THE CFG ADVISORY

Macro Outlook 2024:The Path from Stagflation to Growth

Along the path from stagflation to growth, Nigerians in 2024 should be prepared to endure an 18 month economic recovery period. This will be accompanied by a high interest rate regime to tame inflation, continued scarcity of FX in NFEM, and succour from the parallel market. During this period, its important to constantly hedge to preserve value, by moving excess liquidity and profits into assets that retain value.

Our benchmark recommendation to ensure 2024 year end value retention is =N=1,500-1,800/US$

The current debt burden of US$130billion is being serviced by 95% of revenues, as debt repayment now exceeds both recurrent and capital expenditure. Nigeria's debt levels are now clearly unsustainable. Add to this, US$10billion from the 2024 budget deficit and the question begs: is Nigeria heading for the default direction of Ghana, Zambia and Ethiopia?

The discussion on restructuring for both domestic and external debt must commence alongside the ongoing economic reforms and revenue drive, to avoid Paris and London Club imposition.

While the fundamentals of the Nigerian Economy remain sound, poor economic leadership has in the past failed to realize potential and grow the economy. With a new and highly rated economic management team in place, expectations are high. The success or failure of our business projections and economy, will depend on their commitment and sincerity to implement and deliver on their reform policies. The goal is to drive our economy out of stagflation and attain sustainable GDP growth targets.

Adetilewa Adebajo
January 2024

Moody’s positive outlook affirms the bold reforms ongoing in the Nigerian economy, but retains a Caa1 poor quality and high credit risk rating. The unchecked fiscal expenditure and the unauthorised ways and means financing, now over thirty times the limit at =N= 30trillion, remains a key risk to Nigeria’s economic recovery out of stagflation to sustained growth in 2024.

Where We Are Now

- Economy is still in Stagflation with ongoing reforms aiming to achieve a sustainable growth trajectory.
- Removal of fuel subsidy in May. US$8-10 Billion spent on fuel subsidy in 2023.
- NFEM introduction and fuel subsidy removal has seen FAAC account increase by 130% from May to Nov 2023 to over 1 Trillion Naira.
- FDI at all time lows of under US$1billion.
- Power transmission and distribution infrastructure still very poor impacting industry and economic growth.
- The macroeconomic situation has declined over the last 7 years with a loss of US$180-200billion in GDP currently at US$390billion.
- GDP growth of 3% not sustainable for our population of 200 million. Nigeria requires 8-10% GDP growth for sustainability.
- 135 Million Nigerians in the poverty trap with 40% unemployment with very low job creation and industrial productivity.
- Dwindling reserves and increasing credit default swap premiums has resulted in Caa1 junk bond rating status for our international credit ratings. Moody's recently upgraded the outlook on Nigeria to positive.
- Violence and Insecurity in the Northern Nigeria still prevalent escalating over the last month.
- A year has gone by since the election have been contested and recently won in the courts. Honeymoon period over, now time to deliver.
- Nigeria still attracting largest amount of start up capital in Africa.
- With significant infrastructure deficit and growth challenges, Nigeria is set to become No 3 largest Economy in Africa, behind South Africa and Egypt.

Where We Are Now

- Significant challenges on fiscal side with debt management. Debt profile has increased from US$63 Billion to over US$120 Billion by year end 2023,with 96% of revenues now going to just debt service alone. International credit rating at junk bond status, making external debt financing expensive.
- Debt service is increasing to 11trillion Naira and set to surpass both recurrent and capital budgetary expenditure.
- NNPC did not remit funds into federation account in 2022-3 despite US$100 per barrel oil. Its not clear if this trend has been reversed.
- Last 8 years has involved significant deficit financing, resorting to excessive 30 trillion naira ways and means financing. FGN is now in violation of Section 38 of The CBN Act and deficit limits of 5% of GDP of the Fiscal Responsibility Act. Nigeria has to take a cue from Ghana, Zambia and Ethiopia to avoid default.
- N7.3tn ways and means has been drawn by the new administration. Urgent need for remedial legislation to rectify the botched attempts at securitization and clean up of The CBN books.
- 2024 approved budget of N28tn, with revenue of N17tn and deficit of N10tn.
- Lack of coordination and Presidential leadership with economic policies led to the misalignment of Monetary, Fiscal and Trade Policies. After several false starts by new government, its time to deliver on policy implementation.
- Monetary policy has been inconsistent and not focused on Economic growth. Excessive ways and means financing has rendered monetary policy ineffective and cost push inflation running out of control. Inflation is over 30% as compared to the official numbers. Ways and means, high food prices and fuel subsidy removal, the key drivers of cost push inflation.
- High interest rate regime to curb inflation is restricting economic growth, which has not kept up with population growth. MRR is 18% while prime lending rates as high as 30% Real Rates and Yield still negative. OMO restored by the CBN and rates now over 20% in a bid to tame runaway inflation.
- Foreign exchange regime in transition with a new market driven system, NFEM. 350% devaluation of the currency in the past 6 years, has seen parallel market spread still intact , with rates now settling at 1,240 N/$ and 880 N/$ at NFEM.

Nigeria: Macro Dashboard

Nigeria has significant growth potential, given the size of its economy and population

Region: Sub-Saharan Africa | West Africa

Country Highlights

Total Area	923,768KM²
Capital	Abuja
Population	200m
Currency	Naira (₦)
Exchange rate	₦880 / $1 NFEM ₦1,240 /$1 Parallel
Ease of doing business ranking	131

Comments

- Nigeria is largely a monolithic economy divided into the oil and non-oil sectors. In 2021, the oil sector accounted for 7.24% while the non-oil sectors accounted for 92.76% of the country's GDP.
- In real terms, the country grew at 3.40% in 2021 compared to the decline of 1.92% recorded in the year 2020. The gradual return of commercial activities as well as local and international travel saw real growth rate increase to 3.40% in 2021 but has declined to 2.51% as of Q2 2023.
- The nation's Agricultural sector has consistently contributed the largest to the country's GDP. The sector has thus proven to be resilient and resistant to economic and oil price shocks that adversely affect most industries in the Nigerian economy.
- Post COVID, and in an effort to tame inflation, the CBN has increased the Monetary Policy Rate (MPR) from 11.5% to 18.75% This is expected to further attract more borrowers and investors, increase production and trade activities.
- The World Bank forecasts Nigeria to be the third most populous country in the world by 2050, with an annual population growth rate of 2.6% over the next ten years. The growing population is estimated at c.212million with a middle class (accounting for c. 23.5% of the population) whose current combined buying power stands in excess of US$28billion.
- The IMF also expects Nigeria growth rate for 2022 and 2023 to rise to 2.7% and 2.6% due to non oil sectors recovery and increasing crude oil prices.

Nigeria Economic Headlines

GDP growth (2023)	Population (2023)	Trade balance (2023)	Foreign reserves (2023)	Total debt (2023)
2.51%	200m	US$ (4.6)b	US$ 33b	US$ 120b

Source: CBN, NBS, DMO, Oxford Economics

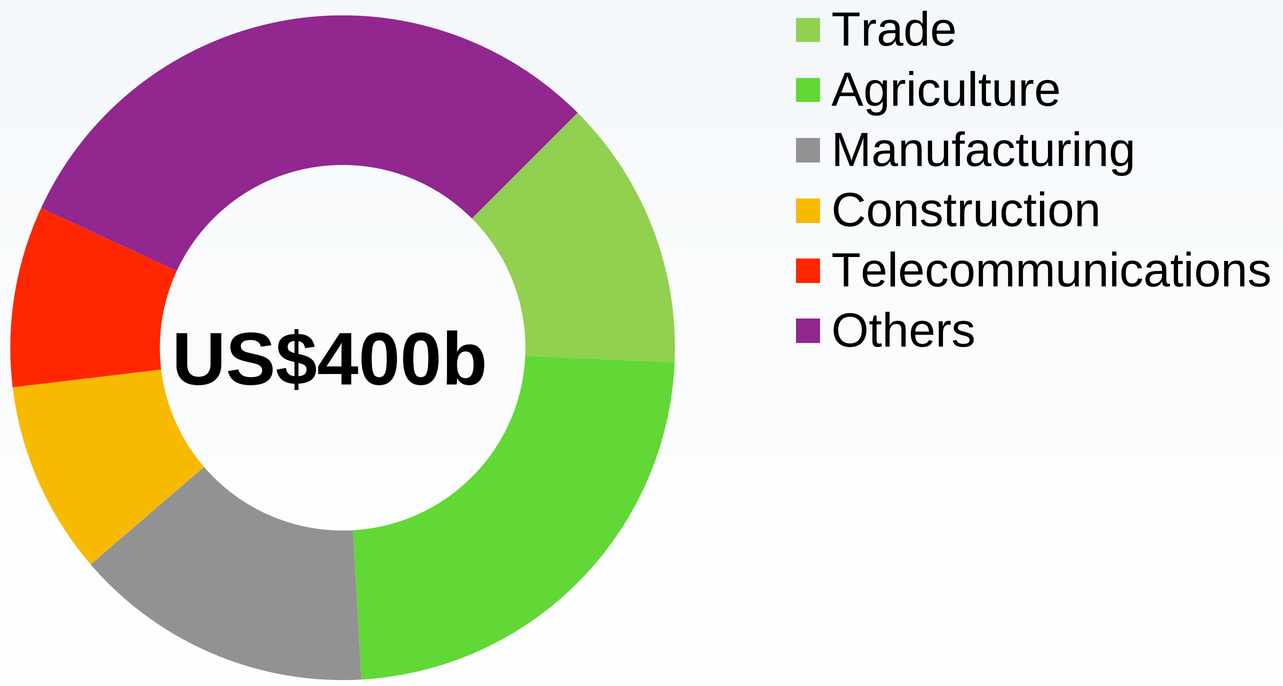
Unemployment Rate *(2023)*	Inflation Rate *(2023)*	Monetary Policy Rate (2023)
43.3%	27.33%	18.75%

Source: NBS, CBN

Nigeria accounts for **22%** of Sub Saharan Africa's GDP, as well as **18%** of the region's population.

The Nigerian economy is still largely a monolithic economy dependent on crude oil exports for the majority of its foreign exchange earnings - **90%**

Sectoral contribution to GDP 2023



Source: NBS

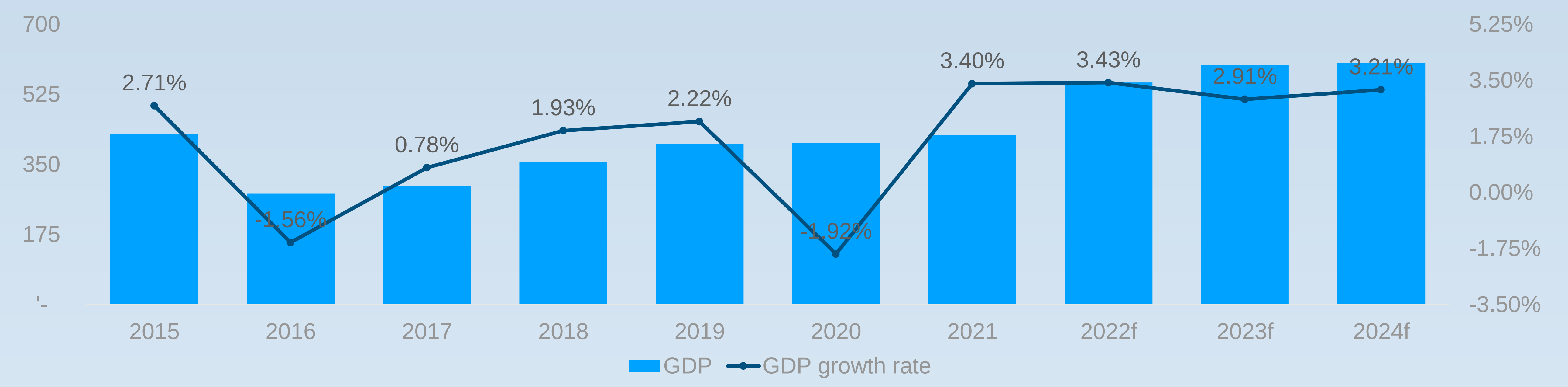
Nigeria: Macro Dashboard

Growth potential limited by policy inconsistency, economic mismanagement and unchecked fiscal spending

Credit Rating

Moody's	Caa1	positive	Dec 08 2023
S&P	B-	stable	Aug 04 2023
S&P	B-	negative	Feb 03 2023
Moody's	Caa1	stable	Jan 27 2023

Trend in nominal GDP (US$'bn) vs. real GDP growth rate (%)



Source: IMF, Oxford Economics, CBN

Comments

GDP growth

- Nigeria's economy experienced a decline (1.92%) in 2020, a resultant effect of the COVID-19 pandemic. The gradual return of commercial activities as well as local and international travel saw real growth rate increase to 3.40% in 2021 but has declined to 2.51% as of Q3 2023.

Inflation

- Nigeria's inflation rate stood at 15.92% in March 2022, increased to 27.33% by Nov 2023 indicating a significant increase in headline inflation. The key drivers of inflation has been the sustained increase in food prices across the country, exacerbated by the removal of subsidy resulting in higher cost of petroleum products, electricity tariff adjustments and 30 Trillion Naira illegal Ways and Means drove inflation rates upwards.

Interest rate

- The MPC has maintained rates at 18.75% since July 2023, trying to strike a balance between inflationary pressures and boost to economic activities. OMO now the preferred intervention mode, now seeing rates exceeding 20%

Exchange rate

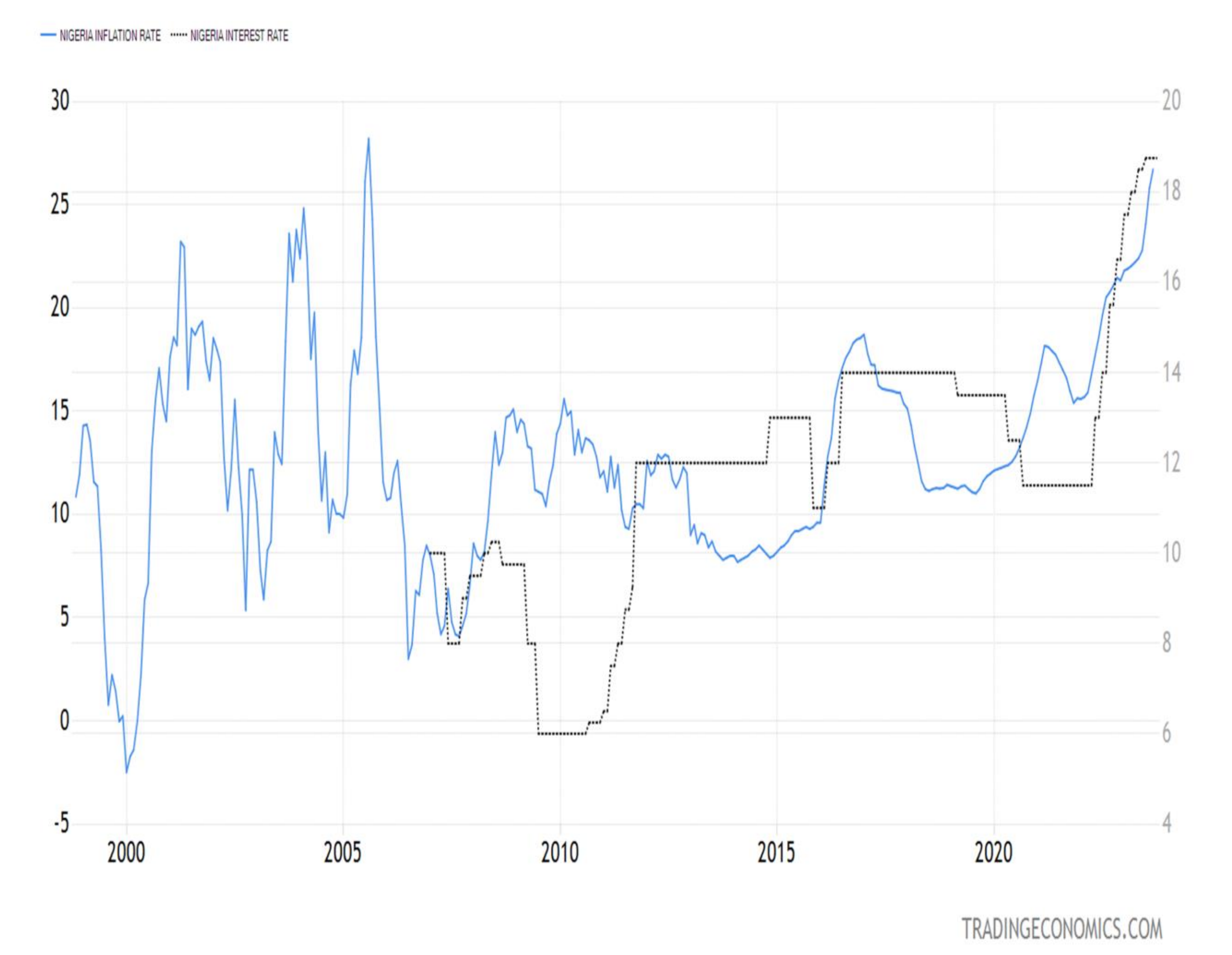
- The parallel market rate has hovered around N1,200:US$1 as at Dec 2023, and the NFEM rate N880:US$1.

Source: National Bureau of Statistics CBN, *Trading* Economics,

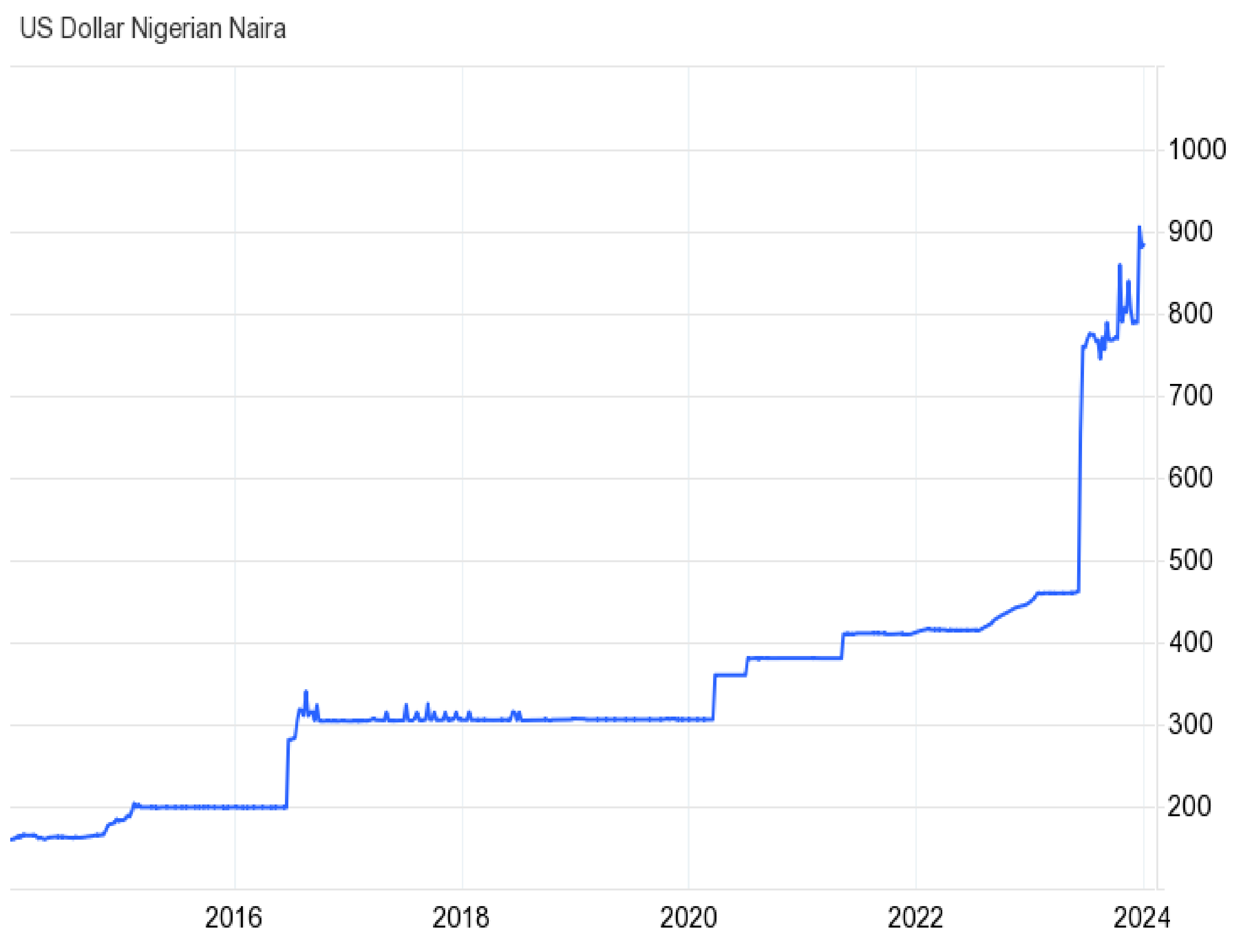
Total Public Debt Sept 2023

Debt Category	Amount Outstanding (US$Bn)	Amount Outstanding (NTn)	% of Total
Total External Debt	**41.59**	**31.98**	**36.68%**
Total Domestic Debt	**72.76**	**55.93**	**63.62%**
FGN Only	65.29	50.19	57.09%
States & FCT	7.47	5.74	6.53%
Total Public Debt (A+B)	**114.35**	**87.91**	**100%**

Inflation & Interest Rates (%)



NFEM Foreign Exchange Rate

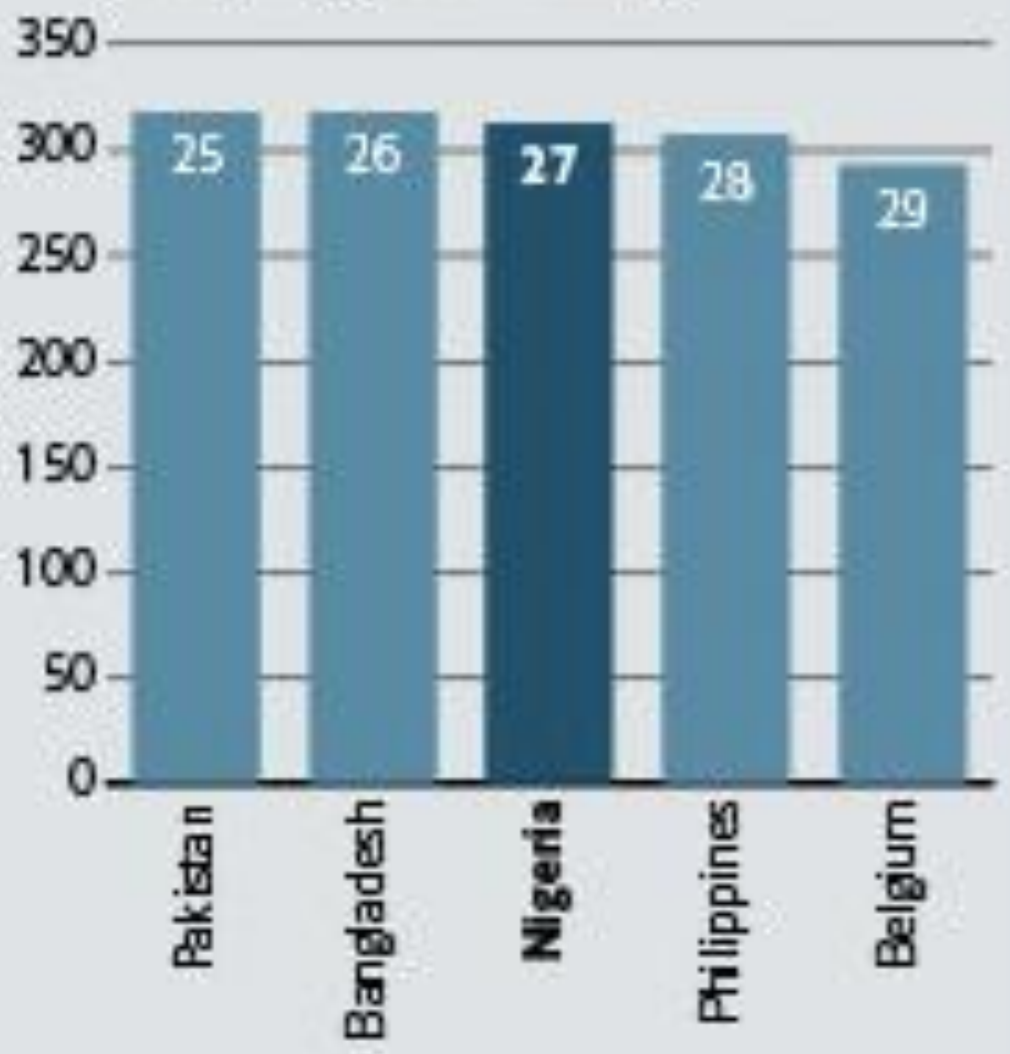


source: tradingeconomics.com

EIU Nigeria Macro Potential

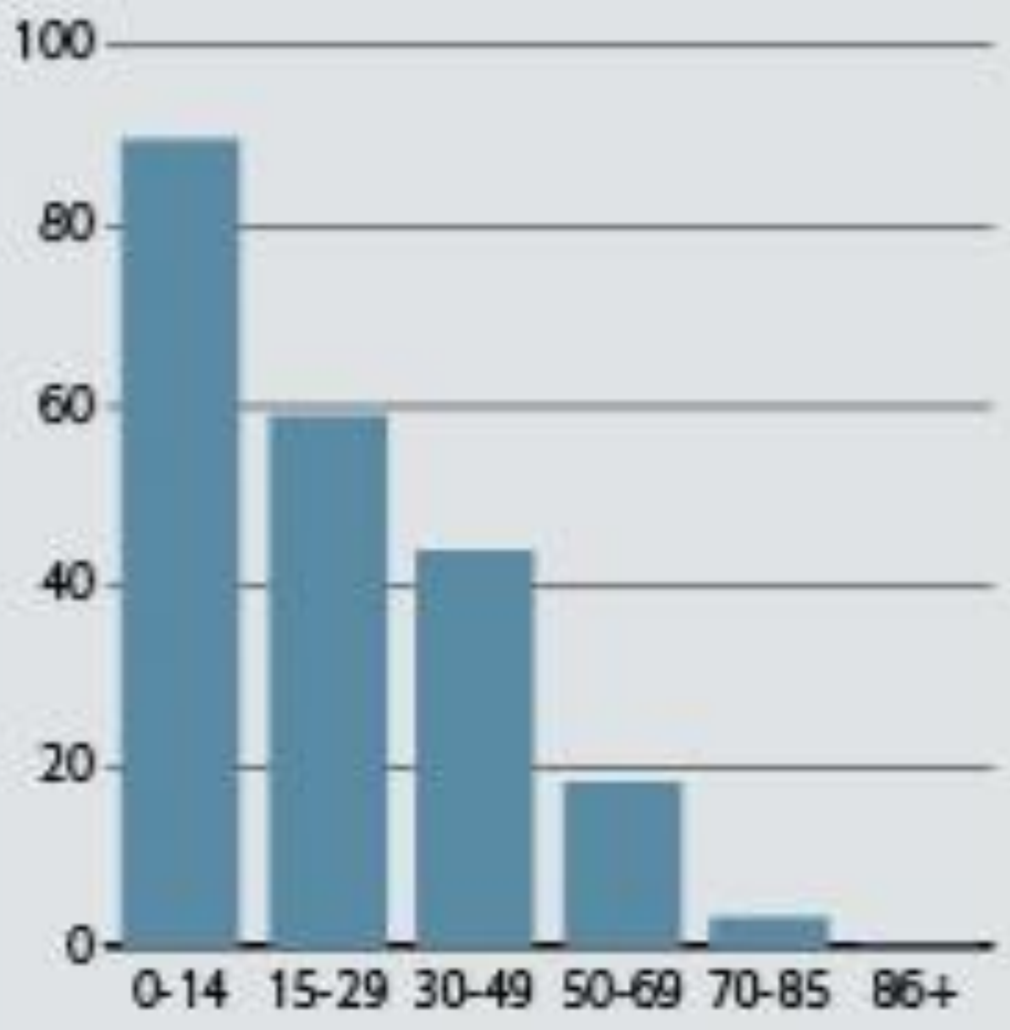
Market opportunities

Household consumption, 2022
(US$ bn; global ranking)



Source: EIU.

Population by age, 2022
(m)

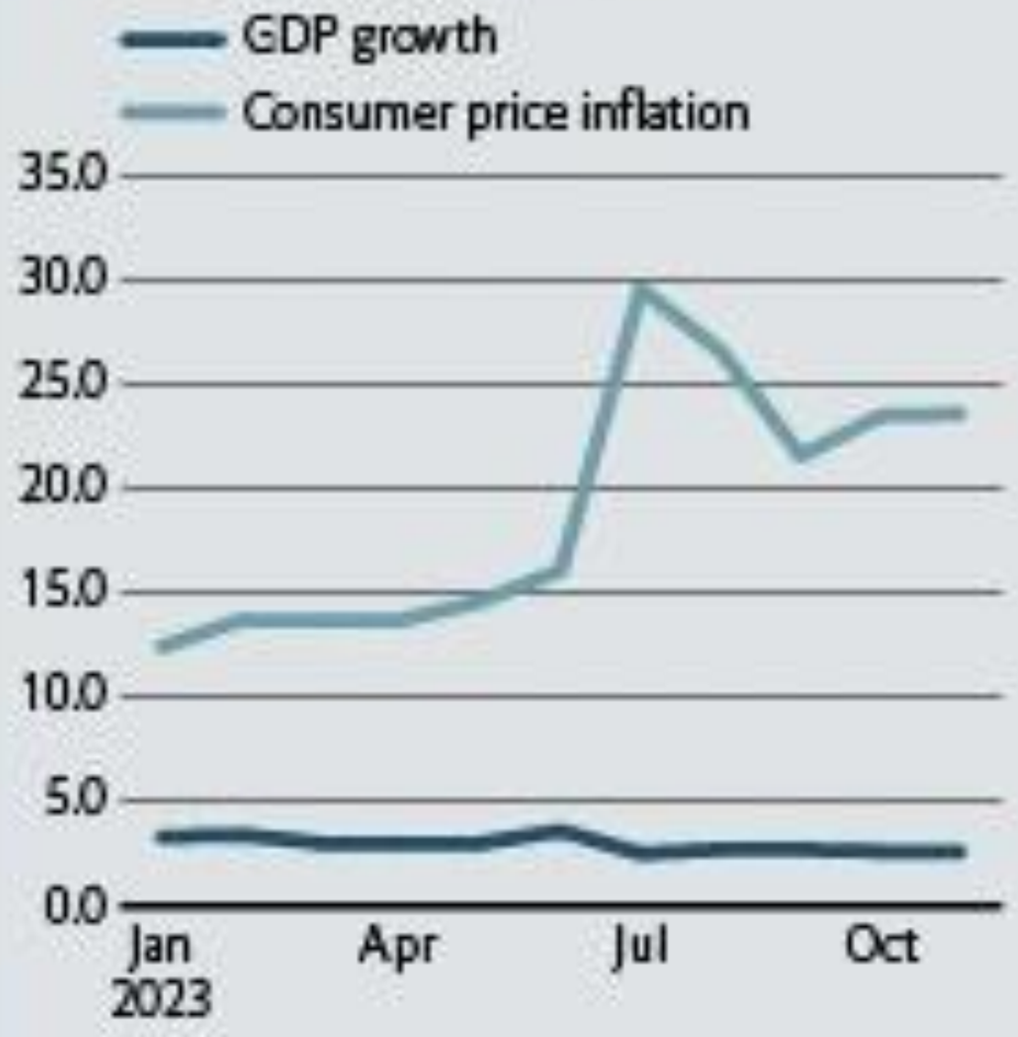


Source: EIU.

Nominal wages
(% change, year on year)

Source: EIU.

Evolution of forecasts for 2024
(% change, year on year)

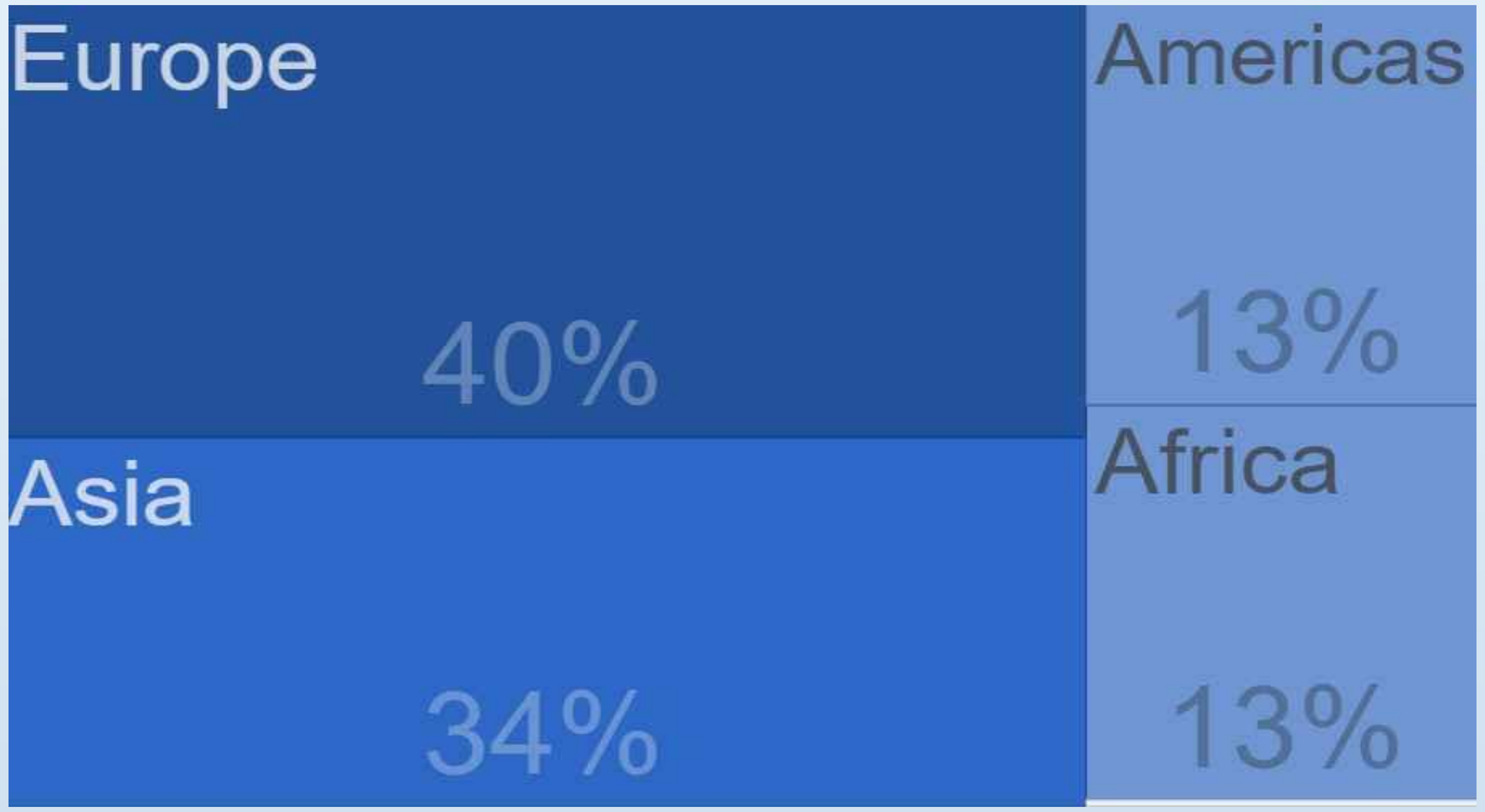


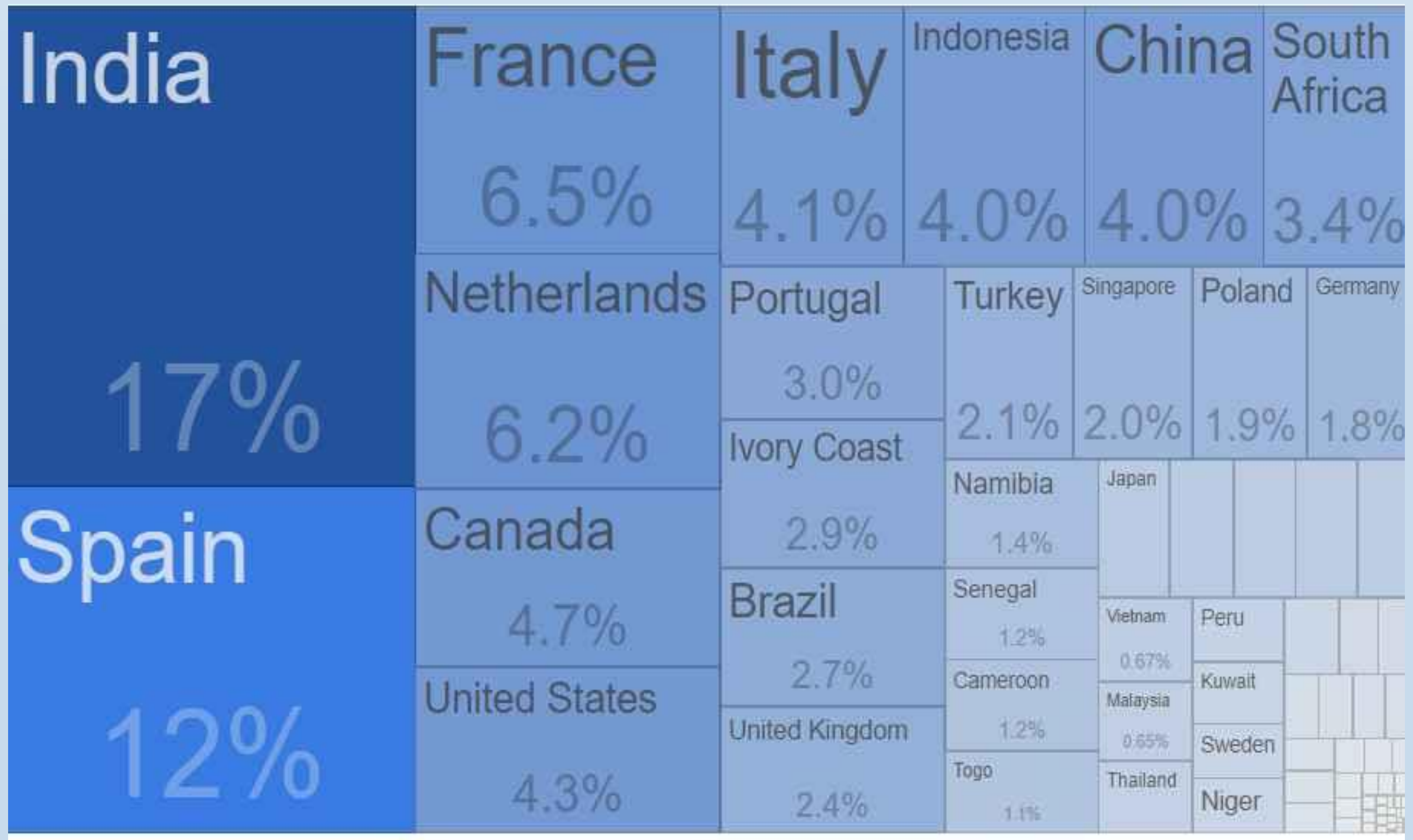
Source: EIU.

Nigeria: Import and Export

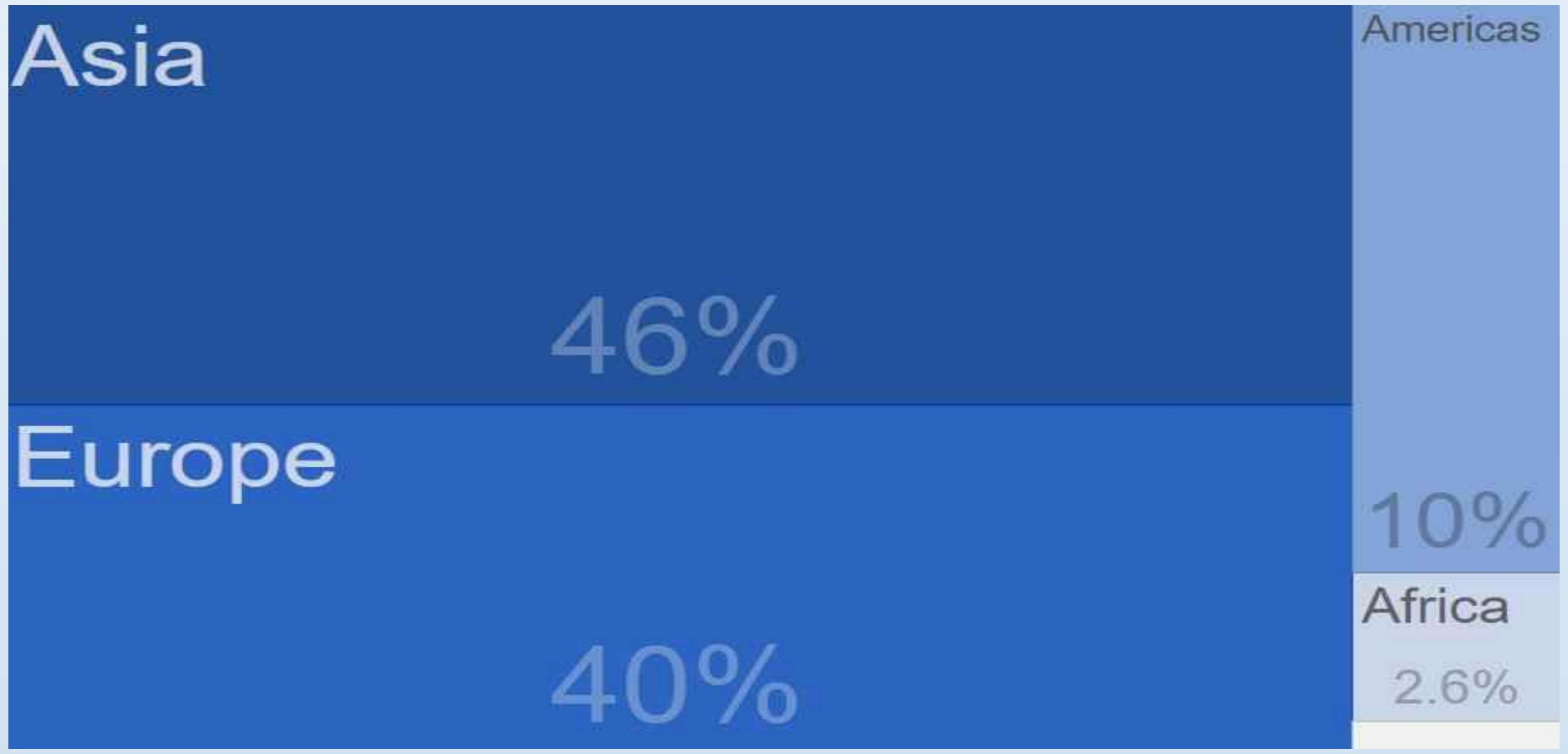
Nigeria overdue for a major overhaul of Industry ,Trade and Investment Policies

Top Export Destinations





Top Import Countries



Export & Import Values

EXPORTS	
Europe	$18.3B USD
Asia	$15.5B USD
Americas	$6.16B USD
Africa	$6.02B USD
TOTAL	**$45.98 USD**

IMPORTS	
Europe	$20.9B USD
Asia	$24.0B USD
Americas	$5.25B USD
Africa	$1.36B USD
TOTAL	**$51.51 USD**

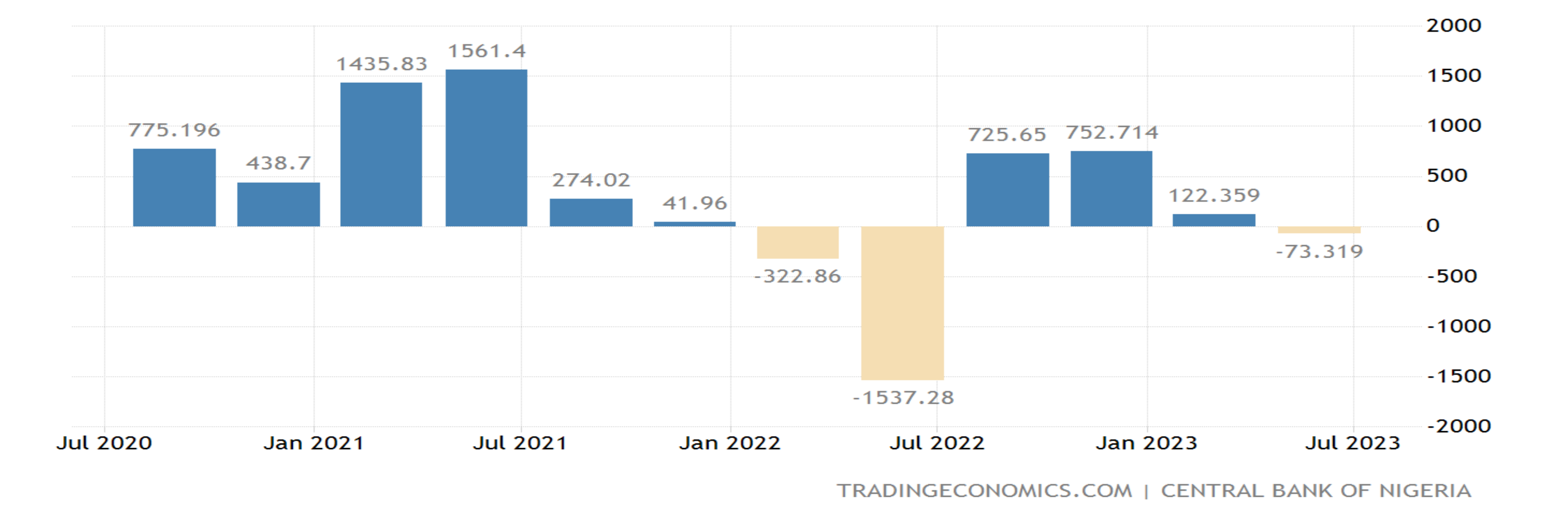
Nigeria: Investment Climate

Nigeria overdue for a major overhaul of Industry, Trade and Investment Policies

Top obstacles to dong business

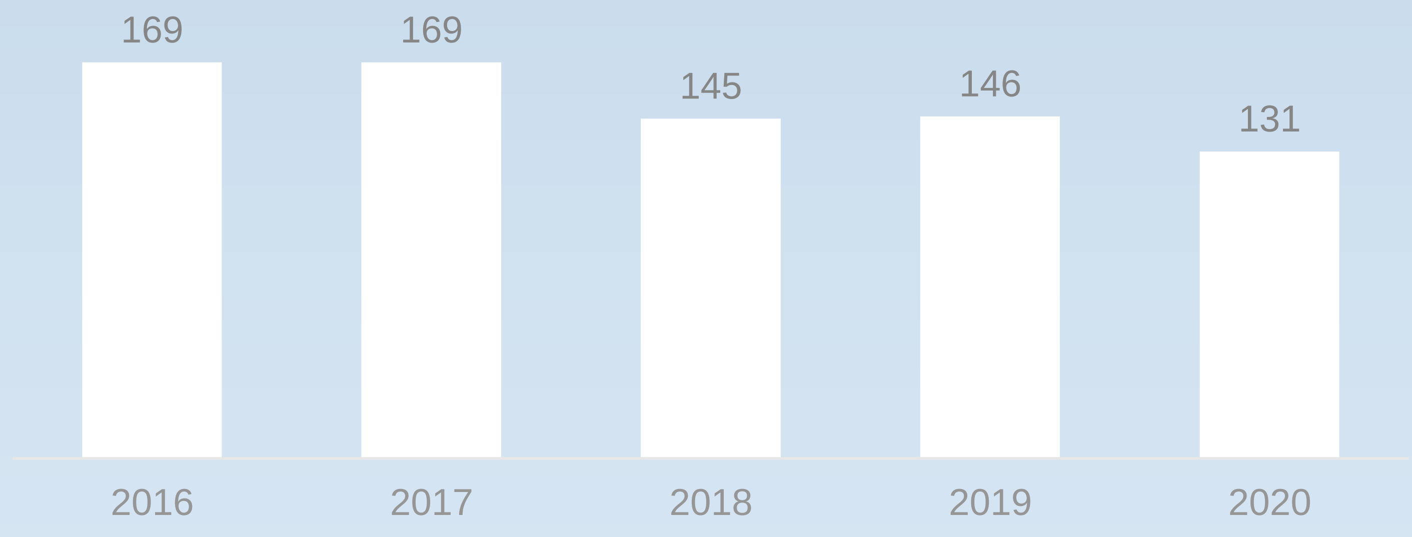
- The World Bank ranks countries based on 11 indicators including: protecting minority investors, enforcing contracts, resolving insolvency, starting a business, getting credit, trading across borders etc.
- From the chart above, doing business has improved marginally from year to year however, the major obstacles to doing business in Nigeria are:
  - Registering a property: This currently takes 92 days compared to average of focus countries 42.6 days.
  - Trading across borders: Time and cost to export averages 128 hours and $786 compared to average of 121 hours and $479 of focus countries.
  - Getting electricity: Access to electricity cost 296% of the average income per capita of residents in the country and takes 110 days to access.
  - Industry, Trade and Investment Policies need to be upgraded; to enhance FDI inflows, facilitate local manufacturing and drive growth.
  - Macroeconomic framework needs to be reformed as FX devaluation and inflation eroding returns. Lack of FX liquidity at the CBN also impacting repatriation of funds.

Foreign Direct Investment ($'M)



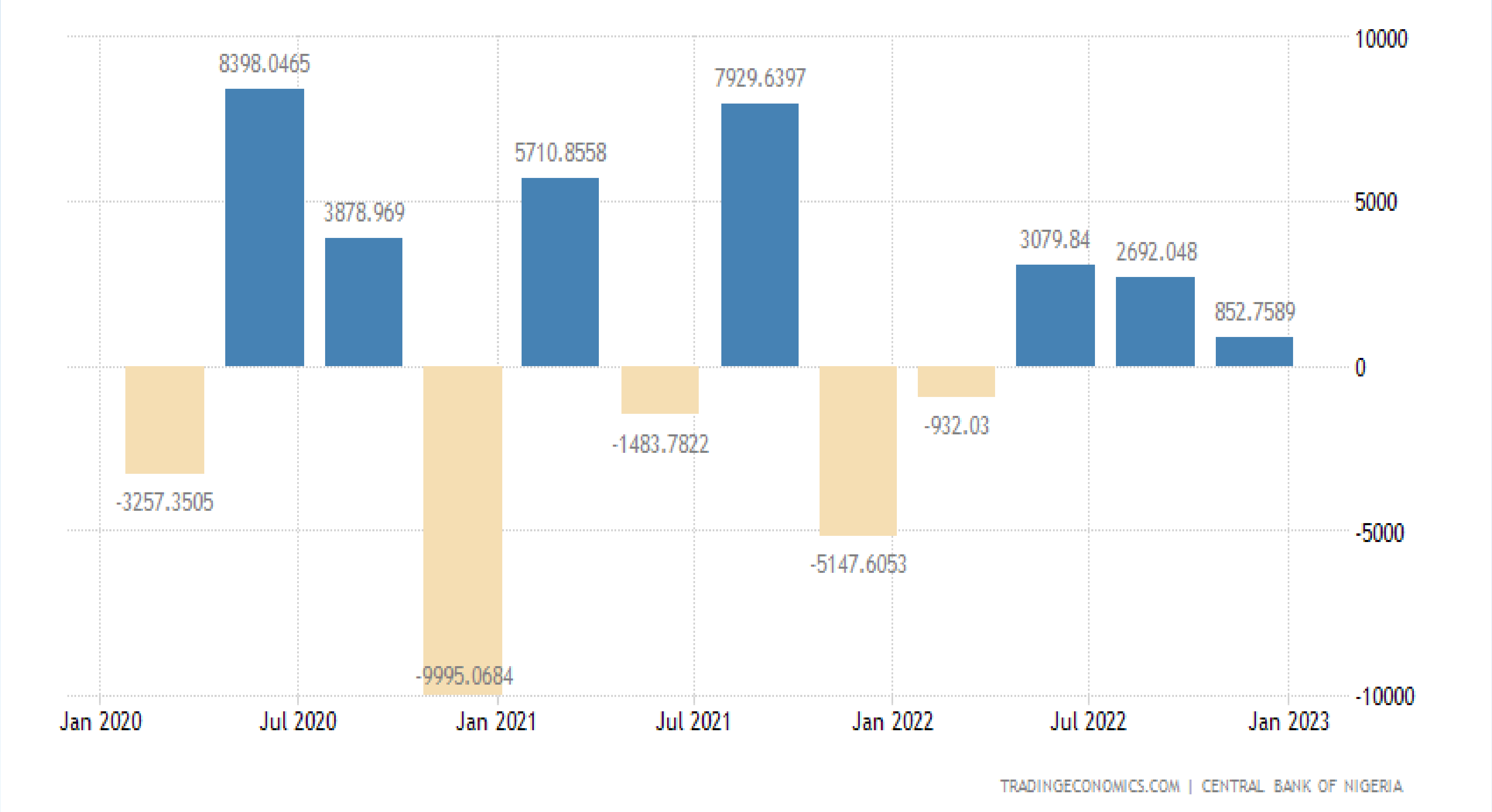
- The investment climate determines the ease and costs of doing business in any country. It determines the justification for an investor's capital allocation within countries.
- Nigeria has strong growth potential, provided the government provides the requisite enabling environment and regulatory framework.
- FDI represented 10.43% of total capital inflows in Nigeria in 2021. In Q4 2021, FDI totaled US$358.23m compared to US$250.04mn in Q4 2020 increasing by c.43% year-on-year.
- Over the years, equity investments have represented over 99% of Nigeria's FDI inflows. The same trend was followed in 2021 with equity investment accounting for 99.1% of total FDI inflows.
- Increased economic activities due to the ease of COVID-19 measures and steady recovery in businesses and industries contributed to the increase in FDI recorded in 2021. FDI in 2023 at an all time low below US$1billion.
- The banking sector received the largest share of investments with $1,461million inflows, representing c.22% of the total inflows in 2021. Inflows in the production sector of $934million, accounted for c.14% of the total inflows.
- Announcement on the non-viability of NLNG Train 8 is of concern. The US$6.5bn Train 7 is 30% complete and existing trains 1-6 currently operating below 50% capacity due to the non availability of gas.

Doing Business Ranking



Source: World Bank

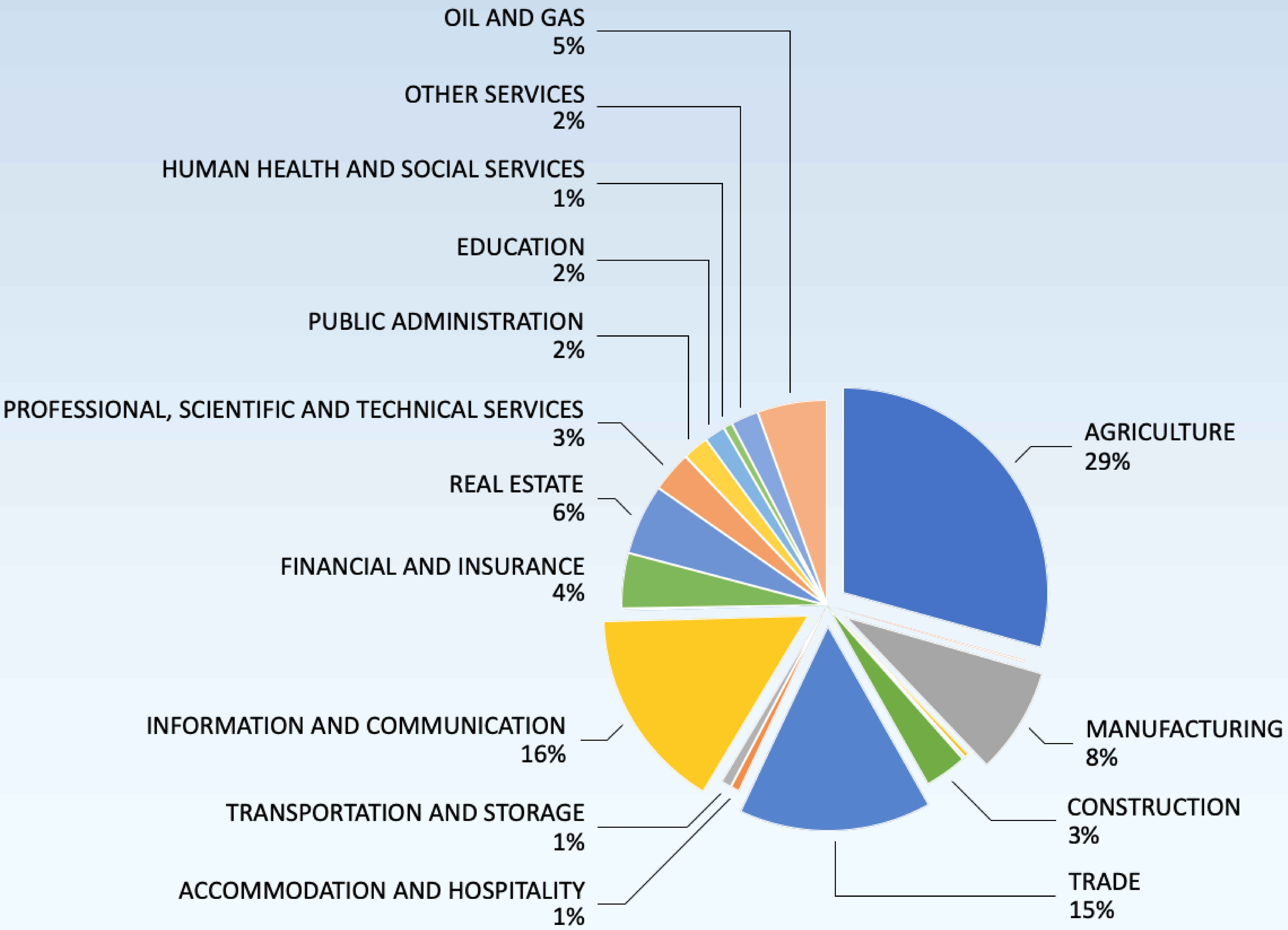
Capital Flows ($'M)



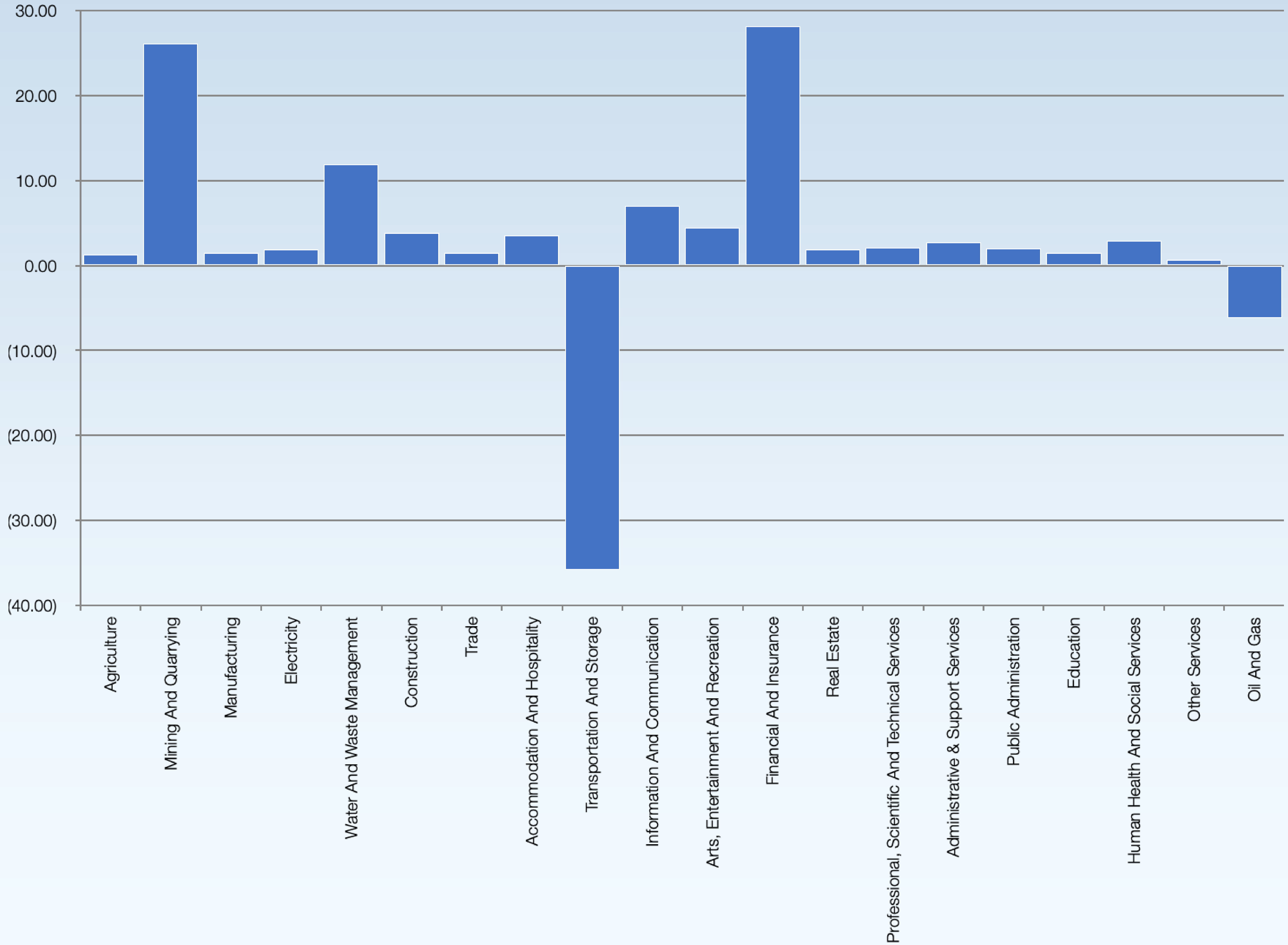
Sector Contribution to Nigeria's GDP & Real GDP Growth 2021-2023

	2021		2022		2023	
	Contribution	**Growth**	**Contribution**	**Growth**	**Contribution**	**Growth**
AGRICULTURE	25.88	2.13	25.58	1.88	29.31	1.30
MINING AND QUARRYING	0.17	26.10	0.21	16.58	0.16	26.16
MANUFACTURING	8.98	3.35	8.92	2.45	8.42	1.45
ELECTRICITY	0.47	27.57	0.45	(2.21)	0.37	1.91
WATER AND WASTE MANAGEMENT	0.21	18.34	0.23	13.62	0.20	11.93
CONSTRUCTION	3.49	3.09	3.54	4.54	3.36	3.89
TRADE	15.69	8.62	16.00	5.13	15.19	1.53
ACCOMMODATION AND HOSPITALITY	0.72	(0.45)	0.73	4.22	0.72	3.57
TRANSPORTATION AND STORAGE	1.32	16.25	1.48	15.20	0.84	(35.85)
INFORMATION AND COMMUNICATION	15.51	6.55	16.51	9.76	15.97	6.99
ARTS, ENTERTAINMENT AND RECREATION	0.22	1.72	0.22	4.29	0.20	4.45
FINANCIAL AND INSURANCE	3.57	10.07	4.03	16.36	4.36	28.21
REAL ESTATE	5.60	2.26	5.64	3.95	5.58	1.90
PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICES	3.24	0.05	3.22	2.28	3.22	2.15
ADMINISTRATIVE & SUPPORT SERVICES	0.02	2.57	0.02	3.16	0.02	2.77
PUBLIC ADMINISTRATION	2.03	(0.30)	2.00	1.90	2.04	2.05
EDUCATION	1.80	(0.75)	1.77	1.35	1.66	1.45
HUMAN HEALTH AND SOCIAL SERVICES	0.70	4.93	0.71	4.20	0.71	2.93
OTHER SERVICES	3.13	(0.16)	3.06	1.07	2.18	0.63
OIL AND GAS	7.24	(8.30)	5.67	(19.22)	5.48	(6.16)

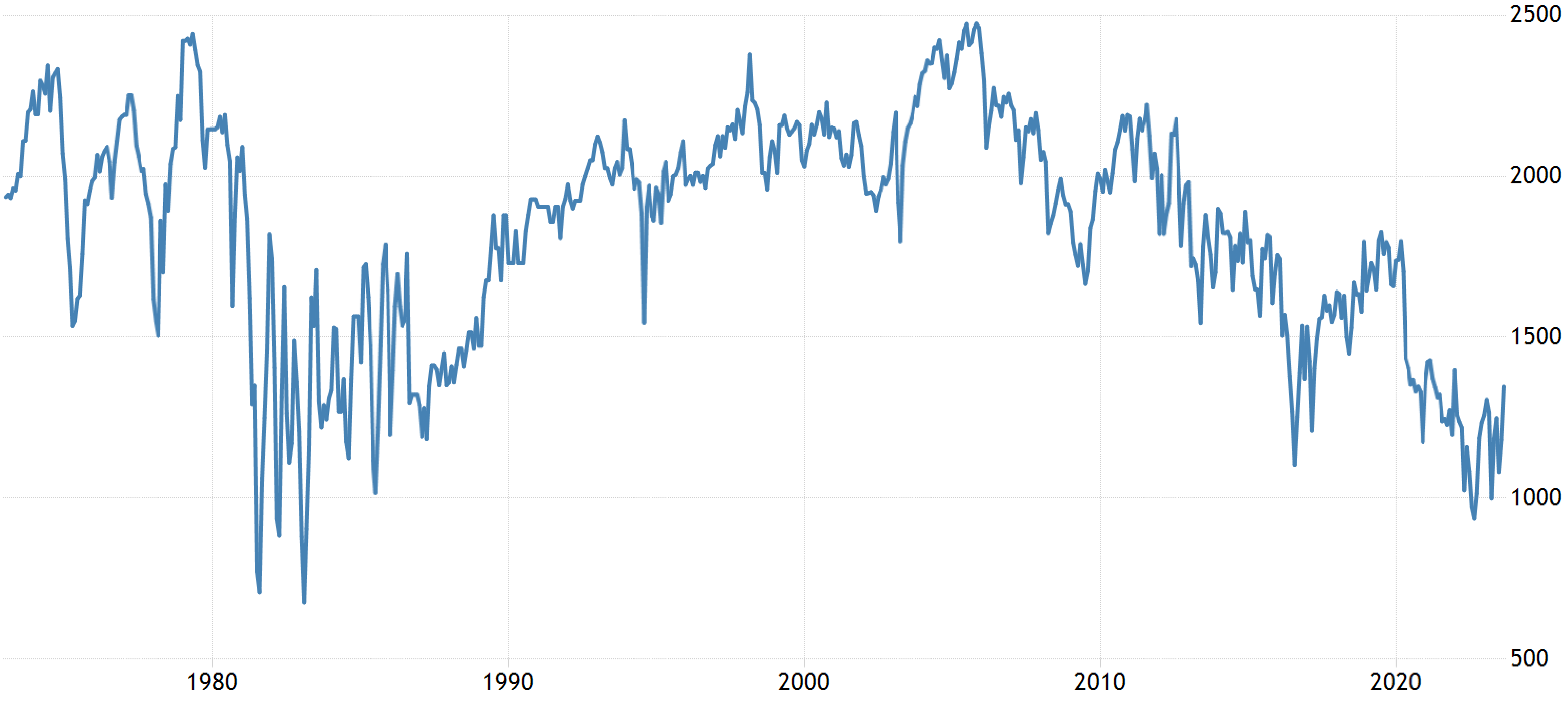
GDP Sector Contribution Year 2023



GDP Sector Growth - Year 2023



Nigeria Crude Oil Production (mbp)



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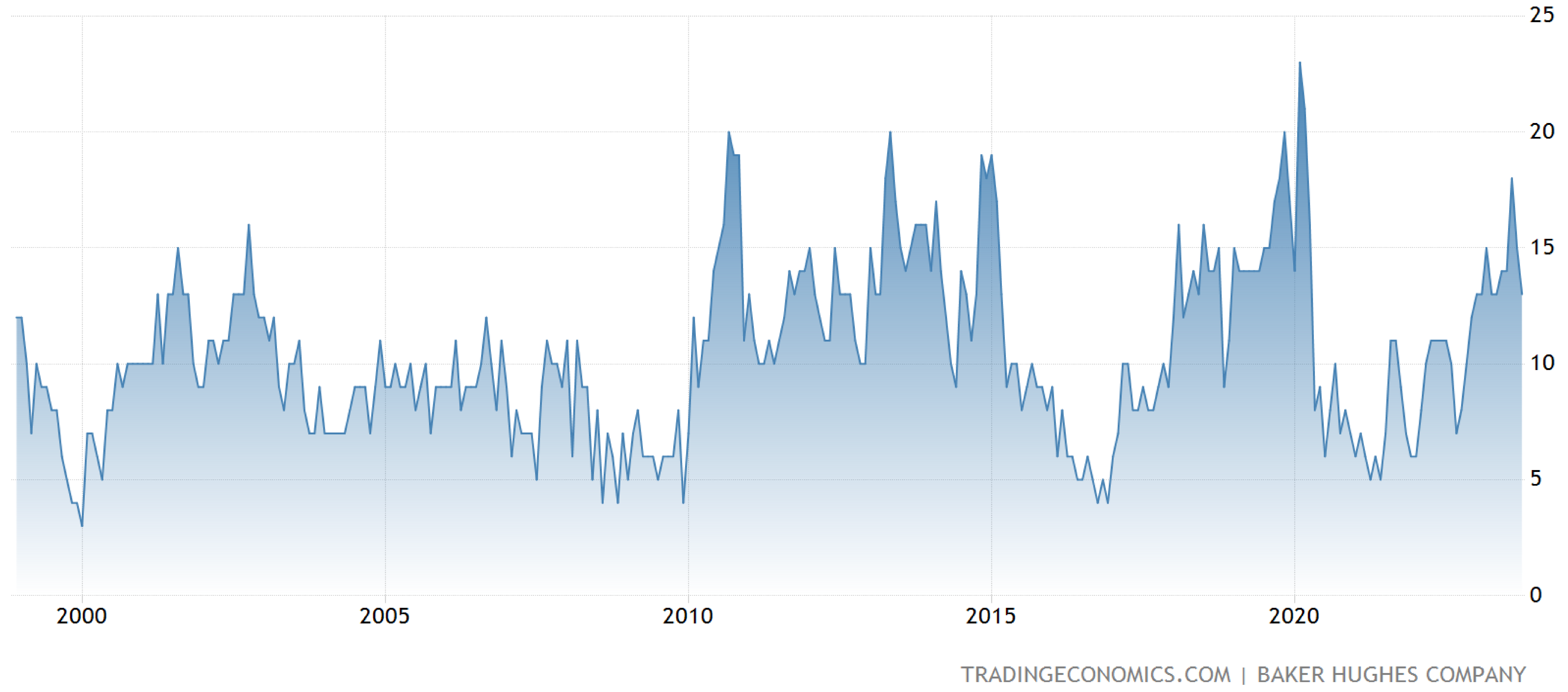
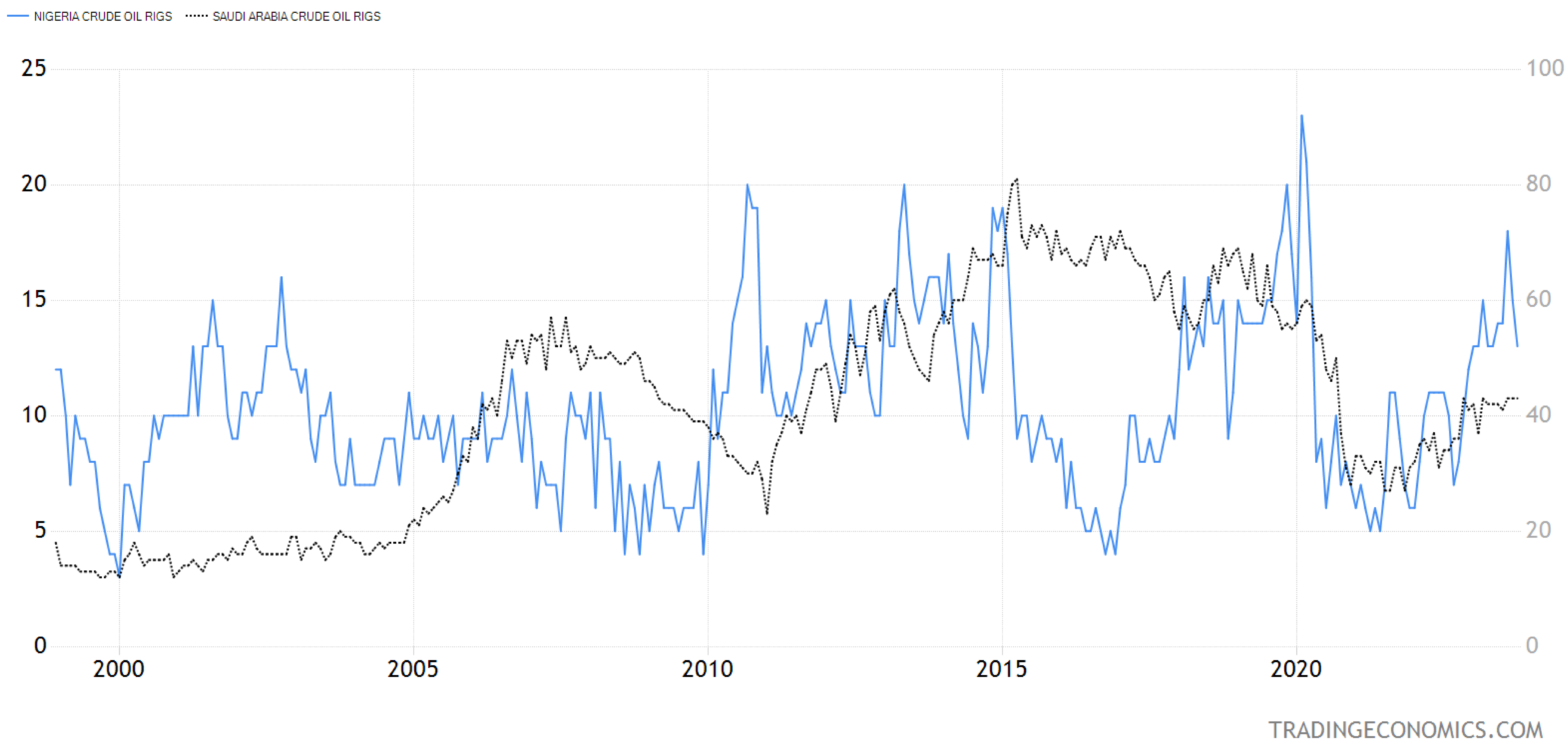
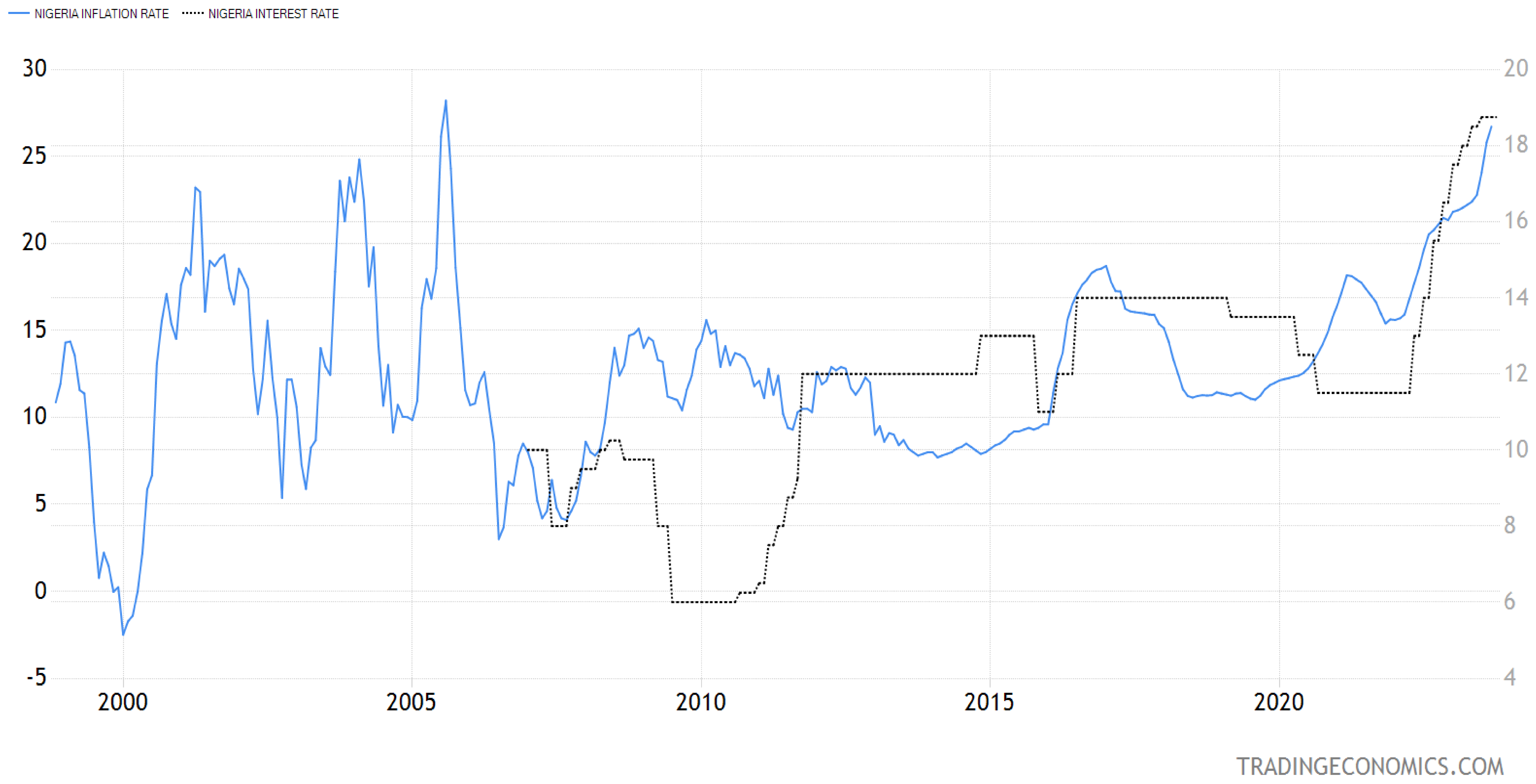
Nigeria Rig Count



Nigeria Vs Saudi Arabia Rig Count



Nigeria Inflation Vs Interest Rates

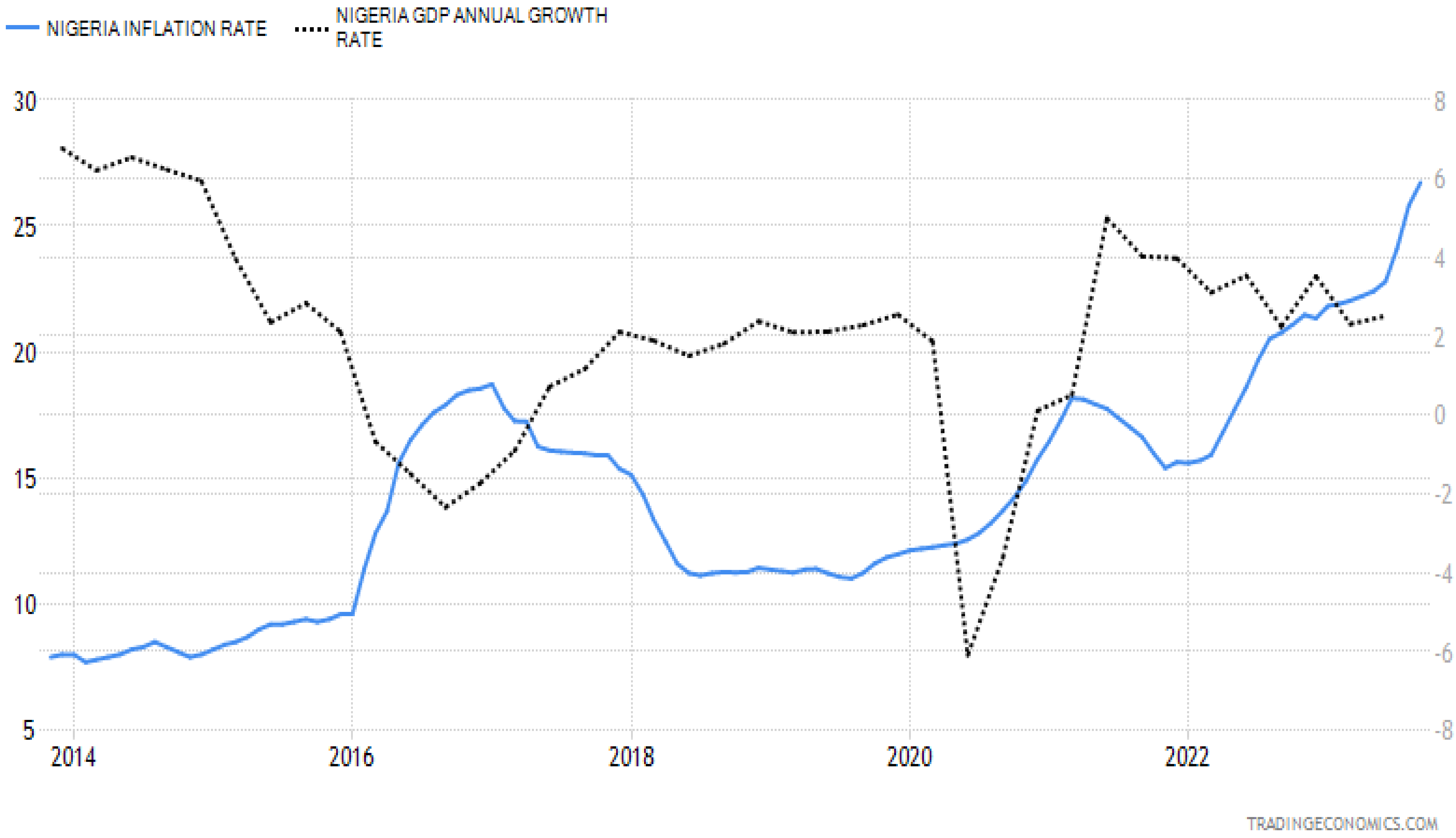


Nigeria Inflation Vs Interest Rates

- 2006-2016 Real Interest Rates Positive for Only 5 Years. 2016 Real Interest Rates Negative.

- 2016-2020 Real Rates Positive. 2021-2023 Real Rates Negative

Nigeria Inflation Vs GDP Growth Rates



Nigeria Inflation Vs GDP Growth Rates

- In 2011 and 2014 the Nigerian GDP grew in excess of 8%. In both years, inflation was within a band of 11-13% and interest rates 12-15%. Our analysis and the historical data in the previous three charts, confirms that when inflation and interest rates are within this band, high GDP growth rates are assured. A pointer for Monetary Policy formulation.

Global Macro Outlook

EIU International Projections

International assumptions

	2023	2024	2025	2026	2027	2028
Economic growth (%)						
US GDP	2.0	0.8	1.8	2.0	2.0	2.2
Developed economies GDP	1.4	1.1	1.7	1.8	1.8	1.8
World GDP	2.3	2.2	2.7	2.7	2.7	2.7
World trade	0.7	2.7	3.4	3.6	3.7	3.7
Inflation indicators (% unless otherwise indicated)						
US CPI	4.1	2.5	2.3	2.3	2.4	2.4
Developed economies CPI	4.5	2.4	2.0	2.0	2.0	2.0
Manufactures (measured in US$)	5.0	3.6	3.7	2.8	2.1	3.2
Oil (Brent; US$/b)	83.8	84.8	79.8	73.0	67.7	63.9
Non-oil commodities (measured in US$)	-14.7	-0.6	-0.3	-0.6	0.1	0.2
Financial variables						
US$ 3-month commercial paper rate (av; %)	5.1	5.2	4.4	3.4	2.6	2.5
N:US$ (av)	633.0	819.1	1,068.3	1,150.2	1,189.3	1,254.0

The CFG Advisory Comments

- Recovery well underway with growth results ahead of projections and the US leading the way with 50% reduction in inflation from 6% to 3% in the past year. Global GDP expected to grow by 2.7% by 2025..
- Talk of recession abating
- Central Banks are taking a cautious stance, monitoring the economy, on standby to intervene, as investors adjusting to higher interest rate regime.
- Rate hikes seem unlikely as rates settle to new levels.
- The question now is when, not if, Central Banks will start to cut rates.
- Employment numbers encouraging especially in the United States.
- China's growth which is a driver of global trade expected to rebound to 4.5%-5%
- Financial markets, equities and fixed income securities all performing better as the era of negative real rates are over with the emergence a positive yield curve.
- Oil prices still relatively high and commodities and energy price impact on cost production and cost of living crisis yet to abate.
- The Russia vs Ukraine war still has its impact on the global economy, especially in Europe.
- Emerging markets are yet to turn the corner as inflation driven by high food and energy costs is yet to abate. .

Nigeria Macro Outlook

EIU Nigeria Projections

Forecast summary
(% unless otherwise indicated)

	2023[a]	2024[b]	2025[b]	2026[b]	2027[b]	2028[b]
Real GDP growth	2.2	2.6	4.0	3.4	3.2	3.1
Industrial production growth	4.6	6.0	9.0	6.0	4.2	4.0
Petroleum production ('000 b/d)	1,239.4	1,316.4	1,371.4	1,381.4	1,393.4	1,410.4
Gross agricultural production growth	1.3	1.9	2.6	2.6	2.6	2.6
Consumer price inflation (av)	25.1	23.6	17.1	11.7	12.2	11.8
Consumer price inflation (end-period)	30.5	20.1	14.2	11.9	12.0	11.4
Commercial lending rate	20.0	24.0	15.7	13.0	12.5	12.0
Government balance (% of GDP)	-5.3	-5.0	-4.6	-4.7	-4.7	-4.8
Exports of goods fob (US$ bn)	62.8	63.8	60.7	57.3	55.0	54.3
Imports of goods fob (US$ bn)	50.7	46.9	43.7	45.7	48.2	49.1
Current-account balance (US$ bn)	8.0	9.8	9.3	6.5	2.1	0.2
Current-account balance (% of GDP)	2.1	2.9	3.0	2.0	0.6	0.1
External debt (end-period; US$ bn)	85.5	87.4	93.1	99.0	102.4	105.7
Exchange rate N:US$ (av)	633.0	819.1	1,068.3	1,150.2	1,189.3	1,254.0
Exchange rate N:US$ (end-period)	810.0	822.9	1,142.5	1,156.6	1,198.4	1,262.1
Exchange rate N:¥100 (av)	454.1	657.0	967.4	1082.6	1129.9	1195.7
Exchange rate N:€ (end-period)	874.8	934.0	1,342.5	1,370.5	1,438.1	1,514.5

[a] EIU estimates. [b] EIU forecasts.

The CFG Advisory Comments

- The ongoing reforms of the new administration to navigate the path from stagflation to growth, is now in the implementation phase with the passage of the budget.
- The success of these policies will depend on the commitment of government to checking excessive fiscal spending, in particular the unauthorised ways and means financing now at =N=30tn. This against the backdrop of US$130 billion of total debt profile with 95% of revenues going towards debt service, which now exceeds both recurrent and capital expenditure.
- The main thrust of the reforms is a revenue drive, focused on restoring oil production to 2mbpd, reforming the tax regime and increasing internally generated revenue.
- NFEM is the new FX market driven system.
- FX liquidity remains a challenge, as The CBN is still unable to clear the backlog. Rates have stabilized after the initial volatility with the introduction of NFEM.
- GDP growth 2023 of 2.5%, is not sufficient to deliver value for the size of the Nigeria economy, as near term expectations of GDP growth is between 3-3.5%
- Real rates and yields are still negative. We expect that rates will be increased via OMO to correct the situation in a move to tame inflation.
- FX liquidity remains a challenge, as The CBN is still unable to clear the backlog. Rates have stabilized after the initial volatility with the introduction of NFEM.
- .Corporations and Investors should be prepared for a high interest rate regime, scarce FX and 18 months of economic recovery. Hedge to preserve value, by moving excess liquidity and profits into value retaining assets.
- Benchmark recommendation for FX =N=1,500 -1,800/$.

The CFG Advisory Macro Forecast: Nigeria 2024

Region: Sub-Saharan Africa | West Africa

Country Highlights

Total Area	923,768KM²
Capital	Abuja
Population	200m
Currency	Naira (₦)
Exchange Rate Forecast	₦1,500/ $1 NFEM ₦1 800 /$1 Parallel
Ease of doing business ranking	131

Comments

- In 2011 and 2014 the Nigerian GDP grew in excess of 8%. In both years, inflation was within a band of 11-13% and interest rates 12-15%. Our analysis and charts of the historical data, confirms that when inflation and interest rates are within this band, and real rates are positive, high GDP growth rates are assured. A pointer for Monetary Policy formulation.
- The lack of investment in the oil and gas sector and the drying up of FX reserves is reflected in negative GDP growth rates in the last three years. (-19%) growth in 2022 with expected (-7%) growth in 2023. For any meaningful impact on economic recovery and macro headlines, oil production must be restored to 2mbpd and gas restored to 6 NLNG train currently operating at 50% capacity.
- In 2023 only three sectors of the economy experienced double digit growth. Mining & Quarrying 26.16%, Water and Waste 11.93% and Financial Services 28.21%. Manufacturing was a paltry 1.45% reflecting the lack of productivity in the Nigerian Economy. Policy implementation to enhance productivity is critical to revive all the other sectors of the Nigerian economy for recovery from stagflation and sustainable growth.
- The fundamentals of the Nigerian Economy are sound. Poor economic leadership has failed to realize the potential and grow the economy. With a new and highly rated economic team in place, the expectations are high. The success or failure of our projections, will depend on their commitment and sincerity to implement their well laid out policies. The goal is to drive the economy out of stagflation and meet the sustainable GDP growth targets.
- The CFG Advisory recommends the Growth Strategies.

Nigeria Headline Economic Forecast 2024

GDP growth (2024)	Population (2024)	Trade balance (2024)	Foreign reserves (2024)	Total debt (2024)
3.25%	200m	US$ (3.2)b	US$ 20b	US$ 135b

Source: CBN, NBS, DMO, Oxford Economics

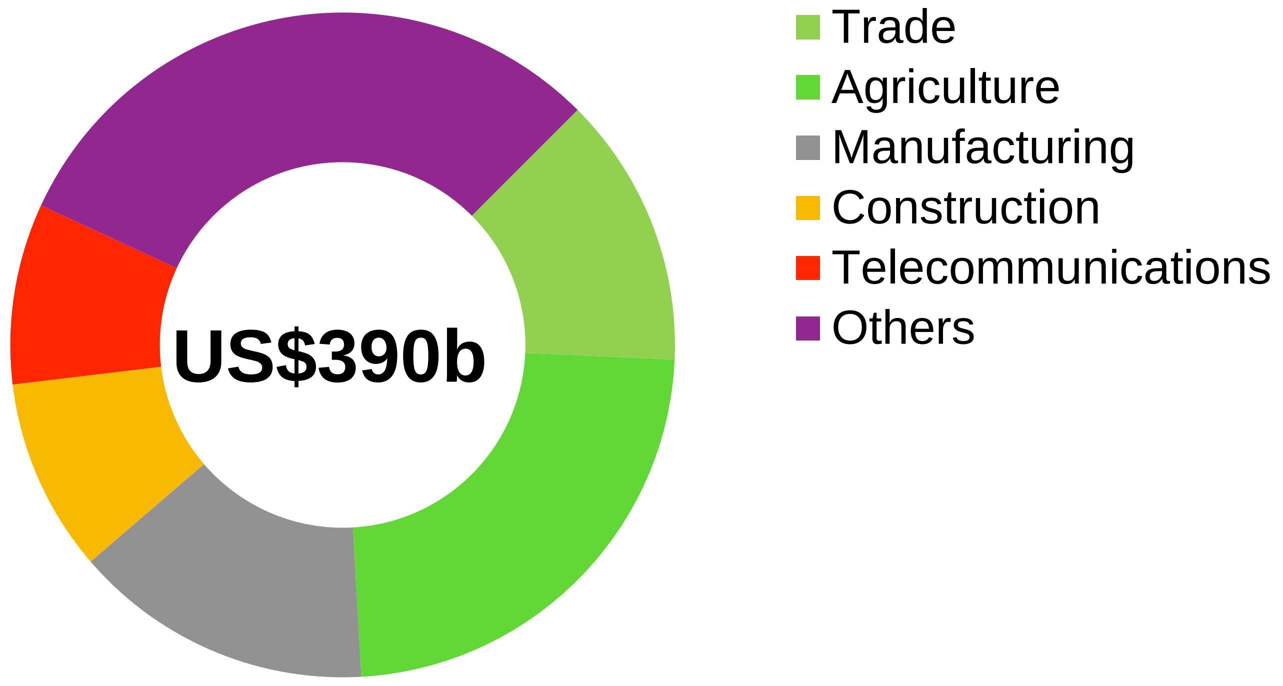
Unemployment Rate *(2024)*	Inflation Rate *(2024)*	Monetary Policy OMO Rates (2024)
50.5%	25.50%	26.50%

Source: NBS, CBN

Nigeria accounts for **18%** of Sub Saharan Africa's GDP, as well as **20%** of the region's population.

The Nigerian economy is still largely a monolithic economy dependent on crude oil exports for the majority of its foreign exchange earnings - **95%**

Sectoral contribution to GDP 2024



Source: The CFG Advisory Forecasts

Growth Strategy Recommendations

- Reviving the Nigerian economy in stagflation with low GDP growth, high levels of debt, and fiscal deficits is indeed a complex and challenging task. Nigeria, like many other countries facing similar issues, can pursue a combination of short-term and long-term strategies to reform its economy toward sustainable growth. The CFG Advisory growth strategy recommendations:

Fiscal and Debt Management:

- Debt Restructuring: Negotiate with creditors to restructure and extend the maturities of debt, allowing for more manageable repayments and reduced interest rates.
- Ghana, Zambia and Ethiopia have all defaulted on external debt obligations. Nigeria should take a cue.
- Austerity Measures: Implement fiscal discipline by reducing non-essential government spending, eliminating wasteful subsidies, and improving the efficiency of public services.
- Revenue Diversification: Expand the tax base, improve tax collection, and introduce new sources of revenue, such as value-added tax (VAT) and property taxes.
- Transparency: Improve transparency and accountability in government spending to build public trust and attract foreign investment.

Monetary Policy:

- Inflation Control: The central bank should continue to employ tight monetary policy to combat inflation, which is often associated with stagflation.
- Interest Rates: Maintain positive real interest rates to attract foreign investment and encourage savings.
- Exchange Rate Management: Maintain a competitive exchange rate to stimulate exports and reduce reliance on imports.

Growth Strategy Recommendations

Structural Reforms:

- Deregulation: Further liberalize key sectors of the economy, such as oil and gas, power and telecommunications, to attract private investment and foster efficiency and competition. Urgent need to overhaul the privatization and concessioning agencies to restart the process.
- Trade Facilitation: Streamline trade processes and reduce trade barriers to boost exports.
- Infrastructure Investment: Invest in critical infrastructure, especially in power and gas supply. The oil and gas sector has witnessed negative growth in the past three years with (-19% real GDP growth in 2022. Investment in these sectors to improve overall productivity in the economy a priority.
- Capital Markets & Pension Reforms: Capital markets reforms to encourage pensions funds allocate more funds from their =N=16 trillion portfolio, to equity capital and other alternative asset class.

Human Capital Development:

- Education and Skills: Enhance education and vocational training to build a skilled workforce that can meet the demands of a growing and diversified economy.
- Healthcare: Improve healthcare services and public health to increase labor force productivity and reduce health-related costs.

Economic Diversification:

- Reduce the heavy reliance on oil exports by promoting other sectors like agriculture, manufacturing, and technology.
- Support small and medium-sized enterprises (SMEs) to foster entrepreneurship and innovation.

Growth Strategy Recommendations

Investor Confidence:

- ➢Create a stable and predictable investment environment by implementing and enforcing clear and consistent policies and regulations.
- ➢Encourage foreign direct investment (FDI) through investment-friendly policies and incentives.

Social Safety Nets:

- ➢Implement social safety nets to protect vulnerable populations during economic reforms.
- ➢130 million Nigerians in multidimensional poverty. Their plight needs to be addressed by 8-10% inclusive GDP growth on a sustainable basis.

Technology and Innovation:

- ➢Promote innovation and technology adoption to enhance productivity and competitiveness.

Regional and International Collaboration:

- ➢Collaborate with regional and international organizations to access financial assistance, expertise, and market opportunities. Key focus on AFCTA to develop intra-African trade.
- ➢Only 13% of Nigerian exports and 2.6% of imports transactions are intra-African.

Public Awareness and Support:

- ➢Engage with the public, businesses, and civil society to gain their support for economic reforms.

Addressing stagflation and achieving sustainable growth in Nigeria will require a comprehensive and coordinated effort from the government, the private sector, and the international community. It will take time, and progress may be gradual. With the right policies, sincerity and sustained commitment, Nigeria can work its way toward economic stability and growth. It's a marathon not a sprint...

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