor at Ibeju Lekki are examples of how this concept can be applied. Both projects were erected on expensively reclaimed land in collaboration with the host state government. The expected outcome of project 3-in-3 is a reflation and regeneration of the economy productively while taming cost-push and forex speculation driven inflation.

2. Fiscal Policy Must Wake Up!

Revamp fiscal policy making. Fiscal policy in Nigeria has been extremely weak for many years. The failure of fiscal policy led to excessive reliance on the CBN by the government. Urban and interstate transport infrastructure such as roads should be private sector led. The federal government's budgets are excessively politicized and fund too much recurrent expenditure that is unproductive and drives inflation, instead of capital projects targeted at opening the rural economy. constructed by private sector entities through PPPs, freeing up resources for appropriate social infrastructure such as health, education, and potable water as well as social security. Nigeria's budget, including the 2024 budget of the FGN, is a set-piece of waste and corruption. All budgets must be subject to forensic audit before presentation to the National Assembly. The practice of lawmakers of NASS adding budget items on their own after presentation by the executive and before appropriation in my view is unconstitutional and should end. The appropriation power of the NASS is predicated on budget proposals by the executive branch of government. Deficit budgeting should be drastically reduced and contained within lawful limits. The Nass role in supporting illegal ways and means loans from the CBN to FGN must never be repeated if we are serious about getting out from our economic crisis in a sustainable manner.

3. End Oil Theft and Reduce Corruption

The NNPC must be reformed to promote transparency and accountability to battle oil theft at source. The corporation remains too opaque. The level of oil production in Nigeria must be measured with the necessary meter equipment and transparently published, along with revenues received from crude oil sales. If the high level of crude oil theft that goes on in Nigeria is not truly and evidently curbed, fiscal balance, revenue generation and an exit from the current crisis will remain difficult, if not impossible in the short and medium term.

More generally, the government of Nigeria must wage war on systemic corruption in all spheres of the economy and rescue Nigeria from the vice grip of vested interests that appear to have become more powerful than the Nigerian state itself. It is imperative to publish the amounts of all funds recovered from those who have looted our country's

resources, and they must be brought to account by being named, shamed (based only on concrete evidence) and prosecuted.

4. *Continue Monetary Tightening*

The Central Bank of Nigeria should continue its recently announced monetary policy stance of tightening the money supply for the next 24 months at least until inflation is brought under firm control in the single digits. At a moment of crisis such as this, a choice must be made between macroeconomic stability, in particular price stability and growth. Some have criticized the central bank's rate hike by a dramatic 400 basis points (4%), noting that Nigeria's present hyper-inflation is much cost-push in nature than demand pull. This criticism, while understandable, does take the full picture into consideration. First, forex instability is a major cause of cost-push inflation. Loads of Naira sloshing around in loose monetary conditions contributes to the huge demand pressure on the US dollar and other foreign currencies as capital flight intensifies. This vicious cycle must be broken. Doing so will help achieve both price stability and exchange rate stability in the medium term. It is also calculated to increase confidence among investors, who need attractive yields to bring in portfolio investments that will help stabilize the exchange rate and do not wish to invest in high-inflation environments that erode value.

The CBN must also keep an eye on financial stability, as high interest rates will stress the ability of businesses to repay or obtain loans. Non-performing loan rates will likely increase. The CBN must now proactively wear its risk management hat to manage the implication of its newfound hawkish monetary policy stance for the banking sector. Granted, the CBN's actions are geared more to the short or medium term, and the Bank needs to develop a longer-term perspective regarding its mandate. But the Bank's efforts are part of a necessary multidimensional onslaught. Our weakest link in the financial sector, however, remains Nigeria's fiscal management.

5. *Crack Down on Banks Playing Footsie*

Beyond the current actions by the CBN, the Bank must demonstrate a willingness to go hard on forex speculation that is going on in Nigeria's banking sector. It is not enough to focus on cryptocurrency P2P (peer to peer) platforms such as Binance who do not have political godfathers in Nigeria. The central bank must have the political will of a regulator to crack down on erring banks and bankers. Making examples of a few proven cases of forex hoarding will undoubtedly set heads straight and improve the forex situation. As is well known, the CBN under the overall leadership of Sanusi Lamido Sanusi (during which period I served as deputy governor) boldly and successfully cracked down on corruption in the banking sector after the global financial crisis. This approach helped save Nigeria's banking sector, and thus the economy.

6. *Consider an IMF Stabilization Facility*

To get out of Nigeria's foreign exchange crisis, the FGN must very carefully CONSIDER whether it should take a formal stabilization package of \$20-30 billion from the International Monetary Fund (IMF). This option should be subjected to a thorough analysis by experts, as opposed to any knee-jerk action or uninformed public opinion. While there is typically a strong emotional and substantive argument against this approach in our country, it has clear pros and cons. Regarding the pros, a substantive IMF facility (it would have no impact if it is not a big package) would markedly increase forex liquidity and our forex reserves in a more transparent manner. It will improve investor sentiment and attract a marked increase in foreign investment because of the confidence it will give investors, all of which will further stabilize the forex market while we pursue more fundamental and structural changes. It will also impose more fiscal discipline in the country's fiscal management. In any case, the reforms (removal of subsidies) really are part of the Bretton Wood template. Why take all the pain that is creating anger, without the gain of robust inflows and improved investor sentiment?

On the cons, a major critique of IMF programs is that they do not solve the longer-term problems of borrowing countries, although they are helpful in the short to medium term – when the program is implemented in full. The experiences of Ghana and Sri-Lanka demonstrate the limitations of IMF programs. Both countries have borrowed from the IMF 17 times and 16 times respectively. Both have continued to experience economic crises in recent years. Perhaps one response to this dilemma is that the responsibility for any country's economic transformation remains the country's, not that of the IMF. Countries should plan well ahead of stabilization packages that create temporary relief. Another major risk of IMF borrowing is the debt sustainability challenge it can create. This is relevant to an already debt stressed country such as Nigeria. A default on an IMF loan will create a negative credit rating and restrict opportunities for future access to financing. IMF loans also affect a country's sovereignty by dictating economic policies and choices of borrowing countries.

7. *Create a Full-Time Economic Advisory Council*

The President of Nigeria should create, following careful consideration, a FULL-TIME, high-level, and professional Economic Advisory Council of 7 economists. The Tripartite Economic Advisory team he appointed recently has some

important limitations. The most important thing is that it is a part time assignment. Nigeria's economic crisis today needs far more than part time advisers to be effectively managed. The distinguished members of the group all have full time business and political commitments that will limit their availability, concentration, and consistency.

This was the same approach taken by President Muhammed Buhari in his appointment of an Economic Advisory Council whose members worked part time on the assignment and met infrequently. Predictably, the Council could not influence economic management. In addition, the appointment of serving elected politicians and full-time corporate business leaders creates the potential for conflicts of interest in a country whose economy has suffered from the influence of vested crony interests. While the members of this new group undoubtedly have value to add, their mandate needs to be redefined and renamed as an external CONSULTATIVE GROUP, perhaps a State-Business Advisory Council (SBAC).

The full time, 7-member Economic Advisory Council Nigeria needs today should have the following summarized characteristics and functions:

- a. Be a full-time public-sector body of the government at appropriate rank.
- b. Be composed of distinguished economists and economic thinkers with a track record of research, publications, executive experience in the economic field.
- c. Be composed of persons with SPECIFIC specialization, skills, and expertise, in particular: Agricultural Economics, Labor Economics, Industrial Policy, Fiscal Policy, Trade Policy, Business Economics, and Development Economics or Political Economy. It is the combination of these specific skills and competences coming together in a structured framework that can give the Nigerian economy the solutions it deserves –provided the political will exists to implement their recommendations.
- d. The council should have a chairperson and a vice-chair.
- e. Report directly to the President.
- f. Advise the President on a roadmap to the structural transformation of Nigeria's economy to one marked by competitiveness, productivity, and value-added exports.
- g. Advise the president on the short- and medium-term resolution of the present economic crisis.
- h. Monitor the implementation of its advice to the President by relevant ministries, departments and agencies as directed by the President and compare with projected outcomes in the country's economy.

In short, this full-time advisory council will recommend the reforms and implementation steps to truly diversify Nigeria's economy and turn the country into a full Emerging Market economy such as Malaysia, Chile, Turkey, and Thailand within the next 10 years. Of particular importance for the work of this council will be the challenge of poverty – how the government can take 100 million people out of poverty into the middle class in 10 years – and advising on how the human development-GDP growth/GDP per capita-structural transformation continuum can be achieved.

8. *Cut the Cost of Governance:*

The humongous cost of governance in Nigeria must be drastically curtailed in a systemic, well thought-out, and efficient manner. While the present government's decision to implement the Oronsaye Report is commendable, the taste of the pudding must remain in the eating, as previous governments have announced decisions to implement the report but never succeeded in doing so. Moreover, as the purchase of an estimated 57.6 billion Naira worth of imported SUVs (while Nigerian Vehicle Manufacturers such as Innoson Vehicle Manufacturing and Nord could have satisfied this demand) for members of the NASS has demonstrated, cutting the cost of government in an effective, measurable, and transparent manner must begin with elected and appointed political leaders. This is essential for the ongoing reforms to obtain buy-in from Nigerians. The people must not bear the costs of austerity while politicians live large.

9. *Asset Sales*

Sell down government assets under the oversight of the Ministry of Finance, Incorporated (MOFI) to raise \$20billion, to be pumped into the external reserves.

10. *Create Effective Social Security*

End the populist corruption-riddled "palliative economy", develop, and ensure implementation of an effective social security system.

11. *Population Policy*

Design and implement a VOLUNTARY population policy to control Nigeria's population amidst poverty. Such a population policy should be anchored in education and incentives.

12. *Let There be Light*

Design and implement a blueprint to increase Nigeria's electricity output to 20,000 megawatts within 3 years, driven by private sector investments and anchored on the principle of a sustainable energy transition.

13. Confidence: Reshuffle the Cabinet

President Tinubu needs to revamp his cabinet of ministers not later than his first-year anniversary in office, if public and investor confidence in the capacity of his government to grapple effectively with the present economic crisis is to improve.

President Tinubu's government should adopt, and domesticate, the 24-point Private Sector Bill of Rights advocated by the Africa Private Sector Summit (APSS) to improve the investment and business environment in Nigeria, and position Nigeria as Africa's largest economy to take advantage of the African Continental Free Trade Agreement (AfCFTA). These rights include those to a secure and stable environment for business, good governance, customs and ports reform, infrastructure, an efficient taxation system, and a corruption-free business environment.

1. CONCLUSION

The best approach to exiting Nigeria's economic malaise and its potential for social unrest is to think and move with strategy, not with populist, knee-jerk reactions that only create new and further opportunities for corruption. To think structurally and lay long-term foundations. To fix Nigeria's crisis today, we must act for tomorrow, and deal with all the issues that have brought us to where we are. In economic reform, you cannot do one thing and not the other. You must do ALL that is required. This calls for joined-up thinking, policy, and action. Systems thinking.

Let there be no doubt: we can beat this crisis and save tomorrow for our young people. But we must ask ourselves honest questions, and answer honestly. What is the purpose of political power and Government? To improve the welfare of the masses and create national wealth, or to create personal wealth and to serve vested interests? To vaunt our tribes, or to build a nation? Is it endless politics for its own sake or is it effective governance? When we look in the mirror, we should see one figure: the average GDP per capita for Nigeria since 1960 has remained in the region of \$2,000. That is a testament of failure. What will our GDP per capita be in the next 10-15 years? That is the question we must answer, NOW.

Nigeria is too important to fail. If it fails, we all have failed, most of all those we have entrusted with the responsibility to secure our today and tomorrow. When we compare where we are today with where many other countries are, with the talents that abound in our country, we should have a new resolve: We are God's children too. We deserve a place under the sun in this world of 7 billion people. It's time to stop the worship of the god of small things – corruption, tribalism, cronyism, nepotism, mediocrity. This "religion" is why we are poor and comatose today. It is Time for a new religion: meritocracy, strategy, discipline, competence, integrity in governance, the organizing principle.

Thank you.