National Competitiveness Council of Nigeria :

Global Competitiveness Index 2017-18

The Global Competitiveness Index 2017-2018 measures and ranks competitiveness of 137 economies. Nigeria's ranking moves up from 127th in 2016-2017 to 125th in 2017-2018. This two place improvement occurs despite the GCI score deteriorating consistently since 2012 to a low of 3.30. The drop in ranking is attributed to two core pillars, the macroeconomic and infrastructure. Nigeria's macro-economic pillar worsened from 108 in previous year's report to 122, down by 14 places. Micro pillars inflation position dropped to 131 from 125 the previous year with a score of 15.1 compared to 9.0 in the previous year. This situation is further deepened by the country's budget deficit rank and score going from 86 -4.0 in 2016-17 to 98 -4.4 in 2017-18. Institutions pillar's score remains the same despite a fall in rank from 118 to 125th, down by 7 places, this factors add uncertainty to the business environment of Nigeria.

In light of the global economic downturn, Nigeria is still recovering from the aftermath of lower commodity prices, with the potential for structural change and shock absorption impeded by low scores in consistently underperforming pillars of Infrastructure(132nd), Health and primary education(136th) and Higher education and Training(116th) remains a challenge to promoting Nigeria's competitiveness as this year's report says it will affect the future human capital needs of Nigeria.

Nigeria's best performing pillar remains its market size where she ranks 26 in this years report. When common sized to the previous year figure, ranking remains unchanged. Financial market efficiency pillar ranking dropped 10 places from 79th to 89th, this continues a downward trend in this pillar for the past 3 reports. Nigeria comes way behind Mauritius, the continent's most competitive country, at 45th in the overall GCI; while South Africa drops 14 places to 61st and Rwanda was down seven places to 58th. The report, based on the outcome of a survey by the WEF's Executive, showed that respondents ranked inadequate supply of infrastructure, foreign currency regulations, access to financing, corruption, inefficient government bureaucracy, political instability and inflation as some of the most problematic factors for doing business in Nigeria.

The most improved African countries year-on-year are Madagascar (121st, up seven spots), Gambia (117th, up six), Kenya (91st, up five), and Senegal (106th, up six), which was due “either to an improved macroeconomic environment (Madagascar and Senegal) or to the efficiency of goods, labor, and financial markets (Gambia, and to a lesser extent Kenya).

Continued deterioration in the macroeconomic environment was blamed for the fall in competitiveness for most of this year, with average inflation hitting double digits in 2016 and remaining above 10%. Public finances in most countries on the continent are still being hampered by past slower global growth and commodity prices, falling from an average of 26.5% of GDP in 2006 to 17% in 2016, following which many countries are running deficit budgets. This has further resulted in a soaring public debt over the past two years from an average of 31.5% to 42.5% of GDP.

Since 2010, the report noted that “only four countries (Ethiopia, Senegal, Tanzania, and Uganda) have improved their performance for five consecutive years since 2010. Africa’s recent decline in overall competitiveness is reflected in subdued growth rates—only 1.4 percent in 2016 and a modest 2.6 percent projected for 2017.

The report noted the need for short-term priorities such as restoring macroeconomic stability and institutional trust that would help reignite competitiveness and growth across the continent, while continued investment in infrastructure, human capital, and technological adoption will on the long-run be needed to reduce productivity gaps.