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BEYOND ECONOMIC RECOVERY: CHANNELING THE COURSE FOR SUSTAINABLE ECONOMIC PROSPERITY IN NIGERIA

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ABSTRACT

The oil price tremor that notably started in mid-2014, severely affected the Nigerian economy. By 2016, the economy recorded its first recession in the fourth republic of Nigeria, with a negative growth in GDP, following the decline in the oil price, aggravated by the oil production shortages. However, by second quarter of 2017, the Nigerian economy exited its recession, recording a positive growth rate in GDP. The recovery was facilitated by the sharp recovery in the oil sector, driven by an improvement in oil prices and production volumes. How sustainable is this recovery remains lingering in the minds of researchers and has motivated this study. Thus, by relying on secondary data and related literature, this study examined the challenges of economic recovery in Nigeria and offered ideas for sustainable economic prosperity. From the reviewed literature, it was found that among the challenges of sustainable economic performance include poor implementation of economic policies, mismanagement of resources, inability to explore economic potentials of states, economy's overdependence on crude oil and weak institutions of governance. The study therefore argued that sustainable economic prosperity is desirous and achievable. The nation must focus on building the next economy, one that is oriented towards exploring other mineral potentials of the country, greater exporting drive, powered by a low-carbon energy strategy, driven by innovation, and that creates opportunities for all.

KEYWORDS: Economic recovery, recession, governance, Oil Revenue, Government expenditure, Economic growth.

1. INTRODUCTION

In economic theory, given the various changes in policies, actions and inactions of the government, the economy situation of a country is bound to respond differently and perhaps in cyclical. These various responses of the economy could give rise to a boom situation where every aspect of the economy flourishes progressively; a recession where there is significant and continuous decline in economic performance and a period of recovery where, given the necessary pushes and policies, the economy begins to resonate and recuperate. There is no doubt the fact that the Nigeria economy has witnessed substantially the cyclical drive and changes over the years. In early seventies, the economy expressed boom situation and this was as a result of the push and discovery of the oil. This was however, not new to the country because prior to the discovery of oil, the Nigeria economy, dominated by non oil revenue, was performing significantly well. However, following the discovery of oil and the eventual neglect of the non-oil sector of the economy, coupled with military incursion, the economy of the country began to experience shock which technically led to recession necessitating the wrong acceptance and celebration of SAP policy which was found to exacerbate the economy.

The birth of fourth republic in Nigeria was followed by the increase in oil price in the world and this assisted the oil-based Nigeria economy to flourish and progress. However, the mismanagement of this opportunity and overconcentration on this single sector alone at the expense of other sectors brought down the economy glory of the country and this was visible enough from 2016 to the second quarter of 2017 when Nigeria was declared to be in economic recession.

With the alteration of microeconomic policies, the Nigeria economy again was rebirthed in late 2017. According to Pricewater Corporation, (2018), Nigeria's economy consolidated its recovery in Q4'17, as real GDP expanded by a strong 1.9% y/y, the highest quarterly growth since Q4'15. This was driven by the non-oil sector which rose 1.3%y/y, the highest in eight quarters, reflecting strong improvements in the agriculture, manufacturing and services sectors (92.6% of GDP). Meanwhile, the oil sector received a boost from a 150,000 barrels per day increase in oil production to 1.9mbpd, expanding 8.3%y/y. In full year terms, real GDP increased 0.8% y/y in FY'17, largely in line with our estimate of 0.7% y/y (Pricewater Corporation, 2018). While there has been a number of studies on the potentials of oil and non-oil sector in revitalizing the economy of Nigeria (Adebiyi & Bakare; 2018); and how to tackle the Macroeconomic Downside Risks of the Nigeria's Economic Recovery & Growth Plan (Kyarem & Ogwuche, 2017); there remains a dare need to pragmatically analyse the present Nigeria economic performance with a view to proposing measures that will facilitate sustainable economic prosperity for the country; hence this study.

2. CONCEPTUAL CLARIFICATION

The basic concepts central to appreciation of the subject matter in this paper are Economic recession, economic recovery and Economic Recovery Growth Plan (ERGP)

2.1 Economic Recession

Economic recession is the combination of two words "economic" and "recession". According to Study.com, a recession is a general downturn in an economy. It is associated with high unemployment, slowing gross domestic product and high inflation. According to Merriam-Webster Dictionary, the word 'economic' deals with managing the production, distribution and consumption of goods and services. According to the same dictionary, recession is the period of reduced economic activities. The economic activities earlier mentioned are production, distribution, and consumption. Technically defined, Adaranijo, Bakare and Ajiteru (2017) agreeing to the submission of Wesselink et al., (2007), submitted that since the 1970s, it has been generally accepted that a recession is a period of two quarters of negative GDP growth. Based on this submission, the UK was declared to be in recession in January 2009; and Ireland was announced to be in recession in June 2008 following a contraction of 0.3% in the first quarter of 2008, and a 0.5% contraction in the second. The reason behind two consecutive quarters is guarantee that statistical aberrations or one-time events cannot create a recession; for a recession to occur, the real economy (production and consumption of goods and services) must decline (Adaranijo et al., 2017).

However, this definition is becoming gradually out of favor due to several identified issues. For some reason, the particular idea of two negative quarters of GDP growth was held upon and became the standard norm, but it is simply too narrow a rule. Firstly, the definition of recession used above fails to take account of factors other than GDP. Such factors include distribution of income, employment, non-market goods etc. Though, it has been argued that their inclusion is unnecessary as they will conform to trend over time; however, the speed of events during the financial crisis of 2008 would surely argue against the wisdom of such an assumption. Whilst the additional measures may be expected to show similar patterns to output over the long term, in particular macroeconomic episodes their time paths over the short term can be sufficiently different from measured GDP as to be of material importance to the task of properly and precisely dating the peaks and troughs in the business cycle‟ (Layton & Banerji, 2003 cited in Adaranijo et al., 2017). Furthermore, this definition would have failed to recognize the 2001 recession in America, as it never had two consecutive quarters of declining GDP, though it was preceded by two quarters of alternating decline and weak growth (revised figures later revealed *three* consecutive quarters of negative GDP). This is also true of the severe recession experienced in Japan during the 1970s. Thus, it seems absurd to conclude that two consecutive quarters of falling GDP amount to recession. In a very practical application, if country A grows by 3% in one quarter but then declines by 0.25% in the two following quarters, it is deemed to be in recession. But if country B contracts by 2%, grows by 0.5%, then contracts again by 2%, it essentially escapes a recession, despite the fact that B‟s economy is fundamentally weaker. To use such a rule blindly to conclude that such a country was not in recession would be not only patently silly but also quite dangerous…if it meant that much needed policy changes were postponed for many months or not even implemented at all (Layton & Banerji, 2003).

Problems with the GDP measurement were highlighted in the case of the US. Despite an unemployment rate that was rising since 2007 and other economic indicators of recession (such as a stagnant GDP per head growth), the second quarter of 2008 actually saw the US's GDP grow at an annualised rate of 3.3%. But GDP far from represents an economic certainty. „The first observation for a given month or quarter is almost never the final word on what happened (McKelvey, 2008). Thus, GDP is argued to be valuable in defining recession as it is a coincident indicator, but the fact the GDP data is subject to constant revisions argues against this, and offers the risk of policymakers having more faith in the economy than they rightly should.

Given this argument, the National Bureau of Economic Research (NBER) (2003) and Central Bank of Nigeria (2017a) provide a different submission and outlook for defining recession. The NBER defines a recession more broadly as "a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP growth, real personal income, employment, industrial production, and wholesale-retail sales" (NBER, 2003:1). The use of this broader definition means a variety of factors are considered to enable an insight into the economic health of a nation. However, the challenge with this definition, according to Kyarem and Ogwuche (2017) is that it is too general and not definite on the timeframe which the decline in economic activities would last before it could be term a recession. The issue is that "lasting for few months…" is relative and subjective, and hence a limitation to a general understanding what a recession is across nations.

From the foregoing, we can at least describe a recession (even if unable to define it) and by this identify the presence of the phenomenon in Nigeria. We can therefore assert that a recession already exists in a country when a national decline in GDP growth rate and many other socioeconomic indicators prevail over at least two consecutive quarters of a financial year. On this basis, we observed that Nigeria was already in an economic recession in 2016. According to CBN (2017b), in the first and second quarters of that year, economic growth indices were -0.36% and -1.5% respectively. Although, the growth rate for the fourth quarter of 2016 was 0.8%, recession had already established itself and the country was by now possessed with negative macroeconomic indices typical of a country in recession. Other leading macroeconomic indicators that turned negative in Nigeria by 2016 were;

- Budget balance (% of GDP) moved from -1.2 in 2015 to -3.0 in 2016
- Nigerian stock market return (%) slide from 6.57 in 2015 to -6.17 in 2016 and average corporate profitability growth (%) went drastically down from 19.74 in 2015 to -17.4 in 2016. Whatever remained of the purchasing power of the recessive Nigerian was eroded away by an inflation that galloped from 10.69 in 2015 to 18.55 in 2016 and has since remained above 15% in 2017 [CBN (2017), Nwaoba (2017), Think Tank (2017)].

This ugly economic position of Nigeria necessitated the formulation of The Economic Recovery and Growth Plan (ERGP). In economic theory, the life cycle of a nation's economy usually moves in zigzag. A typical cycle, as demonstrated in Figure 1 has a period of booms (prosperity), followed by a period of recession, slump and recovery. During the boom period, there is minimal unemployment; high production and consumption; high standard of living; high inflation; and so on. It is a period when most macroeconomic indicators are positive. In a recession period, economic activities slowed considerably. When economic activities reach the lower part of the chart (Figure 1), it is said to be in a slump (depression); a prolonged recession. Most macroeconomic indicators remained negative for a long time, usually more than two years. Subsequently, the cycle enters a recovery period.

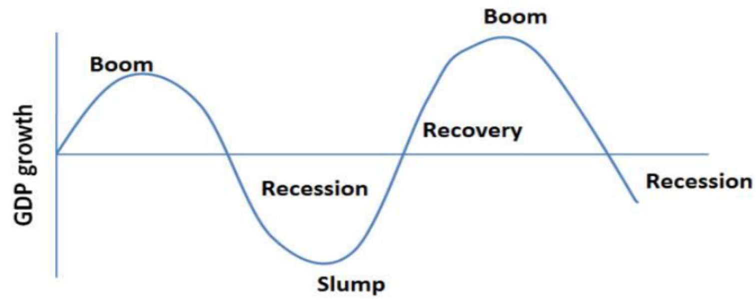

Figure 1: Graphical Example of Business cycle
Source: CBN (2012)

2.2 Causes of Recession

Recession can be caused by two broad factors: internal (endogenous) and external (exogenous). The former is usually as a result of misapplication of economic theory, conflict of ideas and regulatory negligence or policy inconsistency. It could be caused partly by internal factors; banks were lending abroad in pursuit of high profit margin, due largely to slow downs at home, desire to pursue development without due consideration of economic fundamentals, corruption, and structural and policy distortions (Wong, 1999). Other factors were the overheating of private sector and excessive investments in real-estate with non-commensurate returns. In the same vein, the global financial crisis of 2007 was triggered by the United States housing bubble; excessive lending of banks into high-risk subprime and adjustable rate mortgages resulted in high default rates as well as downfall of banking sector. Defaults and losses on other categories of loans also rose considerably as the crisis expanded from the housing market to other sectors of the economy. Bankruptcy of several high rated investment banks started to panic on the inter-bank loan and stock markets and eventually, the bubble busted. This resulted in the fall of global GDP, rising unemployment and economic difficulties in many parts of the world (Kamar, 2012).

The external causes of recession have to do with factors that are exogenous to the economy over which policy makers have little or no control. Factors like natural disaster, climate change, revolution and wars. An agricultural economy could face crop failure resulting in general economic slowdown. Also, a monoeconomy could suffer recession from international price shock for its product. The neoclassical economists are of the view that state interference in the market, labour union, monopolies and technological shocks are external causes of recession. With regard to Nigeria, *t*here are two main causes of recession in Nigerian economy according to Adeniran and Sidiq (2018); Economic recession caused by global economic and financial crisis; and Economic recession caused by other Nigerian factors.

2.3 Economic recession caused by global economic and financial crisis

Current global crisis started as a financial crisis but now a global economic crisis. The crisis is unprecedented in severity of credit contraction (credit crunch & capital crunch). The roots are in banking rather than in securities market or foreign exchange. The crisis started in the U.S (due to certain laxities in the US financial system), spread to Europe, developing countries and has become global. Even countries not affected by the financial crisis are now affected by second-round effects as the crisis now becomes economic issues (Oladapo & Fabayo, 2012). The global financial crisis followed a period of economic boom between 2003 and 2007. During that period, the world economy was growing at an average of 5% per annum. However, the current crisis was precipitated by a combination of factors including emergence of subprime rates in the USA housing sector, deepening crisis in the financial markets, rising crude oil prices and surges in commodity prices which triggered-off series of bankruptcies, forced mergers, loss of employment, firm closures and concerns in the corridors of economic policy analysts in the USA and major capitalist economies. In the course of the financial crisis, the world economic growth rate has dropped to about 1% between the fourth quarter of 2007 and third quarter of 2008 (World Bank, 2009).

The impact of the sub-prime crisis spread well beyond United States causing a widespread squeeze in liquidity and credit. And price hikes in primary commodities, fueled partly by speculation that has shifted from financial instruments to commodity markets, added to the challenge for policy makers' intent on avoiding a recession while at the same time keeping inflation under control. The Global Development Finance 2009 revealed the negative effects of the global financial crisis that have caused liquidity and other assets flow into developing countries like Nigeria to fall by 41% in 2008. From a peak of $1.2 trillion in 2007, the development finance coming into developing countries dropped sharply to $707 billion in 2008.

From this projection, it was revealed that capital flows would fall further to $363 billion in 2009 due to the fact that not a few African banks depend on the international markets for some financing (Olowe, 2011).

The current global financial crisis is as a result of a number of factors that include in the following;

1. The collapse of the housing market in the United States;
2. The lax financial regulatory conditions; and

3. The lack of implementation of strict corporate governance conditions in the United States and most of the developed economies (Krugman, 2008). The global financial crisis has caused the crumbling of many businesses including otherwise formidable corporate giants across the world. In these unusual circumstances, Nigerian's economic crisis is drawing attention. The country Nigeria went through oil boom- cycle from the late 1970s to the beginning of this century. Since the past one decade, Nigeria's economy has been caught in a prolonged stagnation which became obvious in the late period of year 2015. This coupled with systemic financial crisis. Because of these, the researcher will tag this era as "Crisis Era" so as to make it memorable because of the falling economic activity and weakening financial system (Adeniran, *et al.*, 2017)

Economic recession caused by other Nigerian factors Oil Boom as a cause of economic recession in Nigeria

The massive increase in oil revenue as an aftermath of the Middle-East war of 1973 created unprecedented, unexpected and unplanned wealth for Nigeria, and then began the dramatic shift of policies from a holistic approach to benchmarking them against the state of the oil sector. Furthermore, in order to make the business environment conducive for new investments, the government invested the newfound wealth in socioeconomic infrastructures across the country, especially in the urban areas. As well, the services sector grew. The relative attractiveness of the urban centre's made many able-bodied Nigerians to migrate from the hinterland, abandoning their farmlands for the cities and hoping to partake in the growing and prosperous (oil-driven) urban economy. This created social problems of congestion, pollution, unemployment and crimes. Economically, the national currency, (Naira) strengthened as foreign exchange inflows outweighed outflows, and foreign reserves were built up. Until 1985, the Naira was stronger than the US Dollar; this encouraged import-oriented consumption habit that turned Nigeria into a perennial net importer, which became a major problem when oil earnings decreased with lower international oil prices (Oladapo & Fabayo, 2012).

2.4 Nigeria Economy

In terms of growth and development, Nigeria's economy in the past ten years shown signs of a strong emerging market but also exhibited common vulnerabilities of a resource-based economy. The country posted strong annual growth rates of above 6% from 2007-2010 and then slowed to 2.7% in 2015 before a decline in the first quarter of 2016, followed by a further drop in the second and quarter to signal the beginning of a first economic recession since 1991. Another quarter of negative growth followed. During the years of sustained GDP growth however, Nigeria's impressive aggregate measures largely masked the economy's deep vulnerabilities: excessive reliance on commodity exports to support government revenue (at both federal and sub-national levels) and the currency exchange rate, a concentrated export base, widespread youth unemployment, low levels of productivity especially in the non-oil sectors (agriculture, solid minerals, manufacturing, and services); high economic dependency ratio (with 43% of the population younger than 14) a weak and concentrated energy base, and an inefficient transport system. In the past 30 months, the rapid and largely sustained slump in commodity (especially crude oil) prices, and significant disruptions to both crude oil production and agricultural activity in sections of the country, have combined to unmask the soft underbellies of Africa's largest economy. While the long-term fundamentals of the economy can still be considered strong, 2017 presents an opportunity for decision-makers to intensify and accelerate work to unlock the country's unused economic capacity. While the need to be officially out of the current recession (i.e. achieve two successive quarters of positive year-on-year growth) is obvious, the actual challenge is to address those critical issues that have kept the economy's actual performance far below its true potential.

Nigeria's real economic growth collapsed to-1.5 percent in 2016, marking the first full year of negative growth in more than two decades. The recession was driven by a large contraction in the oil sector. In addition to the global price of crude oil falling to a 13-year low in January 2016 Nigerian oil production declined as a result of vandalism and militant attacks on oil installations in the Niger Delta. Production averaged only 1.7 and 1.6 million barrels per day (mbpd)4 in Q2 and Q3 2016, respectively, compared to 2.2 mbpd in 2015. Despite the Government's efforts to address security challenges in the Niger Delta, which restored the oil production to 1.9 mbpd by the end of 2016, oil production averaged only 1.9 mbpd in 2016, compared to 2.1 mbpd in 2015. As a result, oil GDP contracted by 13.6 percent throughout 2016

Furthermore, lower resource rents reduced public and private consumption, reducing aggregate demand and thus further negatively affecting the non-oil sectors, especially real estate and other services. These negative spillover effects were magnified by uncertainty around the Government's exchange rate policy and foreign exchange restrictions, which created severe foreign exchange shortages at the interbank rate. As a result, manufacturing contracted by 4.3 percent overall in 2016, with a particularly sharp drop at the beginning of the year (-7.0 percent in Q1 2016).

However, performance among its sub-sectors was varied: for example, trade (17.7 percent of GDP) contracted by 0.2 percent, real estate by 6.9 percent, finance and insurance by 4.5 percent, while ICT grew by 2percent. Agriculture, which contributes 24.4 percent to GDP (Table 1.2), recorded solid and accelerating growth, driven by strong crop performance in favorable weather conditions and also reflecting the impact of Government's strong support to the sector.

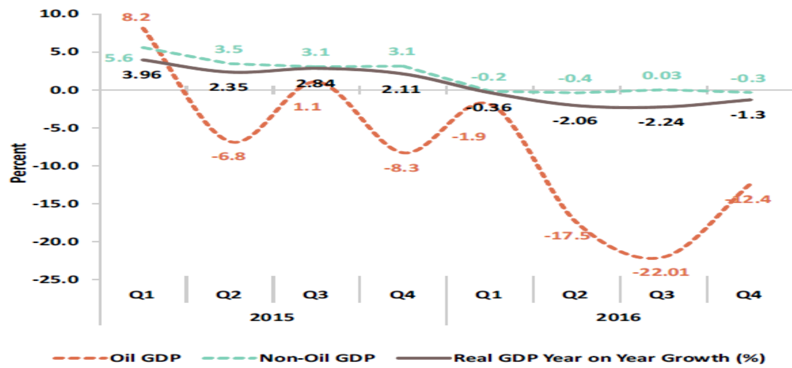

Figure 1.2: Nigeria Gross Domestic Product Outlook
Source: *National Bureau of Statistics*

Over the past five years, Nigeria moved from being a strong growth leader into a biting recession with three successive quarters of year-on-year GDP decline – one quarter more than two successive quarters that officially defines a recession. Effects of the recent slide on key economic indices is both visible and disturbing, with most macro indicators doing worse than the 5-year average.

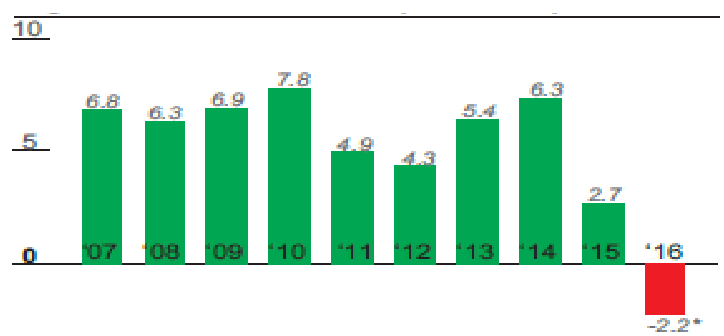

Figure 3: Average Nigeria Economic Growth (2007-2016)
Source: *World Development Indicators, National Bureau of Statistics*
** Estimated value*

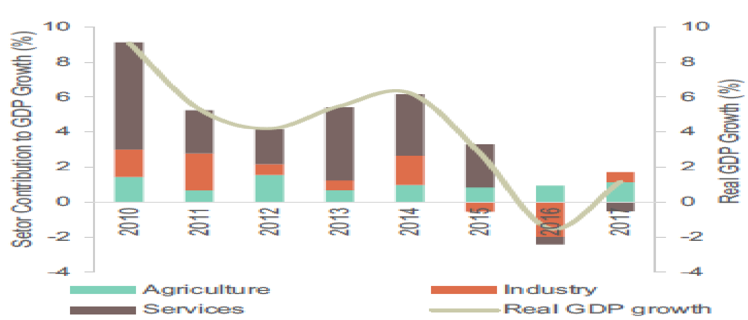

Figure 4: Sectorial Contribution to GDP (%)
Source: *National Bureau of Statistics*

Eight Key Challenges Confronted with the slide in key economic indicators, custodians of economic policy decisions need to do more than simply restoring growth. Yes, aggregate demand could rebound and the economy officially declared out-of-recession by the middle of 2017, the underlying issues behind the current crisis include a combination of economic, social, and infrastructure-related challenges that require deliberate, purposeful, and concerted action:

1. Inadequate investment
2. High unemployment with low productivity
3. Heavy fiscal burden at all levels of government
4. Declining competitiveness5. Insecurity6. A sharply depreciated currency and exchange rate uncertainties
7. Weak energy base
8. In-efficient transport system

2.5 Economic Recovery and Growth Plan (ERGP).

Over the past decades, successive Nigerian governments have launched various economic renewal or recovery plans aimed at boosting or reforming the economy. In 2007, the Umar Musa Yar'Ádua administration launched the 7-point Agenda and subsequently, the Vision 20- 20-20. The Goodluck Jonathan administration launched the National Industrial Revolution Plan and the Nigeria Integrated Infrastructure Master Plan in 2014. In a similar fashion, the Muhammadu Buhari administration launched yet another economic plan tagged Economic Recovery and Growth Plan (ERGP). The ERGP was launched soon after Nigeria slumped into economic recession in the second half of 2016 (PWC, 2017). The ERGP is an economic plan - an amalgamation of the anticipated annual budgets from 2017 through to 2020. In this case, it is a medium term expenditure framework. The medium term development plan was launched in 2016 after identification of negative socio-economic indices in virtually all areas of national welfare of Nigerians. The plan is expected to pull out the economy from the recession and place her on sustainable growth path. The plan has clearly identified objectives and set out targets (FGN, 2017). The ERGP is unique and different from the past plans of the various governments. We have 4 year budget implemented on the ERGP. The 2017, is just like an extension of the 2016; is more like a re-calibration of adjustments in terms of real value (adjusting for inflation only) The ERGP is an overarching plan, hence to produce subsequent budgets like 2018 budget would not be difficult because there is now a framework. Business entities can now evaluate the existing framework and plan and make decisions depending on what would happen in terms of taxes and tariffs. This is good for both private and public sector planning.

3. THEORETICAL FRAMEWORK

This study is anchored on the Keynesian school of economic thought no recession, specifically the Keynesian economic stimulus. The Keynesian economics entails influencing an economy's total output by influencing aggregate demand or total spending, especially during recessions (Foster, 2009). The essential element is the idea that the macro economy can be in disequilibrium or recession for a considerable time until government intervention would assist stimulate growth and overcome the lack of aggregate demand to reduce unemployment and all the negative socio-economic macroeconomic indices. The government intervention expected to kick-start the comatose macroeconomic variables is referred to as Keynesian stimulus. A Keynesian stimulus happens when policy-makers deliberately seek to stimulate one or more of the components of aggregate demand to boost output, jobs and incomes, and thereby pull an economy out of recession (Foster, 2009).

Keynesians economics dissects an economic recession as when an economy gets stuck at high levels of unemployment with negative output that is persistently below its potential. This is the scenario experienced since the first quarter of 2016 when the GDP growth rate turned negative at -0.36% and then dipped further to -1.5% by the second quarter of the same year. The oil production fell short of the national potentials from 1.86mb/d to 1.47mb/d between 2015 and 2016. Inflation romped up from an already high 10.86% to 18.55% in 2016 and remained high despite all efforts at 15.2% in 2017 (FGN, 2017). Business and consumer confidence became very low resulting to the Keynesian paradox of thrift where high rates of savings would worsen the recession. In this situation, the weaker demand for *made in Nigeria* goods and services, would further cause job losses and can cause negative multiplier and accelerator effects particularly on the few surviving manufacturers and service businesses.

So a Keynesian stimulus is designed to actively manage the level of and rate of growth of aggregate demand. An example would be to inject extra government investment into infrastructure projects and finance this through a higher level of government borrowing. Keynesians believe that the positive effect on national income and jobs would help to reduce the risks of a higher budget deficit 'crowding out' activity in the private sector. Another example would be tax cuts targeted at lower-income consumers which tend to have a higher marginal propensity to spend any gains in income. The Keynesian stimulus package or policy instruments are centred on the government boosting aggregate demand by increasing expenditure. This can be achieved through reduced taxation to keep per capital income high, higher borrowing and higher spending, increase safety nets for the very poor and unemployed, injection of the massive recovered loot into infrastructure development, and control inflation and stabilize price. Some fiscal stimulus to demand is inevitable in a recession. There should exist a systemic social welfare nets which increases government debt during recessions. When unemployment is rising, the government automatically provides more in welfare assistance and in a recession, the revenue from taxation also diminishes (Cogan, Cwik, Taylor & Wieland, 2009).

The relevance of the Keynesian stimulus lies in the undesirable socio-economic indices that bedeviled the Nigerian economy as captured by CBN (2017). The average GDP growth rate of 4.72% between 2011 - 2015 falls to -1.5 in 2016. Labour productivity growth also slumped from 0.58 within the same period to -4.2% in 2016 and to -1.8 in the first quarter of 2017. The Nigerian oil production also fall from average of 1.86 (mbpd) to 1.57 in the second quarter of 2017. Other indices like inflation galloped from 10.69 in 2015 to 18.55 in 2016 and have never gone below 14% since then (CBN,2017; Tink Tank, 2017). Generally, the socio-economic indices became negative hence making Keynesian economics basic to the Nigerian experience and the Keynesian stimulus inevitable in Nigeria's attempt at recovery from the recession and its stubborn undesirable socio-economic indices that have refused to go away.

It is important to note that Keynesian Economists, after the pattern John Keynes do not incorporate the socio-economic and socio-political variables into policy formulation on the basis of *ceteris paribus*; but they were and are still very central to the policy implementation (Foster, 2009). This brings to the forefront why the Keynesian stimulus sometimes fails to yield expected results. In Africa and in countries like Nigeria, these factors like communal and tribal militancy, nepotism, bribery and corruption, as well as youthful restiveness cannot be ignored in Keynesian economics if expected results are to be achieved. These ignored variables constituted the macroeconomics downside risks which the paper seeks to draw the attention of the relevant authorities to avoid a fiasco of ERGP.

3.1 Channeling the Course for Sustainable Economic Recovery in Nigeria

3.1.1 Suggestions

Domestic resource mobilization enhancement and refocusing of public spending on core public sector mandates

In under developed regions, especially sub-Saharan Africa, domestic resource mobilization (DRM) has a significant international dimension. In most instances, resources lost to capital flight and transfer pricing exceed aid flows; remittances are becoming increasingly important; revenues from trade taxes are in decline; and aid accounts for a large (in many cases growing) share of the government budget. The dramatic reversal of trade and financial flows during economic crisis that saw a plunge in commodity prices has heightened the need to think about more stable and sustainable modes of development finance in Nigeria. DRM has been a relatively neglected factor in strategy development, especially in sub-Saharan Africa (Culpeper and Bhushan 2008, 2009, 2010).

Improving domestic revenue mobilization remains critical for the Government's fiscal agenda.

Efforts to broaden the tax base have encompassed a wide range of initiatives, focusing both on internal operational issues of the revenue collector and the external environment of revenue collection, particularly the interface with tax payers. Despite the various efforts, challenges remain for the revenue collecting institutions. These are mainly reflected as inadequacies in administrative efficiency, limited infrastructure and lack of procedures in mobilizing domestic resources.

Refocusing of public spending by reducing non-priority infrastructure spending

Infrastructure is critical for the provision of affordable, efficient, reliable and high quality services like energy, transportation, finance, telecommunication, health, education and skills development services, water and sanitation, and many others. It helps with reducing the costs of production and of doing business. Infrastructure development requires careful long-term planning and budgeting; it requires extensive project appraisals that take full account of the availability of long term financing. The government should not make capital project decisions based on short-term considerations unless these are of an emergency nature. It is on this basis that we propose strengthening the institutional capacity of the infrstucture bank in Nigeria to undertake, scrutinize and finance the infrastructural development of the government. The government should consider all infrastructure projects only on the basis of full project appraisals, prioritizing high economic return project in energy and other services; and should carefully match the projects with adequate term financing from affordable (preferably developmental and concessional) sources.

Improving our economic and fiscal governance by raising the levels of accountability and transparency in the allocation and use of public finances

There is a bill pending at the National Assembly now, or should we say, it is pending on the table of Mr. President according to the recent presentation by the National Assembly media presentation. The bill is on organic budgetary process which if implemented accordingly will facilitate proper and timely fiscal planning and ensure transparency and accountability. That bill needs to be passed to address the current challenges being faced with our budgetary process. Additionally, in promoting transparency, we need to understand that decentralization has two principal components: participation and accountability. Participation is chiefly concerned with increasing the role of citizens in choosing their local leaders (providing inputs into local governance) and in this case, contribute to the process of drawing budget through public consultation by the MDA and our law makers. Accountability constitutes the other side of the process; it is the degree to which governments have to explain or justify what is being done and what has not been done. Budgetary presentation and defense should always be made public.

Ensuring greater economic stability, growth and job creation through policy consistency to raise confidence for sustained private sector investment.

The private sector must be segmented into local and foreign private investors and policies must be tailored to ensure that the local private sector become as competitive as their foreign counterparts. Tax incentives are one area that have been used to attract FDI, however, this has been done at the expense of the local private sector that have been made less competitive. In a bid to enhance economic growth, Government must refocus policy to ensure that the local private player become more competitive, this should be done by restructuring tax incentives to cater for the needs of local investors. A functional local private sector has the ability to provide employment, improve the terms of trade through import substitution, which would also lead to strengthening of the local currency and restoring the trade balance. Further, a strengthened local private sector will lead to reduced financial leakages that are as a result of over participation of foreign private investors in key economic activities that come at a huge cost to the nation.

In the same vein, the objective of single digit inflation as envisaged in the Plan may be achieved especially with the accelerated activity in the agricultural sector which is attested by non-oil exports of products like yam. The old pattern of financing agriculture should be discarded to value-chain based approach as recommended by Kyarem and Onov (2017). The Nigerian inflation manifests more on foodstuff and hence an effective consistent financing policy would gradually stifle the rising inflation. The risk of losing out in the sector to rising foodstuff prices hang on the unmodernized, non-mechanical and manual communal farm system. This is compounded by a system that lacks basic infrastructures and hence the persistence of seasonal supply and scarcity. This frustrates inflation targeting and control.

4. SUMMARY AND CONCLUSION

For Nigeria to make the ensure sustainable economic growth and recovery, both policy makers and other executives in both the public and private sectors need to look and see beyond the current recovery and focus on addressing the economy's fundamental threats and weaknesses. Addressing those issues and uncertainties that impair the ease of doing business in Nigeria will provide a solid foundation for sustained growth and shared prosperity and strengthen confidence of external stakeholders in the economy. Though the needed economic reform in Nigeria is long overdue, the urgency and zeal upon which the government has launched and is pursuing the ERGP is commendable. Thus, the paper suggests the following:

i). The government should invest in the assets that matter: innovation, infrastructure, and human capital;
ii). The government should also devise new public-private institutions that are market-oriented and performance-driven.
iii). The restructuring of the economy should be carried out thoroughly, especially diversification to agriculture. This would reduce overreliance on the oil sector which is the main cause of the recession. This will also diversify the revenue-base of the country and reduced pressure on restive areas like the Niger Delta.
iv). Monetary and fiscal policy sustainability must prevail. The legislature should legalized economic policies and programmes, then monitor and evaluate the projects. This would ensure risks like electioneering does not distract the policy away from the goals of ERGP.

v). The ERGP should be reviewed and updated periodically. This should be done in partnership with relevant bodies like the budget office, the legislature, the private sector and relevant Non Governmental Organizations. By this, incidental epochs like the post recession period experienced in Nigeria would be address with the right approach. In this light the Plan would also be made to address growth out of recession as well as growth on a sustainable basis towards development.

vi). There should be a campaign for national re-orientation and ideological re-alignment for all Nigerians especially in the more restive areas that are agitating for *independence*; this should go with more safety nets for the very poor generally.

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