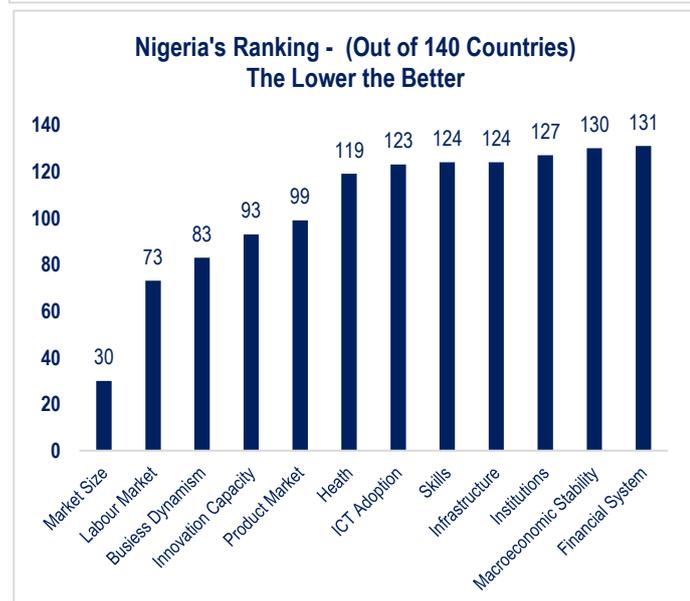
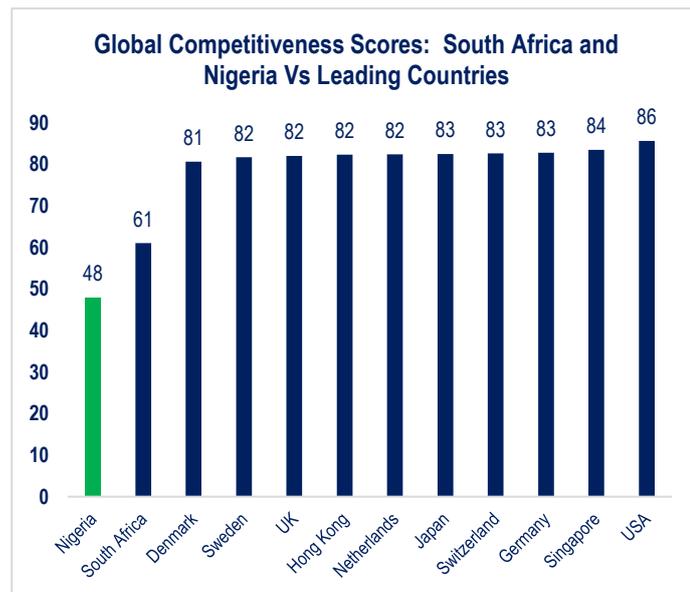


Global Competitive Ranking: What Nigeria Must Do to Increase Scores – FSDH Research

The Global Competitive Report (GCR) 2018 released by the World Economic Forum (WEF) on 16 October 2018 rates Nigeria's overall score in 2018 at 48 points out of an optimal 100 points. Despite this low score, FSDH Research observes that Nigeria has recorded improvements in some key indicators over the previous year. However, the fact that the overall score is below 50 points highlights that Nigeria needs more policy measures to increase her competitive ranking.

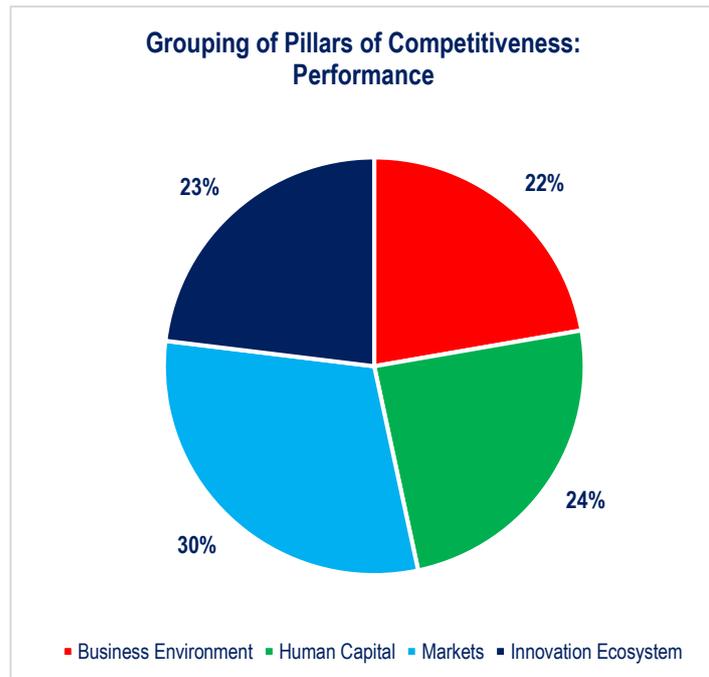
FSDH Research's analysis of the components of the rating system reveals some areas of improvement for Nigeria and the strategy to increase the rating. The GCR ranks the performance of countries using twelve pillars of competitiveness. These are: Institutions; Infrastructure; ICT adoption; Macroeconomic stability; Health; Skills; Product market; Labour market; Financial system; Market size; Business dynamism; and Innovation capability. Each of the pillars has several other indicators that the GCR measures.

Nigeria recorded the lowest scores under the ICT Adoption and Innovation capacity. These two sectors have certain things in common: they both require a certain level of entrepreneurial mind-set, risk-taking and they have the capacity to stimulate growth and enhance productivity needed for improved competitiveness. Some of the initiatives that can change Nigeria's narrative in these areas include: restructuring of the educational system to provide Information and Communications Technology (ICT) training for students, and provision of financial support for innovation centres to incubate business ideas. Government may also need to establish development finance institutions that will provide long-term capital to fund start-ups in various sectors.



Our analysis of the performance of the pillars of competitiveness under different groupings shows that Nigeria recorded the highest score in 'Market size', reflective of the large market size and labour market in Nigeria. The country can turn these resources into a competitive advantage to drive inclusive growth if the country invests in infrastructure development that will make Nigeria an attractive destination for investments.

Governments at all levels also need to prioritise investment in human capital in order to improve Nigeria's competitiveness. According to the US Central Intelligence Agency (CIA), about 62% of the Nigerian population falls between the ages of 0-24 years. This means that it is essential for the country to invest in quality education that will equip her workforce with the requisite skills that are needed for the fourth industrial revolution, commonly referred to as 'the digital revolution'. A functional health service delivery system in the country will not only fundamentally improve the productivity of the workforce, but will also conserve hard-earned foreign exchange.



Sources: World Economic Forum, US Central Intelligence Agency and FSDH Research Analysis

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