

MACROECONOMIC POLICY FOR GROWTH, EMPLOYMENT AND SOCIAL INCLUSION IN NIGERIA

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Outline of Presentation



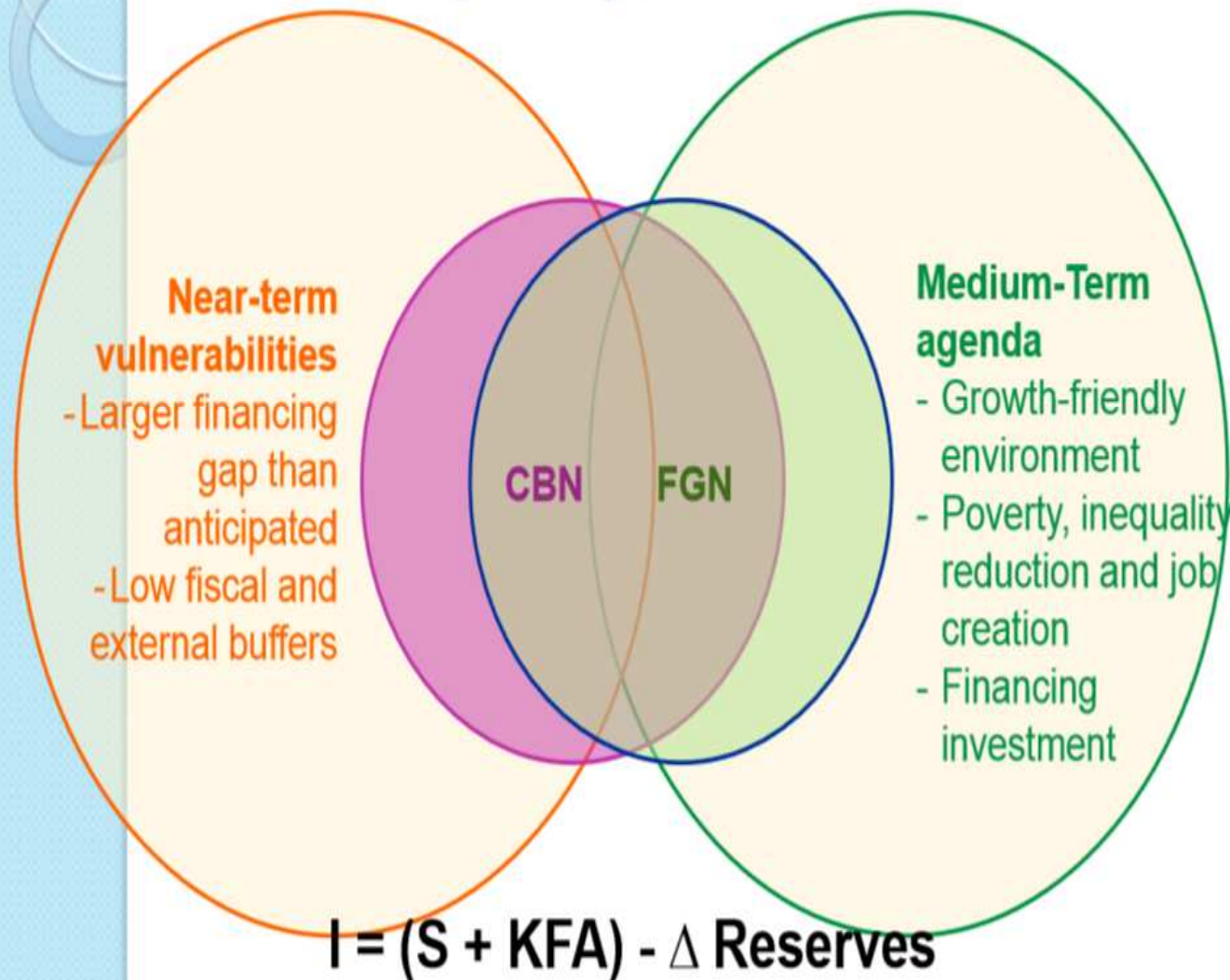
- ❖ Introduction
- ❖ The Conceptual Frameworks
- ❖ The Transformation Agenda & Reforms
- ❖ Inclusive Growth, Job Creation and Poverty Eradication
- ❖ Investment in Human Capital & Challenges of Inclusive Growth in Nigeria
- ❖ Lessons Learnt & Best Practices
- ❖ Policy Challenges, the Prospects for Post 2015
- the future of Jobs.

Main Propositions



- ❑ **With GDP OF \$509B, Nigeria becomes the largest economy in Africa & the 26th largest economy in the world.**
- ❑ Nigeria has experienced single digit inflation, relatively stable exchange rate, and strong capital flows
- ❑ The recent large decline in oil prices has highlighted structural vulnerabilities and questioned the resilience of the policy frameworks to large shocks
- ❑ The challenge going forward is twofold:
 - Managing risks in the short-term
 - Assuring the policy framework is capable of delivering on key objectives, and resilient to shocks
- ❑ An integrated monetary-fiscal nexus approach would facilitate broad policy goals needed for driving the future

Goal: Growth, Poverty & Inequality Reduction Inequality, and Job Creation

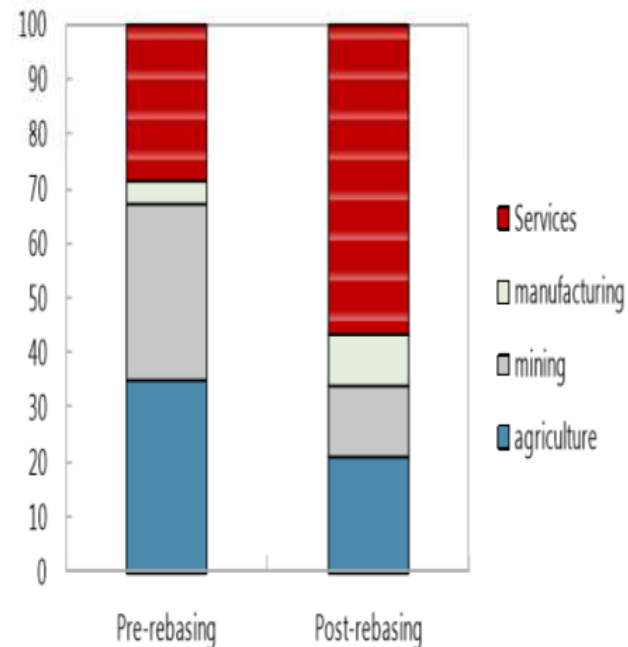


S= savings; KFA= capital and financial account balance; I = Investment

The economy is diversified but exports and revenue still depend on oil...

- Oil GDP 11% of GDP;
- Oil revenue 70% of total revenue (or 6% of GDP); and
- Oil exports 95 percent of exports (or 15% of GDP).

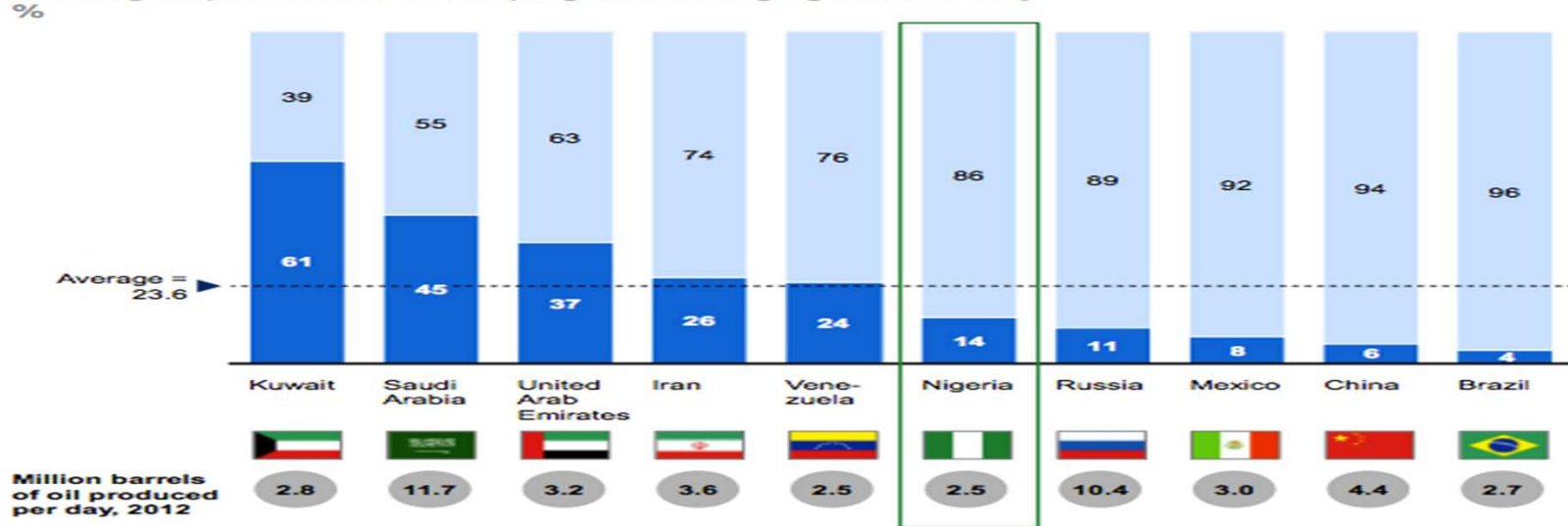
GDP by Sector, 2013



Nigeria's economy is relatively diversified compared with many other oil producers

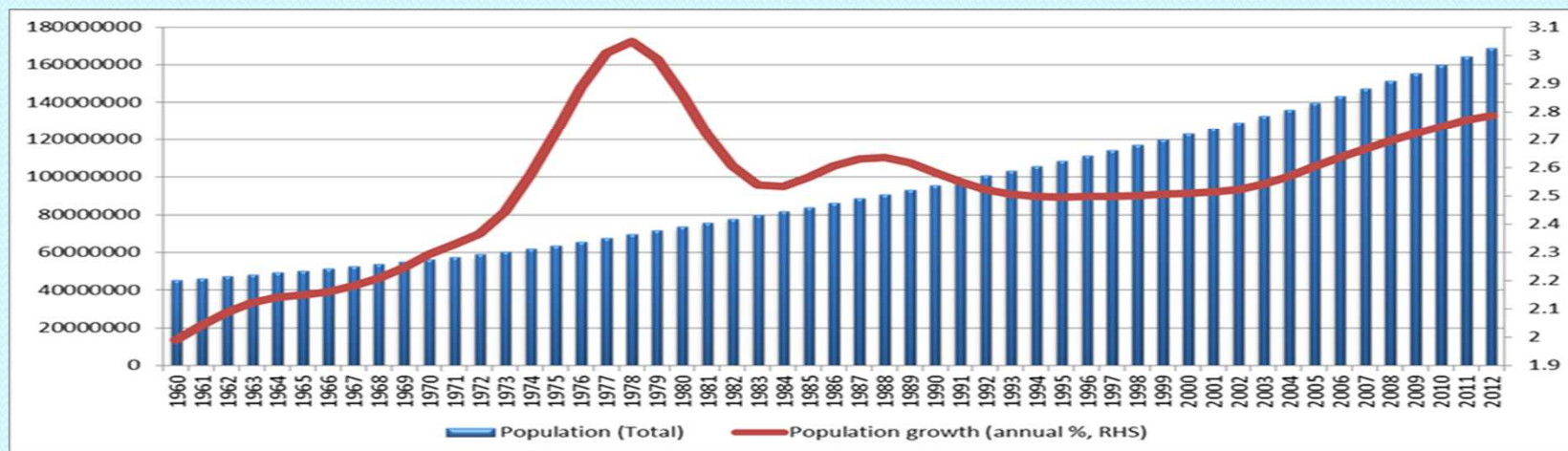
Resources share of GDP, 2013¹

Leading oil producers, developing and emerging nations only²



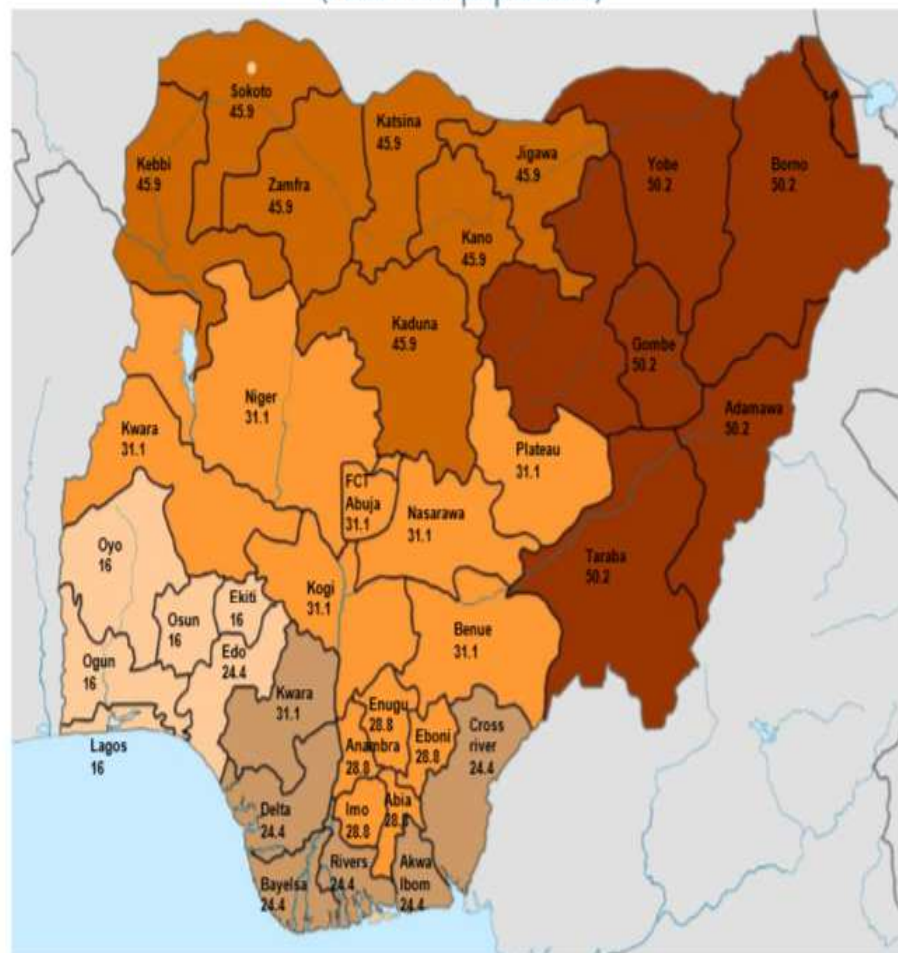
1 Calculated at basic prices. Data estimates by IHS Economics and Country Risk for some countries, as 2013 numbers were not available for all.
 2 Developing or emerging nations as defined by IMF.
 NOTE: Numbers may not sum due to rounding.

Nigeria Population Dynamics



...poverty high and varied

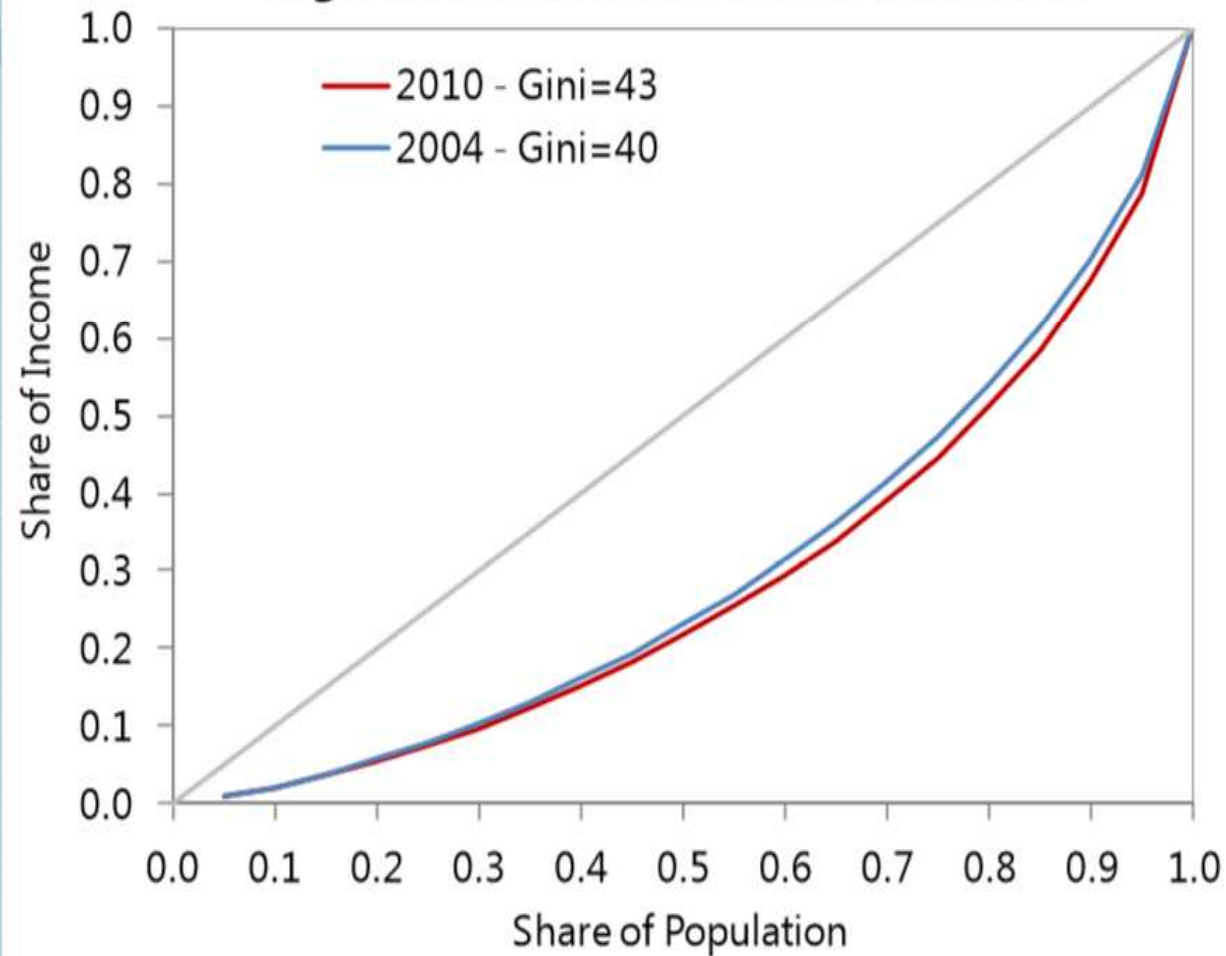
Figure 1. Nigeria: Poverty Headcount, 2012/13
(Percent of population)



Source: World Bank, Nigeria Economic Report 2014.

...and income inequality remains high.

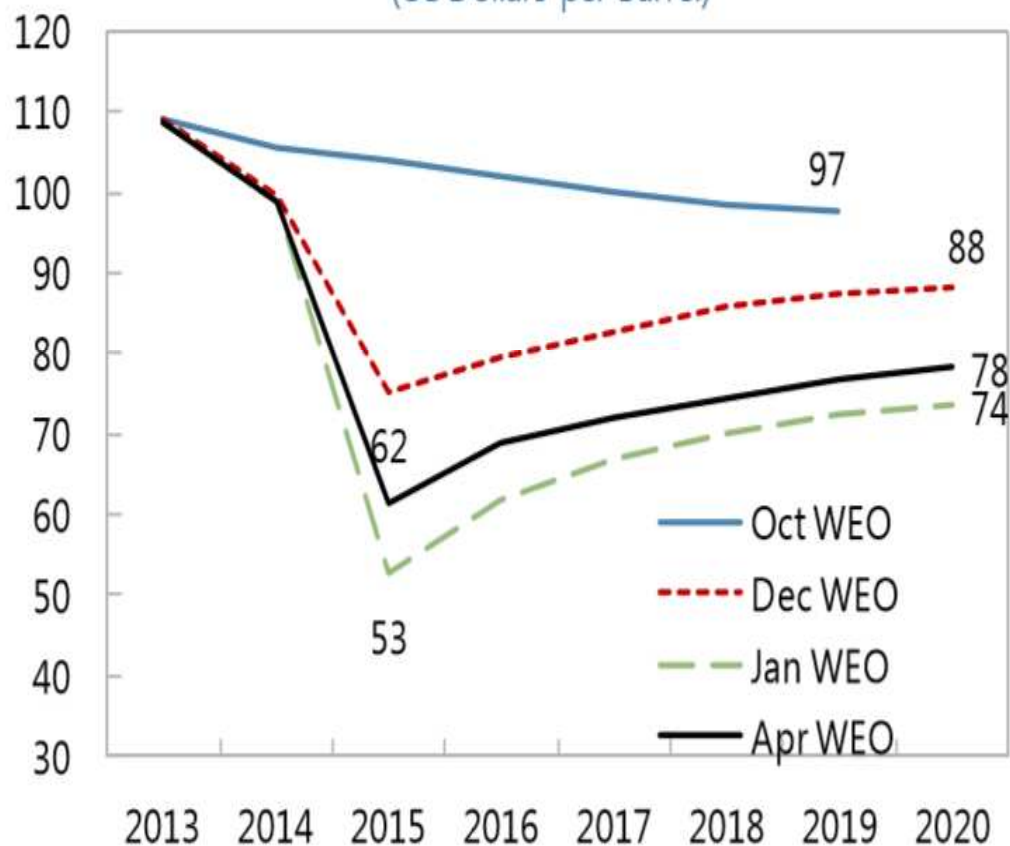
Nigeria: Lorenz Curve. 2004 and 2011



... Massive oil price shock

Oil Brent Price WEO Projections. 2013 - 2020

(US Dollars per Barrel)



Source: IMF

Response of reserves

Performance of Naira and Reserves since Annual Meetings 2014



Sources: Bloomberg, CBN

THE TRANSFORMATION AGENDA & REFORMS



The Transformation Agenda



Our Ideas

THE TRANSFORMATION AGENDA

Fiscal
consolidation
and
Optimization

Strong,
inclusive,
non-
inflationary
growth

Job
creation

Pillars of
Growth

- The Nigeria economy has experienced notable growth in the past decade
- Growth attributable to economic reforms of Mr. President.
- Sound economic policies, debt relief measures, stronger institutions and high investment inflows.

INCLUSIVE GROWTH, JOB CREATION AND POVERTY IMPEDIMENTS

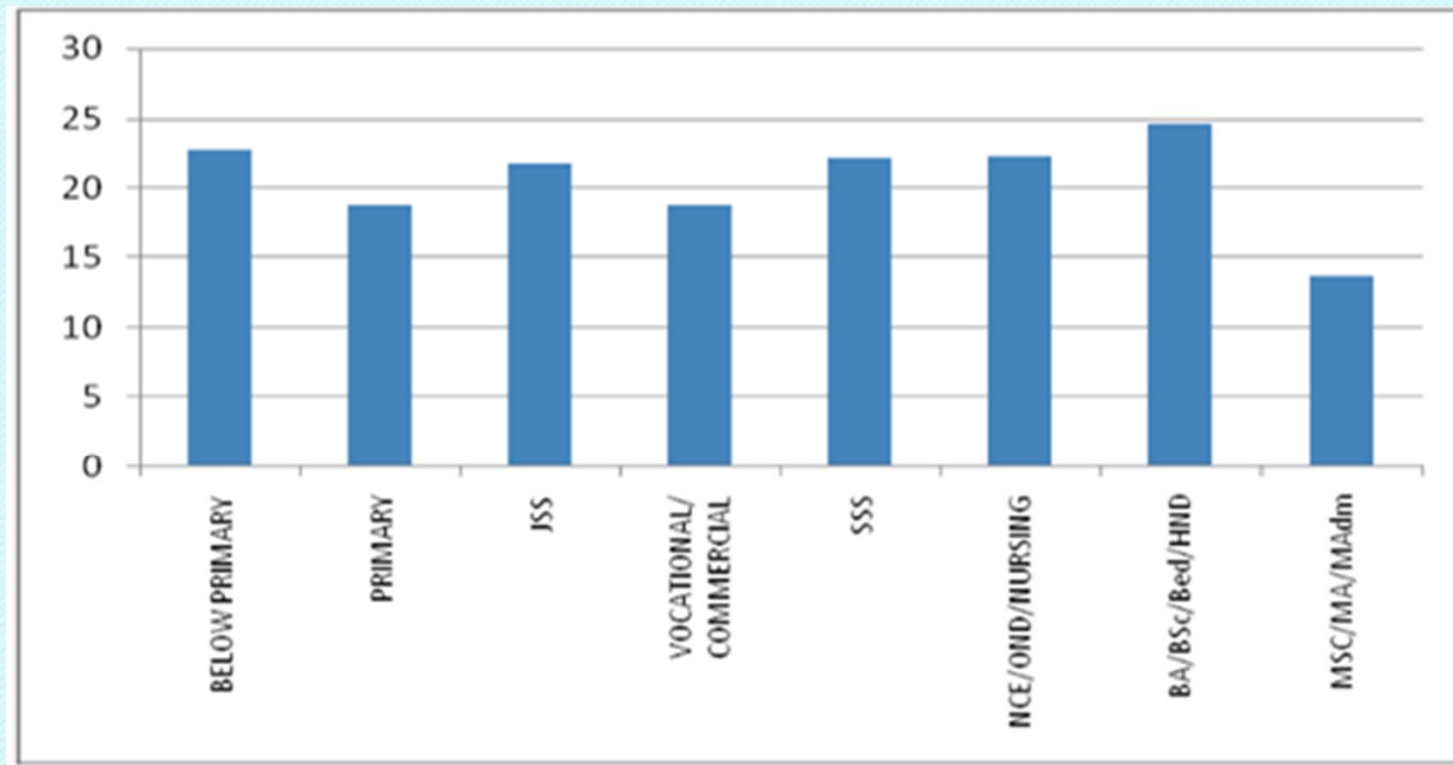


Job Situation in Nigerian Economy



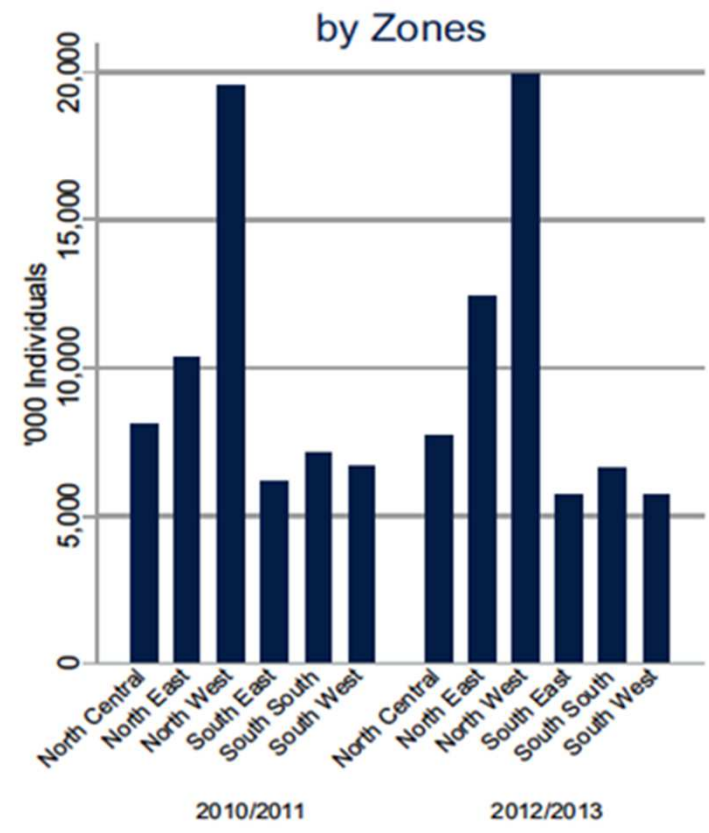
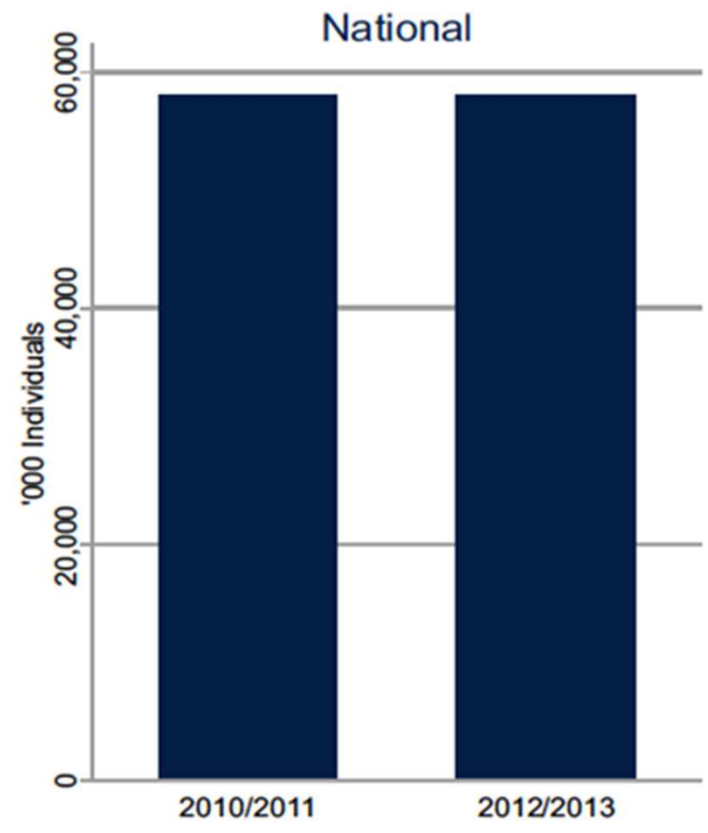
- 38.24 million Nigerian are out of work
- Unemployment pattern increase as the labour force and the economy grow
- Nigeria demographic structure dominated by youths with 1.8% labour force entrance rate and population grows at the rate of 2.6%
- Low rate of employment generation

Nigeria Population Dynamics



- NBS(2014) unemployment rate is highest (24.6 percent) among young Nigerians with first degree

Number of poor in thousand individuals



Where are we with jobs...



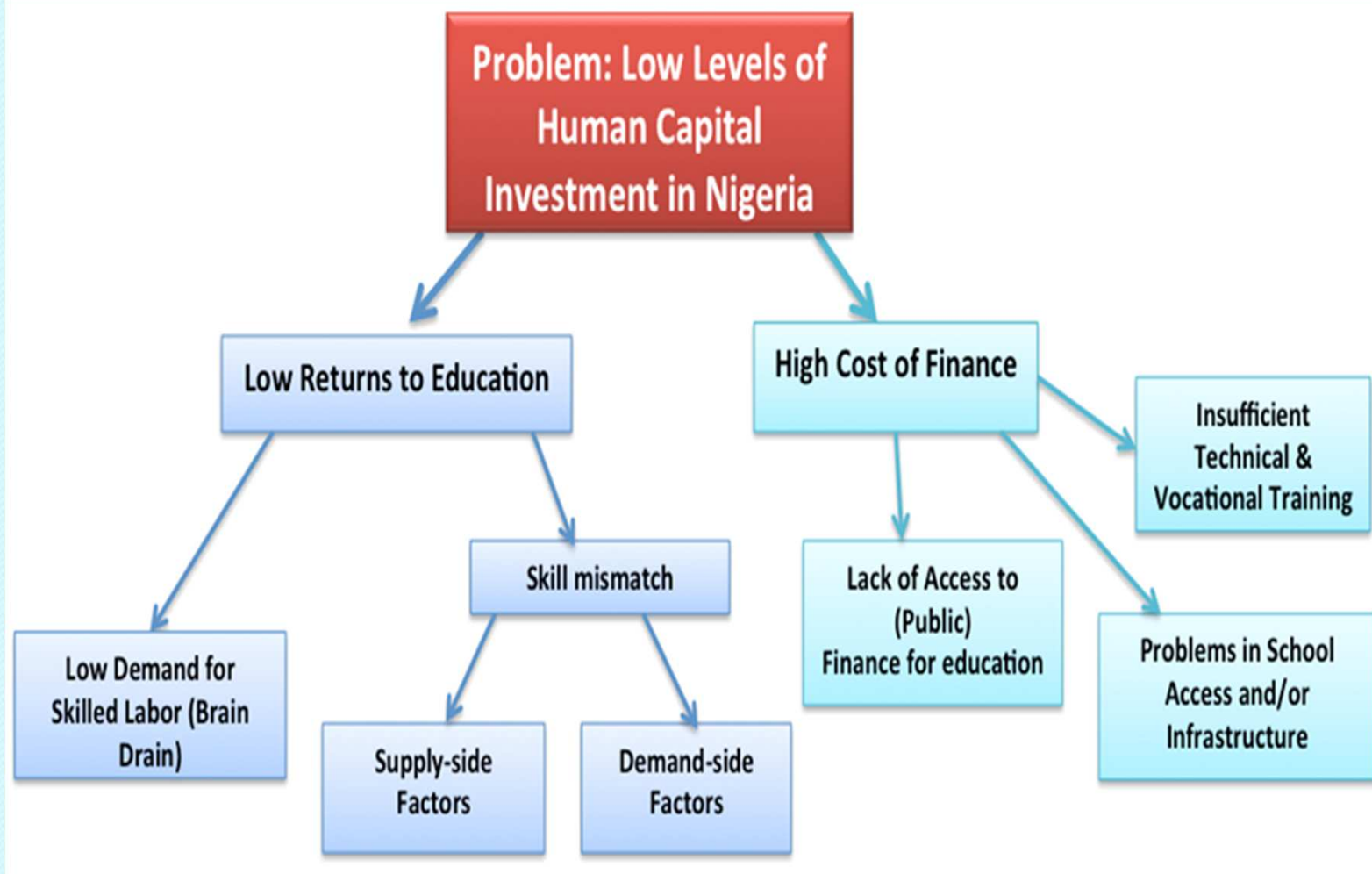
Our challenges

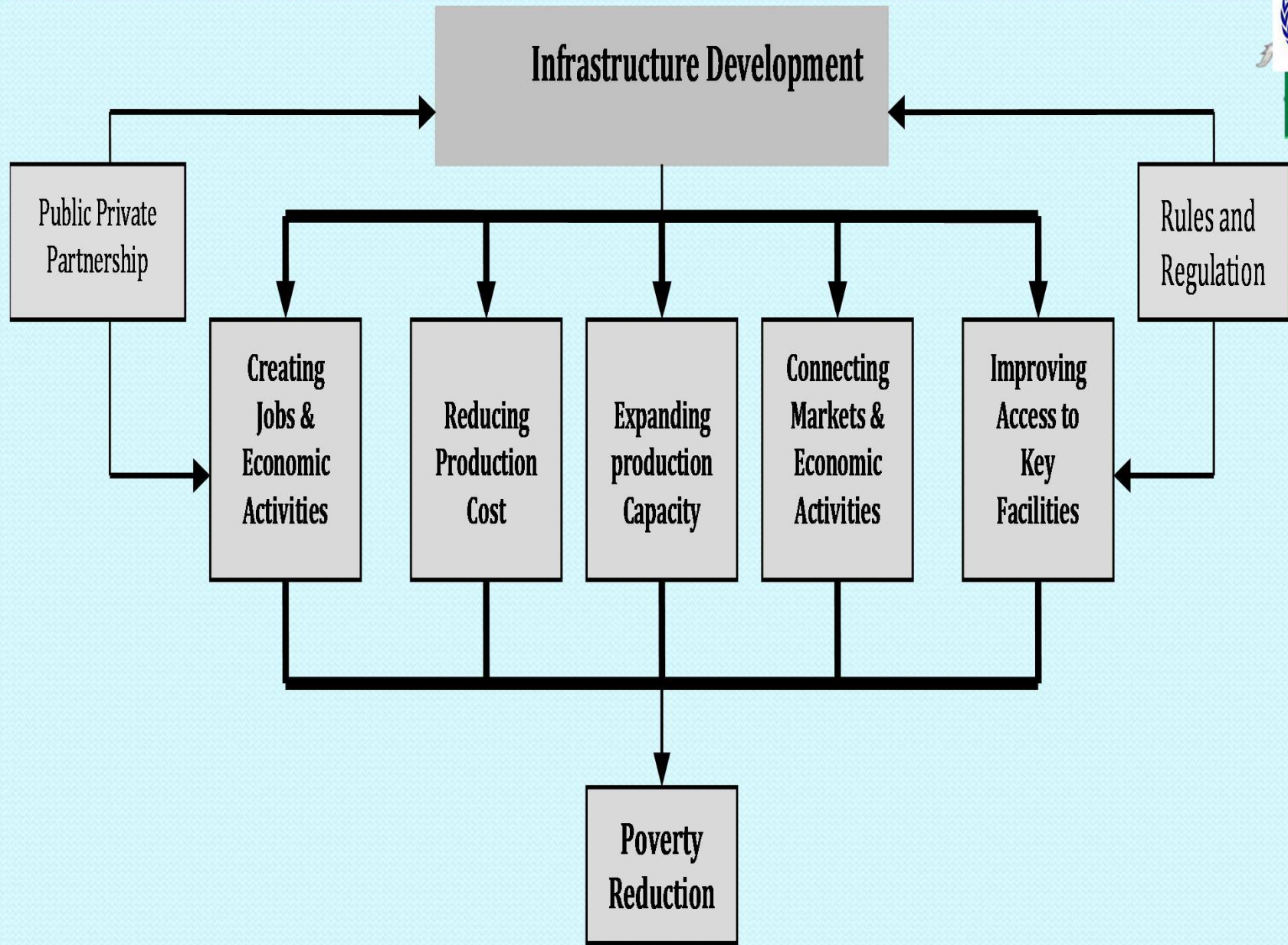
- **High Rate of Economic Growth, Low Rate of Job Creation and Poverty Reduction**
- **Consistent mismatch between economic growths**
- **Sluggish and low pace job creation economy**
- **Insufficient number of jobs created in the economy**

INVESTMENT IN HUMAN CAPITAL & CHALLENGES OF INCLUSIVE GROWTH IN NIGERIA



Human Capital Decision Tree





Conceptual Framework

Human Capital

- education
- vocational and skill training
- Healthcare

Social Inclusion:

- material, economic, social and cultural activities

Inclusive Growth

Entails equity, equality of opportunity, protection in market employment transition socioeconomic benefit to all

LESSONS LEARNT & BEST PRACTICES



BEST PRACTICES: CRITICAL FOUNDATIONS FOR JOB-RICH & INCLUSIVE GROWTH UNDER THIS ADMINISTRATION



- **Inclusive Growth and Job Creation are Policy Challenges**
- **The following are Employment Promotion Programs and Initiatives under the administration of President Good luck Jonathan:**
 - **Nigeria Vision 20: 2020 and the National Action Plan on Employment Creation**
 - **Promotion of the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN)**
 - **Granting Credit to MSMEs through Bank of Industry (BOI)**
 - **The Youth Enterprise with Innovation in Nigeria (You WiN!)**
 - **Subsidy Reinvestment and Empowerment Program (SURE-P) Job Creation Programs and Projects**
 - **Public Works Program**
 - **SURE-P's Graduate Internship Scheme (GIS)**
 - **Sure-P's Community Services Scheme (CSS)**

**POLICY CHALLENGES,
THE PROSPECTS FOR
POST 2015 - THE
FUTURE OF JOBS.**

POST 2015: SALIENT NOTES



- **Investment in human capital cannot unilaterally accomplish Nigeria's development goals in post-2015**
- **Such an investment will play a complementary role to other government efforts in the following areas:**
 - * **National Security**
 - * **Infrastructural Development (Transportation, Telecommunication, Electric power etc.)**
 - * **Good governance and institutional development**
 - * **Collaborative Partnership with international Development Agencies (i.e., ILO, the World Bank, UNDP and UNIDO)**
 - * **Review of National Employment Policy**

ASPIRATIONS FOR JOBS, FREEDOM AND SOCIAL JUSTICE ARE TRIGGERING YOUTH LED PROTESTS ACROSS THE WORLD



Critical Success Factors



National Employment Policy



Effective Institutional Framework



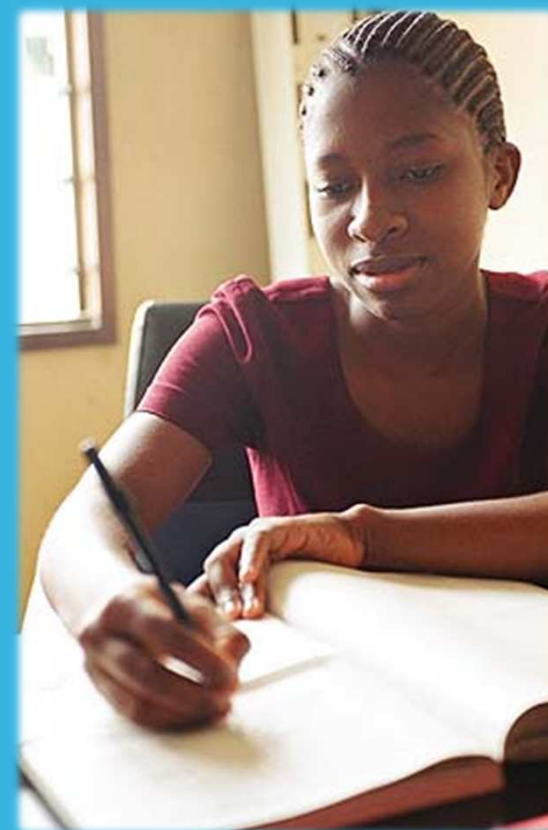
Sustained Investments



Appropriate Sequencing



**WHAT AM I GOING TO DO?
WHAT IS MY FUTURE?**



Conclusion

- A. Investing in Technical and Vocational Education. Apprenticeship and other work experience programmes are effective IN preparing young people for the labour market
- B. Job-Centered Growth through Increase in Productivity
- C. Mobilizing Additional Private Investment
- D. Promoting youth entrepreneurship as a career option
- E. Social Protection and Safety Nets for the Unemployed in Nigeria
- F. Public Investment in Critical Physical Infrastructures or Public Investment and Employment Programmes



THANK YOU